



الرائدة
alraedah

Annual Report 2024

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Alraedeh



Executive Summary

- *Overview*
- *Awards and Recognitions*
- *Towards a Sustainable Future*

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Executive Summary

With an ambitious vision and continuous efforts, Alraedah achieved remarkable milestones in 2024, adding to its distinguished track record of excellence.



This year was filled with challenges and opportunities, yet the company, through its innovative strategies and deep commitment to supporting the SME sector, exceeded expectations and strengthened its position as a trusted partner in fostering development and empowering entrepreneurs.

Throughout 2024, Alraedah focused on enhancing financial sustainability and promoting entrepreneurship. Through innovative initiatives and strategic partnerships, the company successfully provided a supportive environment for business growth and financial stability for its clients and partners.

This annual report highlights Alraedah’s tangible achievements and sheds light on its efforts to empower businesses through innovative initiatives that contribute to economic diversification and financial sustainability. It also reflects the company’s commitment to delivering real value to its clients and partners by adopting strategies that support innovation and create new growth opportunities.

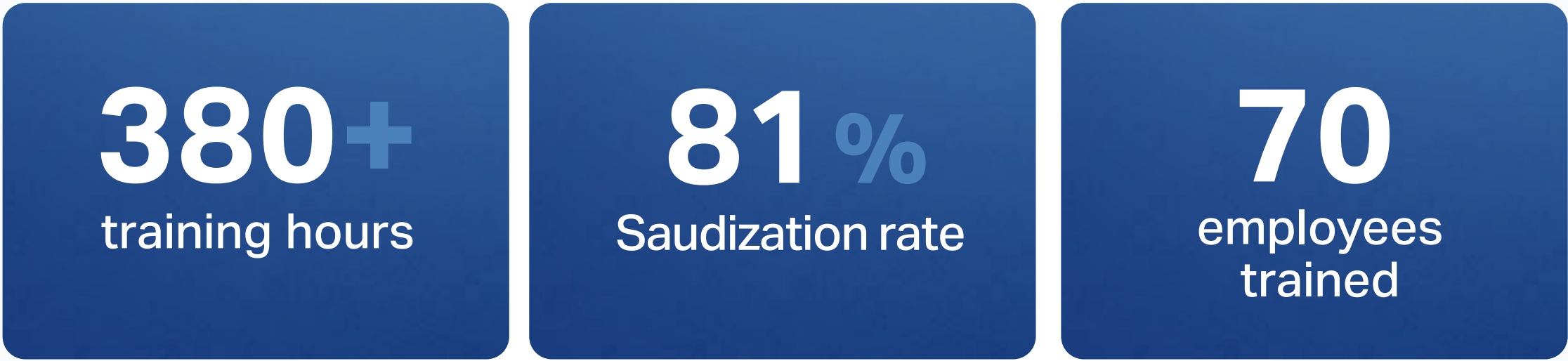
As we step into the new year with even greater ambition, we remain dedicated to further development and growth, reinforcing Alraedah’s position as a leader in supporting the business environment and empowering SMEs to drive a brighter economic future.

Overview

Financing and Projects

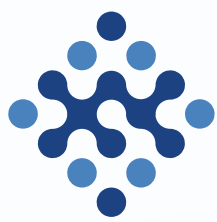


Saudization and Training



Awards





Awards and Recognitions



In 2024, Alraedah continued its excellence in SME financing, earning prestigious awards at both national and regional levels. These recognitions reflect our commitment to innovation and delivering Sharia-compliant financial solutions.

Best SME Financier – Middle East & North Africa 2024

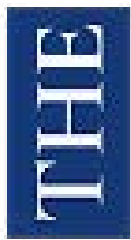
(Global SME Finance Awards 2024)



**SME FINANCE
FORUM**

Best SME Financing Company in Saudi Arabia 2024

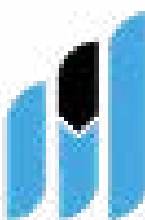
(Global SME Finance Awards 2024)



**GLOBAL
ECONOMICS**

Best SME Financing Company in Saudi Arabia 2024

(World Economic Magazine Awards 2024)



**WORLD
ECONOMIC
MAGAZINE**

Excellence in SME Financial Solutions – Saudi Arabia 2024

(Global Brands Magazine 2024)



Best Sharia-Compliant SME Financing Solutions – UAE 2024

(Pan Finance Awards 2024)



**PAN
FINANCE**

**Best Sharia-Compliant Financial
Solutions Provider 2024**

(Business Tabloid Magazine 2024)



**Most Innovative SME Financing
Company – Saudi Arabia 2024**

(International Finance Awards 2024)

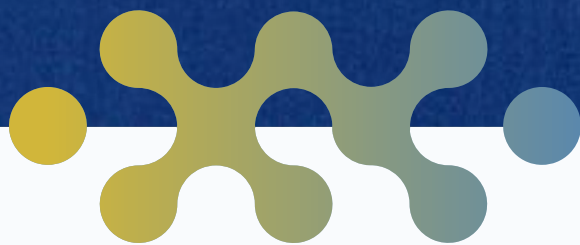


**Fastest-Growing Islamic Financial
Solutions Provider 2024**

(The Business Pinnacle Awards 2024)



**These achievements highlight Alraedah’s
commitment to developing innovative
financial solutions that meet client needs,
drive business growth, and strengthen its
position as a trusted partner for SMEs.**





Towards a sustainable future

Our Community Contributions in 2024

Driven by Alraedah strong belief in its social role and responsibility in achieving sustainable development, we take pride in our contributions this year to supporting the most vulnerable groups and strengthening social cohesion. This reaffirms our commitment to giving back to the community we belong to.

Saudi Founding Day Initiative in Collaboration with Kayan Orphans Association



In celebration of Saudi Founding Day and to foster values of loyalty and belonging, we brought joy to children and their families through various educational and recreational activities. Our goal was to instill a sense of pride in their national heritage and put smiles on their faces.



School Playground Construction Project



We built two playgrounds in a public early childhood school, creating an engaging educational environment that encourages physical activity and contributes to the development of children's motor and social skills, positively impacting their growth and academic performance.



Ramadan Iftar Initiative



Throughout the holy month of Ramadan, we provided 200 Iftar meals weekly to those in need, emphasizing the importance of social solidarity and reinforcing the spirit of giving during this blessed month.

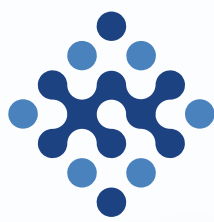


We strive to expand our community initiatives and enhance their positive impact, reaffirming our commitment to a sustainable development vision that touches all segments of society and creates a tangible, lasting difference.

2 Leadership Vision

• *CEO's Message*

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CEO Message



Abdulaziz AlDawood
CEO, Alraedah Finance

Dear Partners,

I am pleased to present Alraedah 2024 annual report an outstanding year marked by strong financial performance and our continued dedication to supporting the SME sector in Saudi Arabia. Since our establishment, we have disbursed SAR 3.1 billion, successfully completed more than 5,000 financing transactions, and served over 3,900 merchants in 130 cities. Through our Merchant Cash Advance solution, leveraging point-of-sale devices, we have provided innovative, revenue-based financing solutions in line with Saudi Vision 2030. We remain committed to bridging the financing gap for SMEs and driving sustainable economic growth in the Kingdom.

Our commitment to financial excellence gained global recognition when we received the **“Best Small and Medium-Sized Enterprises Financier in the Middle East and North Africa Region for 2024”** award during the Global Small and Medium-Sized Enterprises Financing Awards ceremony. This accolade reflects our leadership in the alternative financing field and our enduring dedication to supporting this vital sector.

Annual Report 2024

Company Performance and Growth In 2024

We continued to expand our financing portfolio through digital transformation and strategic partnerships. Our focus on customer success led to a 50 percent reduction in merchant default cases, demonstrating our ability to provide sustainable financing solutions. Furthermore, our collaborations with regulatory entities, financial technology companies, and banks have solidified our position as the foremost financing institution for small and medium-sized enterprises in the Kingdom.

We also made notable progress in implementing our “RISE” strategy, which centers on:

<i>Revenue-based lending</i>		<i>Innovation</i>	
<i>Scaling alternative business models</i>		<i>Ecosystem expansion</i>	

These efforts have placed us on a path of sustainable growth, with a target of reaching 5 billion Saudi Arabian Riyals in financing by 2027.

Future Focus:

Looking ahead, we aim to continue transforming small and medium-sized enterprise financing in the Kingdom of Saudi Arabia through the following initiatives:

-  **Expanding digital financing solutions:** We will leverage modern technologies such as open banking and artificial intelligence for creditworthiness assessments, enhancing our financing capabilities and achieving wider financial inclusion for small and medium-sized enterprises.
-  **Launching a debt-based crowdfunding platform:** This initiative will open new horizons for financing, enabling small and medium-sized enterprises to secure capital from a broader pool of investors.

Strengthening partnerships: We will maintain collaborations with financial technology companies, banks, and regulatory bodies to foster innovation and broaden access to financial solutions.

Supporting national economic objectives: In line with Saudi Vision 2030, we are committed to contributing to the increase in the share of small and medium-sized enterprises in the Gross Domestic Product to 35 percent, ensuring the long-term sustainability of the economy.

In Conclusion

As we move forward, our mission remains clear: to be the most trusted and innovative financial partner for small and medium-sized enterprises in the Kingdom of Saudi Arabia. I extend my sincere gratitude to our employees, partners, and stakeholders for their enduring support and dedication. Together, we will continue shaping the future of small and medium-sized enterprise financing and driving economic prosperity in the Kingdom.

Corporate Governance

- *Auditors and Sharia Compliance*
- *Organizational Structure*
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- *Violations and Penalties*

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Auditors and Sharia Compliance

Auditors

The General Assembly held its meeting on May 17, 2023, during which BDO Dr. Mohammad Al-Omari & Partners was appointed as the external auditor for the company's accounts for the 2024 fiscal year, as well as for the review of the first quarter of the 2025 fiscal year.

This appointment reflects our strong commitment to transparency, financial integrity, and adherence to regulatory standards in all our accounting and auditing practices.

Compliance with Sharia Principles

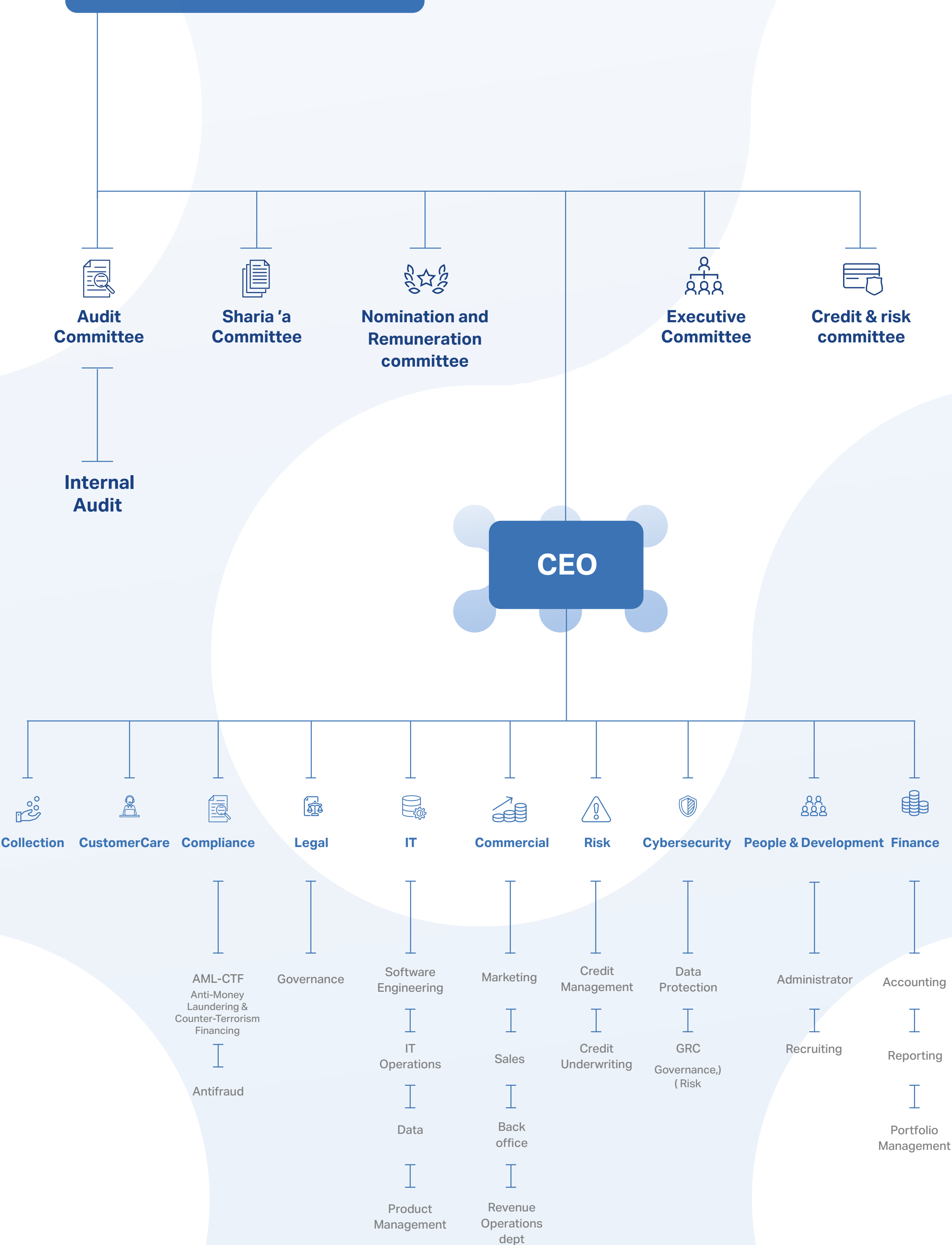
Alraedah is dedicated to full compliance with Islamic law in all of its operations and financing products, adhering to the highest ethical and Sharia standards. We are committed to avoiding riba (interest), gharar (excessive uncertainty), and any unlawful activities, ensuring transparency and social responsibility, while minimizing illegal speculation.

Additionally, we ensure that all our financial transactions are conducted according to policies and procedures that align with Islamic law.



Organizational structure

Board Of Directors





Shareholders and Committees



Abdullah Nasser Al-Dawood

Position:
Chairman of the Board

Classification:
Non-Executive



Qualifications:

- Master's in Political Science and International Relations
- Master's in Business Administration
- Bachelor's in Finance



Current Positions:

- Board Member & Managing Director at Seera Holding Group
- Chairman of Alraedah Finance
- Chairman of Saudi Entertainment Ventures
- Board Member & Managing Director at Qiddiya Investment Company
- Board Member of the E-Commerce Council



Previous Positions:

- CEO of Seera Holding Group
- Board Member of Rou'a Al Madinah Holding
- Vice President at Deutsche Securities Saudi Arabia
- General Manager of Alraedah Finance
- Chairman of Al-Mosafer Travel & Tourism
- Board Member of Tadawul



2. Paul Melotto

Position: Executive



Qualifications:

- Bachelor's in Accounting



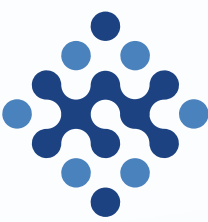
Current Positions:

- Board Member & CEO of Alraedah Finance



Previous Positions:

- CFO of Deutsche Gulf Finance
- Senior Vice President – Real Estate Finance at SFVP
- Senior Vice President at Deutsche Bank



3. Abdullah Abdulaziz Al-Huqail

Position: Independent



Qualifications:

- Master's in Securities & Financial Regulation
- Bachelor's in Shariah Law



Current Positions:

- Senior Partner at Abdullah Al-Huqail Law Firm



Previous Positions:

- Senior Legal Advisor at Latham & Watkins LLP
- Senior Legal Advisor at Clifford Chance KSA
- Lawyer at Clifford Chance US LLP
- Legal Counsel at the World Bank Group, IFC, Washington, USA
- Legal Counsel at the International Monetary Fund (IMF)
- Trainee at HSBC Group
- Lecturer in Commercial Law at Imam Mohammad Ibn Saud Islamic University



4. Abduellah bin Saad Al-Hadhab

Position: Independent



Qualifications:

- Master's in Business Administration
- Bachelor's in Finance



Current Positions:

- Deputy Minister for Financial & Administrative Affairs, Ministry of Industry & Mineral Resources



Previous Positions:

- CFO at Al-Khuraif Water & Energy Technology
- General Manager at the Ministry of Finance
- Head of Finance & Treasury Management at Saudi Civil Aviation Holding Company
- Vice President at Seera Holding Group
- Treasury & Investment Manager at Saudi Real Estate Company



5. Youssef Ibrahim Al-Issa

Position: Independent



Qualifications:

- Bachelor's in Science



Current Positions:

- Strategy Director at Qiddiya Investment Company



Previous Positions:

- Strategy Director at Seera Holding Group
- Business Analyst & Consultant at Boston Consulting Group

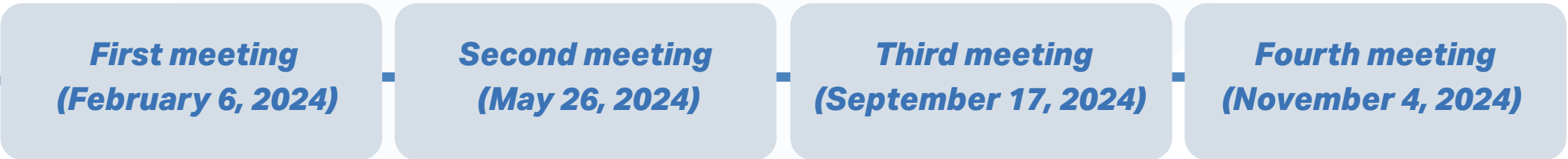


Board and Committee Meetings

Board of Directors

The Board of Directors, consisting of five members including the Chairman, is responsible for the overall supervision of the management of the Company and making strategic decisions to ensure the achievement of the Company’s objectives and overall vision.

Meetings

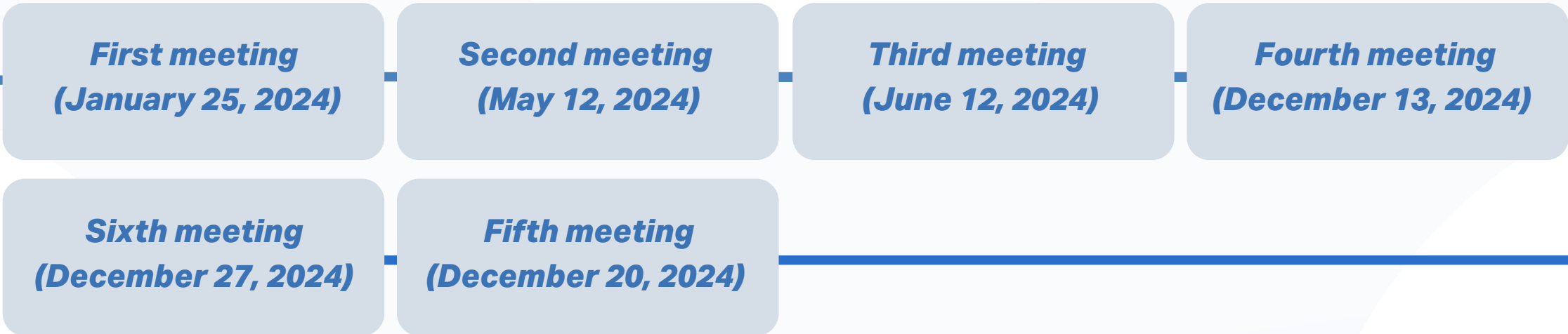


Board of Directors	Membership status
Mr. Abdullah Al-Dawoud	President
Mr. Abdellah Al-Haddab	Member
Mr. Abdullah Al-Haqil	Member
Mr. Youssef Al-Essa	Member
Mr. Paul Meloto	Member

Executive Committee

The Executive Committee, consisting of four members including the Chairman, is responsible for implementing the Board of Directors’ decisions and monitoring operational performance to ensure the achievement of the Company’s strategic objectives.

Meetings



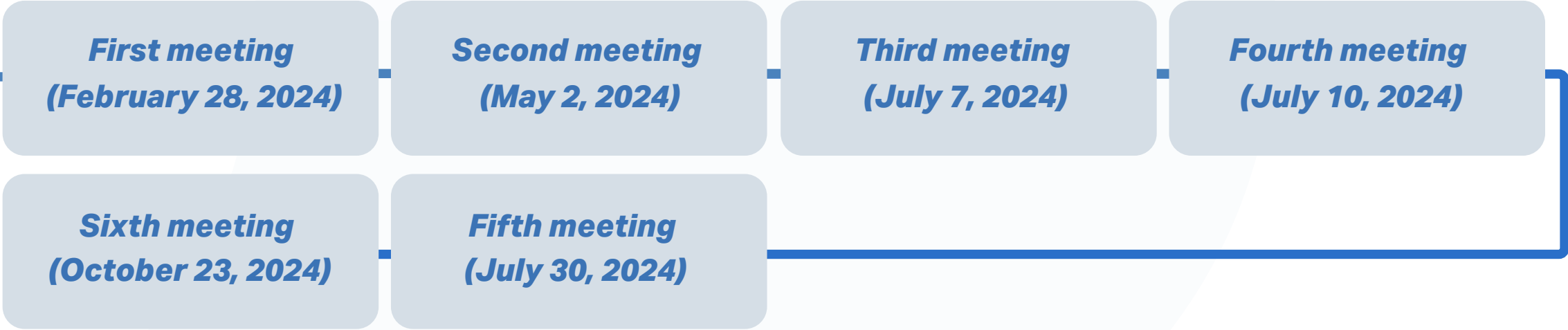
Executive Committee Members	Membership status
Mr. Abdullah Al-Dawoud	President
Mr. Youssef Al-Essa	Member
Mr. Paul Meloto	Member
Mr. Abdulaziz Al-Dawoud	Member



Audit Committee

The Audit Committee, consisting of three members including the Chairman, is responsible for reviewing the financial reports and ensuring compliance with accounting standards, thus contributing to enhancing the company’s financial transparency and governance.

Meetings



Audit Committee Members	Membership status
Mr. Abdelllah Al-Haddab	President
Mr. Turki Al-Lahid	Member
Mr. Alaa Abu Nabaa	Member

Risk Committee

The Risk Committee, consisting of three members including the Chairman, is responsible for analyzing and managing potential risks and their impact on the Company, to ensure that appropriate measures are taken to mitigate them and enhance business sustainability.

Meetings



Risk Committee Members	Membership status
Mr. Abdullah Al-Dawoud	President
Mr. Youssef Al-Essa	Member
Mr. Abdul Majeed Al-Ibrahim	Member

Committee Remunerations

Board of Directors Remuneration

Council Members	Fixed remuneration (excluding remuneration for (attending Board meetings	Bonuses for attending board meeting	Total
Abdullah bin Nasser Al-Dawood	-	-	-
Abdul-Ilah bin Saad Al-Haddab	-	-	-
Abdullah bin Abdulaziz Al-Haqil	-	-	-
Yousef bin Ibrahim Al-Essa	-	-	-
Paul Anthony Melotto	-	-	-

Audit Committee Members Remuneration

Audit Committee Members	Fixed remuneration (except for attendance at audit (committee meetings	Bonuses for attending Audit Committee meeting	Total
Abdul-Ilah bin Saad Al-Haddab	50,000	30,000	80,000
Turki Abdul Mohsen Al-Lahid	50,000	30,000	80,000
Alaa Abdel Aziz Abu Nabaa	50,000	30,000	80,000

Risk Committee Members Remuneration

Risk Committee Members	Fixed bonuses (except bonuses for attending risk (committee meetings	Bonuses for attending risk committee meeting	Total
Abdullah bin Nasser Al-Dawood	-	-	-
Ibrahim bin Abdulaziz Al Rashid	-	-	-
Yousef bin Ibrahim Al-Essa	-	-	-
Abdul Majeed Al-Ibrahim	-	-	-

Remuneration of the five highest-paid senior executives

including the CEO and CFO, for fiscal year 2024:

Senior Executives	Fixed rewards	Variable rewards
Salaries	3,135,764	-
Suits	1,134,837	-
Rewards	1,690,183	-
Total	5,960,784	-

Violations and fines

2023



Letter number	Amount of fines/penalties imposed by local regulatory authorities (in Saudi Riyals)	Area of violation	Type	Period
T/23026	0	Violation of SAMA's supervisory and regulatory instructions	Warning	Q3

2024



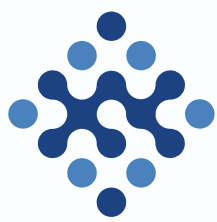
Letter number	Amount of fines/penalties imposed by local regulatory authorities (in Saudi Riyals)	Area of violation	Type	Period
T/24005	0	Violation of SAMA Cybersecurity Instructions	Warning	Q1
T/24027	250,000	Violation of SAMA's supervisory and regulatory instructions	A Fine	Q2
T/24043	65,000	Violation of SAMA's supervisory and regulatory instructions	A Fine	Q3
T/24110	250,000	Violation of SAMA's Due Diligence Instructions for Combating Money Laundering and Terrorist Financing	A Fine	Q4
Email	0	Violation of SAMA's supervisory and regulatory instructions	Warning	Q4
T/24136	0	Violation of SAMA's supervisory and regulatory instructions	Warning	Q4



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Market Overview



Saudi Arabia's Economic Overview in 2024

In 2024, Saudi Arabia demonstrated resilience and adaptability in its economic landscape, achieving a real GDP growth rate of 2.8% year on year in the third quarter. This recovery followed a slight contraction in 2023 and was primarily driven by the sustained momentum of the non-oil economy. Key contributors to this growth included strong activity in the trade, hospitality, and tourism sectors, along with ongoing efforts to diversify the economy under Vision 2030.

The Kingdom's non-oil sector maintained its pivotal role as an economic driver, recording an annual growth rate of 4.9% by the second quarter of 2024. Strategic initiatives such as enhancing local content, improving national industries, and fostering innovation in emerging sectors like green energy and advanced technologies further accelerated economic diversification. These efforts align with Saudi Arabia's commitment to reducing its dependence on oil revenues and ensuring sustainable and inclusive growth.

The labor market's performance in 2024 was a standout achievement, building on the progress made in the previous year. Saudi citizen participation in the workforce reached unprecedented levels, with over 2.4 million nationals employed in the private sector. Additionally, unemployment rates among Saudis continued to decline, reflecting the success of initiatives and reforms aimed at empowering the local workforce.

Moreover, 2024 witnessed significant advancements in infrastructure and global engagement. The continued development of mega projects including NEOM, the Red Sea Project, Qiddiya, and Diriyah Gate contributed to economic activity and job creation. Saudi Arabia also strengthened its global presence by hosting major events, including preparatory activities for Expo 2030 in Riyadh, showcasing its readiness to welcome the world.

As Vision 2030 progresses, Saudi Arabia continues to achieve key milestones. Initiatives in green energy, digital transformation, and tourism are expected to accelerate growth in the coming years. The Kingdom's proactive approach to economic and financial reforms further enhances its attractiveness as an investment destination, positioning it as a dynamic hub for global business and innovation.

The long-term outlook for the Saudi economy remains strong, supported by strategic planning, a robust non-oil sector, and ambitious projects. Real GDP growth is projected to reach 4.6% in 2025, reinforcing the Kingdom's transformative journey and its emergence as a leader in sustainable development and global economic integration.

Alraedah's Strategy

Alraedah's Commitment to Supporting SMEs

Alraedah continues to lead in supporting the SME sector in Saudi Arabia by providing innovative financial solutions tailored to the needs of this vital sector. As a strategic partner in achieving Vision 2030, Alraedah plays a key role in helping increase SMEs' contribution to GDP to 35% and their share in employment to 60% by 2030.

In 2024, Alraedah focused on enhancing customer experience and offering flexible, fast financial solutions to SMEs, helping them overcome challenges associated with traditional financing. A comprehensive range of financial services has been developed in line with the latest technological advancements, making access to funding easier and strengthening SMEs' ability to expand and compete.

Alraedah's partnership with the Kafalah Program has significantly empowered SMEs by facilitating access to the necessary financing. By providing financial guarantees, the program has supported hundreds of projects, reducing risks and encouraging banks to increase their funding for this sector.

Additionally, Alraedah has continued to adopt innovative strategies aimed at fostering sustainable growth for SMEs, including investments in digital transformation and the development of AI-driven tools to enhance risk management and deliver tailored financial products. These initiatives contribute to increasing the sector's role in economic diversification and supporting national efforts toward sustainable development.

Through its commitment to innovation and strategic partnerships, Alraedah reaffirms its role as a key player in building a diverse and prosperous economy, aligning with the goals of Vision 2030.

Risk management

This section of the annual report provides a comprehensive overview of risk management at Alraedah. Our goal is to highlight the key risks currently facing the company, along with our strategies for anticipating and mitigating future risks to ensure continued growth and success.

Key Risks and Management Measures

Alraedah faces a variety of risks that require effective and continuous management. Below is an overview of the major risks and the measures taken to address them:

Market Risks

Given economic conditions and market fluctuations, our sector faces ongoing challenges. Alraedah continuously adapts its strategies to address these challenges, including strengthening collection processes and credit management. We also conduct ongoing portfolio performance analysis to ensure informed decision-making.

Currency Risks

Due to the nature of our operations, we are not significantly exposed to currency fluctuation risks. However, we closely monitor developments in this area to take appropriate action when necessary.

Commission Rate Risks

We recognize the impact of commission rate fluctuations on financial instruments. We maintain a continuous assessment of these risks and implement necessary measures to mitigate their effects on our financial performance.



Operational Risks

In 2024, the company did not face significant operational risk challenges. However, in Q3 2024, we encountered certain operational challenges due to a legal case, which has been recorded as part of the annual results for the year.



Liquidity Risks

Liquidity management remains a top priority for Alraedah. We maintain healthy cash flows and regularly update our cash flow reports. Additionally, we have access to credit facilities to meet our future financial needs.


Alraedah recognizes the critical role of risk management in achieving its strategic objectives. We continuously strive to enhance our risk management practices and develop mechanisms to anticipate and mitigate potential risks. By adhering to best practices in this field, we aim to maintain financial stability and strengthen our ability to grow in an evolving business environment.



5 Financial Report

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Operating Income	December 31, 2024 (SAR)	December 31, 2023 (SAR)
Murabaha Contract Revenues	196,987,009	203,056,036
Finance Fees	58,504,238	49,812,407
Net Income from Murabaha (After (Deducting Finance Fees	138,482,771	153,243,629
Application Fees and Other Income	24,514,367	16,709,120
Total Operating Income, Net	162,997,138	169,952,749
Operating Expenses		
General and Administrative Expenses	77,073,106	67,075,808
Selling and Marketing Expenses	20,930,225	26,130,015
Depreciation and Amortization	4,436,464	4,201,083
Expected Credit Loss Provision	16,072,321	9,265,684
Net Operating Income After Expenses	44,485,022	63,280,159
Income from Investments at Fair Value Through Profit or Loss	353,188	0
Profit Before Zakat	44,838,210	63,280,159
Zakat Expense	9,271,630	10,118,587
Profit for the Year	35,566,580	53,161,572
Other Comprehensive Income for the Year		
Gains or Losses on Remeasurement of Employees' End-of-Service Benefits	103,980	344,766
Total Other Comprehensive Income for the Year	103,980	344,766
Total Comprehensive Income for the Year	35,670,560	52,816,806
Balance Sheet	December 31, 2024 (SAR)	December 31, 2023 (SAR)
Cash and Cash Equivalents	22,773,280	45,086,683
Prepayments and Other Assets	54,558,159	27,711,798
Restricted Cash Deposits	9,400,000	5,150,000
Murabaha Receivables	917,576,367	971,211,616
Reposessed Assets Held for Sale	55,710,789	68,336,710
Investments at Fair Value Through Other Comprehensive Income	892,850	892,850
Investments at Fair Value Through Profit or Loss	5,014,901	0
Right-of-Use Assets	378,783	1,515,111


Property and Equipment	2,767,691	4,283,808
Intangible Assets	13,895,230	12,170,664
Total Assets	1,082,968,050	1,136,359,240
Liabilities and Shareholders' Equity (Liabilities)	December 31, 2024 (SAR)	December 31, 2023 (SAR)
Accounts Payable and Accruals	74,494,406	87,992,953
Zakat Payable	9,075,185	9,922,142
Lease Liability	0	1,797,210
Borrowings	731,156,813	762,363,216
Employees' End-of-Service Benefits	5,363,009	4,575,642
Total Liabilities	820,089,413	866,651,163
Shareholders' Equity	December 31, 2024 (SAR)	December 31, 2023 (SAR)
Share Capital	150,000,000	150,000,000
Statutory Reserve	19,367,226	15,810,568
Retained Earnings	94,041,400	104,531,478
Remeasurement Reserve of End-of-Service Benefits	529,989	633,969
Total Shareholders' Equity	262,878,637	269,708,077
Total Liabilities and Shareholders' Equity	1,082,968,050	1,136,359,240



Statement of Changes in Shareholders' Equity	Share Capital	Statutory Reserve	Retained Earnings	Remeasurement Reserve of End-of-Service Benefits	Total
Balance as at January 1, 2023	150,000,000	10,494,411	76,686,063	289,203	236,891,271
Profit for the Year			53,161,572		53,161,572
Other Comprehensive Loss for the Year				344,766	344,766
Total Comprehensive Income for the Year			53,161,572	344,766	52,816,806
Dividend Paid During the Year (Note 25)			20,000,000		20,000,000
Transfer to Statutory Reserve		5,316,157	5,316,157		
Balance as at December 31, 2023	150,000,000	15,810,568	104,531,478	633,969	269,708,077
Profit for the Year			35,566,580		35,566,580
Other Comprehensive Income for the Year				103,980	103,980
Total Comprehensive Income for the Year			35,566,580	103,980	35,670,560
Dividend Paid During the Year (Note 25)			42,500,000		42,500,000
Transfer to Statutory Reserve		3,556,658	3,556,658		
Balance as at December 31, 2024	150,000,000	19,367,226	94,041,400	529,989	262,878,637



Statement of Cash Flows		
Cash Flows from Operating Activities	December 31, 2024	December 31, 2023
Profit Before Zakat	44,838,210	63,280,159
Government Grant Income	3,059,642	7,175,123
Finance Cost	57,806,779	49,204,026
Expected Credit Loss Provision	16,072,321	9,265,684
Provision Against Other Assets	3,000,000	0
Income from Investments at Fair Value Through	14,901	0
Deferred Grant Income	195,501	0
Depreciation of Right-of-Use Assets	1,136,328	1,207,049
Depreciation of Property and Equipment	2,063,640	2,018,403
Amortization of Intangible Assets	1,236,496	975,631
Provision for Employees' End-of-Service Benefits	1,462,546	1,524,227
Finance Charge on Lease	77,166	227,452
Gain on Disposal of Property and Equipment	416	38
Gain on Lease Modification	0	938,668
Operating Cash Flows Before Working Capital	124,423,026	119,588,802
Murabaha Receivables	37,562,928	168,214,376
Repossessed Assets Held for Sale	12,625,921	42,613,984
Prepayments and Other Assets	29,846,361	13,428,735
Restricted Cash Deposits	4,250,000	5,150,000
Accounts Payable and Accruals	13,498,547	19,445,445
Net Cash Generated From / (Used in) Operating	127,016,967	90,372,848
Employees' End-of-Service Benefits Paid	571,199	299,791
Zakat Paid	10,118,587	6,159,354
Net Cash Generated From / (Used in) Operating Activities	116,327,181	96,831,993
Cash Flows from Investing Activities		
Purchase of Property and Equipment	564,211	1,267,215
Proceeds from Sale of Property and Equipment	17,104	2,944
Purchase of Intangible Assets	2,961,062	6,463,651
Purchase of Investments at Fair Value Through	5,000,000	0
Net Cash Used in Investing Activities	8,508,169	7,727,922

		
Cash Flows from Financing Activities		
Repayment to the Saudi Central Bank	0	219,474,555
Proceeds from Borrowings	285,725,000	644,615,000
Repayment of Borrowings	371,483,039	285,952,016
Payments Related to Leases	1,874,376	2,811,571
Dividends Paid	42,500,000	20,000,000
Net Cash (Used) / Generated from	130,132,415	116,376,858
Net (Decrease) / Increase in Cash and	22,313,403	11,816,943
Cash and Cash Equivalents at the	45,086,683	33,269,740
Cash and Cash Equivalents at the End of	22,773,280	45,086,683
Non-Cash Transactions from Financing		
Islamic Financing Investments Written	18,837,140	5,940,66

Murabaha Receivables Performance

Murabaha receivables decreased to around SAR 917.6 million by the end of 2024, compared to about SAR 971.2 million in 2023, registering a drop of approximately 5.5%. This decrease reflects improved collection efficiency and fewer newly granted financings, helping to reduce credit risk and enhance the quality of the finance portfolio. It also indicates a marked improvement in customers' repayment capacity, which is evidence of the success of the company's credit management and debt collection strategies.

Expected Credit Loss Provision

The expected credit loss provision increased from approximately SAR 9.3 million in 2023 to about SAR 16.1 million in 2024, representing an increase of about 73.5%. This rise indicates a stricter, more precautionary policy to address potential risks in light of economic changes, as well as more conservative credit evaluation standards or modifications to the finance portfolio's risk classification. This approach is crucial for safeguarding operations and reducing the impact of potential customer defaults.

❖ Repossessed Assets Held for Sale

The value of repossessed assets held for sale decreased from around SAR 68.3 million in 2023 to approximately SAR 55.7 million in 2024, reflecting a drop of nearly 18.5%. This decline points to the company's success in speeding up the liquidation of repossessed assets, which improves cash liquidity and cuts the cost of holding assets that do not generate income. It also indicates better credit quality and a lower need to repossess collateral, demonstrating more efficient credit risk management.

❖ Borrowings

Borrowings declined from about SAR 762.4 million at the end of 2023 to around SAR 731.2 million in 2024, representing a rate of approximately 4.1%. This reduction shows that the company has repaid part of its financing obligations, enhancing its financial position and reducing future finance burdens. It also points to a strategic tendency toward lowering reliance on external financing and reinforcing internal funding, thereby increasing long-term financial sustainability.

❖ Analysis of Profit Before Zakat

Profit before Zakat dropped from around SAR 63.3 million in 2023 to about SAR 44.8 million in 2024, representing a decrease of nearly 29.1%. This is attributable to higher credit loss provisions and some operating expenses, which adversely affected profit margins. It may also be related to reduced Murabaha revenues or changes in pricing strategies, emphasizing the need to reassess the revenue model for sustainable growth.

❖ Cash Flows from Financing Activities

Cash flows from financing activities shifted from a surplus of about SAR 116.4 million in 2023 to a deficit of approximately SAR 130.1 million in 2024. This shift indicates that loan repayments outpaced new borrowings, aligning with the company's strategy of decreasing its financial obligations. While this measure supports financial stability, it is important to monitor any potential effects on operational liquidity and growth opportunities.

Finance Expenses

Finance expenses rose from around SAR 49.8 million in 2023 to approximately SAR 58.5 million in 2024, an increase of about 17.4%. This can be attributed to rising interest rates or the restructuring of loans on new terms, necessitating an evaluation of more efficient financing options, such as negotiating lower interest rates or diversifying sources of funding through instruments like sukuk or strategic partnerships.

General and Administrative Expenses

General and administrative expenses climbed from about SAR 67.1 million in 2023 to nearly SAR 77.1 million in 2024, indicating a rise of over 14.9%. This reflects higher operating costs, including salaries and benefits, signaling an expanding workforce or adjustments to compensation structures. End-of-service benefit provisions also grew by around 17.2%, revealing the company's focus on improving the work environment and enhancing employee retention.

Other Operating Expenses

Selling and marketing expenses fell from about SAR 26.1 million in 2023 to roughly SAR 20.9 million in 2024, a decrease of around 19.9%. This points to tighter control of marketing outlays by focusing on more targeted, cost-effective campaigns. Conversely, depreciation costs rose from approximately SAR 4.2 million to around SAR 4.4 million, or 5.6%, which may reflect continued investments in fixed assets and technical infrastructure, thereby further developing the company's operational capacity.



Operational Performance Report

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- *Customer Service and Success*
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Strategic Partnerships

Driving Growth, Supporting SMEs, and Strengthening Market Position

Alignment with Business Objectives

The partnerships division plays a fundamental role in achieving the company’s strategic goals by expanding market reach and enhancing financial accessibility for small and medium-sized enterprises (SMEs), ultimately driving revenue growth. By collaborating with lead generation platforms, digital brokers, aggregators, and payment facilitators, we integrate our financing solutions into core business ecosystems, making capital more accessible to SMEs. These partnerships not only support SME growth through flexible financing options but also create additional revenue streams for our partners and enhance the financial ecosystem as a whole.

Performance Monitoring

To ensure the sustained effectiveness of our partnerships, we adopt a data-driven approach to performance evaluation. Key performance indicators (KPIs), such as lead conversion rates, partner retention contributions, and repayment performance, are continuously tracked. Utilizing advanced analytics, we assess the impact of each partnership to ensure alignment with the company’s objectives and the success of SMEs. Through real-time data analysis, we refine our strategies to achieve better outcomes, enhance financial inclusion, and generate sustainable revenue opportunities for our partners.

Contract and Agreement Management

Structured contract and agreement management is crucial for maintaining successful partnerships. Our agreements are designed to align incentives, define risks, and clarify performance expectations. By implementing standardized contractual terms and streamlining onboarding processes, we enhance operational efficiency while ensuring compliance and transparency. These agreements facilitate tailored financing solutions that support SMEs while providing our partners with a reliable mechanism to explore new revenue sources. Through continuous communication and proactive relationship management, we ensure the longevity of successful partnerships, fostering long-term collaboration and sustainable business growth.

Safeguarding Operational Sustainability through Cybersecurity

In 2024, the Cybersecurity Department achieved significant milestones, demonstrating a strong commitment to safeguarding Alraedah and countering evolving cyber threats. Key accomplishments include:

Enhanced Security Awareness

The department implemented a comprehensive security awareness program, featuring interactive training sessions, phishing simulation exercises, and engaging educational materials. This initiative led to a significant increase in employee awareness and a reduction in phishing attack success rates, empowering staff to proactively identify and report potential security incidents.

Robust Incident Response

Incident response capabilities were strengthened through the implementation of a centralized Security Information and Event Management (SIEM) system and the establishment of clear roles and responsibilities. Thorough incident documentation and post-incident analysis provided valuable insights for continuous improvement and proactive threat mitigation.

Strengthened Security Posture

Multi-factor authentication (MFA) was successfully deployed across critical systems and applications, adding an additional layer of protection against unauthorized access and mitigating credential-based attacks.



Proactive Vulnerability Management

Regular vulnerability assessments, penetration testing, and red team exercises were conducted to identify and address security weaknesses in infrastructure, applications, and systems. A strong patch management system ensured timely remediation of vulnerabilities, reducing the risk of exploitation.



Strong Regulatory Compliance

Alraedah maintained strict adherence to industry regulations, particularly the Saudi Central Bank Cybersecurity Framework (SAMA CSF). This was achieved through rigorous audits, the implementation of robust security controls, and close collaboration with various teams to effectively address compliance gaps.

These achievements reflect the dedication and expertise of the Cybersecurity Department in protecting Alraedah critical assets while maintaining the confidentiality, integrity, and availability of its information systems. We remain committed to continuous improvement and the advancement of cybersecurity strategies to combat emerging threats and uphold a strong security posture.

Customer Service and Success

Customer Success Team:

Empowering SMEs for Sustainable Growth

The Customer Success Team is dedicated to helping small and medium enterprises (SMEs) maximize the value of their financial solutions through proactive support, relationship management, and strategic guidance. The team’s mission is to enhance the customer experience, improve retention rates, mitigate risks, and drive sustainable growth.

Core Objectives



Proactive Engagement:

Maintaining regular communication and offering tailored solutions to meet customer needs.



Seamless Onboarding:

Guiding customers to ensure effective utilization of financial solutions.



Risk Mitigation

Providing financial advisory services and ensuring compliance with terms and requirements.



Customer Satisfaction:

Measuring performance and gathering feedback to continuously improve services.



Sales Enablement:

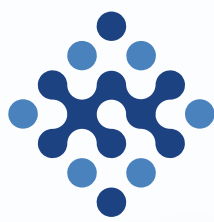
Identifying customer needs and recommending additional solutions to support business growth.

Performance & Results

Through the dedicated efforts of the Customer Success Team, significant improvements have been observed in risk management and customer retention. The number of customers referred to collections has decreased to an average of 10 per month, highlighting the effectiveness of the team’s strategies in enhancing financial relationship management and reducing risk exposure.

Conclusion

These results underscore the pivotal role of the Customer Success Team in strengthening business stability, reducing default rates, and fostering customer loyalty. With a proactive and data-driven approach, the team directly contributes to the long-term success of both customers and the company.



Human Resources

At Alraedah Company, we believe that our employees are the foundation of our success, and we take pride in our commitment to providing a work environment that understands the importance of supporting both professional and personal development for everyone. Reflecting this vision, we focus on achieving diversity and gender balance, in addition to emphasizing the development of national competencies.



Total number of employees: 178 employees

Number of male employees:
90 employees



Number of female employees:
88 employees



Women representing approximately 49.16% of the total workforce, which affirms our commitment to enhancing the role of women in the workplace.



Localization rate: 81%

We are always striving to support the Kingdom's Vision 2030 by investing in national talents, as Saudis make up a large part of our team, reflecting our belief in their capabilities and potential.



Total number of training hours: 385.15 hours

We work on equipping our employees with the necessary skills through advanced training programs aimed at enabling them to achieve career success and enhance their professional performance.



Total number of trainees: 72 trainees

We aim to develop the next generation of professionals by offering exceptional training opportunities that prepare them to integrate into the labor market with confidence and competence.

We are proud of our team, which reflects the company's work environment that contributes to achieving organizational goals and strengthens the company's position in the market.



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