

**ALRAEDAH FINANCE COMPANY**  
**(A Joint Stock Company)**  
**INTERIM CONDENSED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025 AND**  
**INDEPENDENT AUDITOR'S REVIEW REPORT**

**ALRAEDAH FINANCE COMPANY**  
**(A Joint Stock Company)**  
**INTERIM CONDENSED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025**

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## INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS

**TO THE SHAREHOLDERS OF ALRAEDAH FINANCE COMPANY  
A JOINT STOCK COMPANY**

(1/1)

### INTRODUCTION

We have reviewed the accompanying interim statement of financial position of Alraedah Finance Company (the "Company") as at 30 June 2025 and the related interim statement of profit or loss and other comprehensive income for the three-month and six-month periods then ended and the interim statement of changes in equity and cashflows for the six-month period then ended, and a summary of material accounting policies information and other explanatory notes (the "interim condensed financial statements"). 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 Engagement 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.

### OTHER MATTER

The financial statements of the Company for the year ended 31 December 2024 were audited by another auditor who expressed an unmodified opinion on those financial statements on 10 March 2025. Furthermore, the interim condensed financial statements of the Company for the six-month period ended 30 June 2024 were reviewed by another auditor who expressed an unmodified review conclusion on those interim condensed financial statements on 1 August 2024.

**For PKF Al-Bassam  
Chartered Accountants**



Abdullellah Albassam  
Certified Public Accountant  
License No. 703  
Riyadh, Kingdom of Saudi Arabia  
3 Safar 1447 AH  
Corresponding to: 28 July 2025



**ALRAEDAH FINANCE COMPANY**  
**(A Joint Stock Company)**  
**INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2025**  
**(All amounts in Saudi Riyals unless otherwise stated)**

	Note	30 June 2025 (Unaudited)	31 December 2024 (Audited)
<b>ASSETS</b>			
Cash and cash equivalents		23,020,454	22,773,280
Investment held at fair value through profit or loss		5,079,120	5,014,901
Prepayments and other receivables		29,786,801	30,211,267
Due from related parties	6	31,268,960	24,346,892
Murabaha receivables	7	1,016,857,918	847,649,241
Investment carried at amortized cost	8	44,913,965	69,927,126
Investments carried at fair value through other comprehensive income (FVOCI)		892,850	892,850
Restricted cash deposits		9,400,000	9,400,000
Repossessed assets held for sale	9	55,710,789	55,710,789
Right-of-use assets		13,603,292	378,783
Intangible assets		13,781,182	13,895,230
Property and equipment		1,844,660	2,767,691
<b>TOTAL ASSETS</b>		<b>1,246,159,991</b>	<b>1,082,968,050</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	10	150,000,000	150,000,000
Statutory reserve		19,367,226	19,367,226
Retained earnings		104,995,396	94,041,400
Re-measurement reserve of employees' terminal benefits		(529,989)	(529,989)
<b>TOTAL EQUITY</b>		<b>273,832,633</b>	<b>262,878,637</b>
<b>LIABILITIES</b>			
Trade payables and accruals		70,588,436	74,494,406
Zakat payable	11	9,457,460	9,075,185
Lease liability		11,137,625	-
Financial facilities	12	874,689,227	731,156,813
Employees' terminal benefits		6,454,610	5,363,009
<b>TOTAL LIABILITIES</b>		<b>972,327,358</b>	<b>820,089,413</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,246,159,991</b>	<b>1,082,968,050</b>

The accompanying notes 1 to 21 form part of these interim condensed financial statements.

**ALRAEDAH FINANCE COMPANY**  
**(A Joint Stock Company)**  
**INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025**  
**(All amounts in Saudi Riyals unless otherwise stated)**

		For the three-month period ended		For the six-month period ended	
		30 June 2025	30 June 2024	30 June 2025	30 June 2024
	Note	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Finance income from Murabaha contracts		<b>45,916,198</b>	44,119,707	<b>84,849,226</b>	107,037,910
Finance cost	13	<b>(15,995,011)</b>	(14,417,997)	<b>(31,128,185)</b>	(29,842,191)
Net finance income from Murabaha contracts		<b>29,921,187</b>	29,701,710	<b>53,721,041</b>	77,195,719
<b>OPERATING (EXPENSES) / INCOME</b>					
General and administrative expenses		<b>(19,323,637)</b>	(21,994,640)	<b>(37,268,532)</b>	(43,981,463)
Selling and marketing expenses		<b>(4,245,181)</b>	(4,752,424)	<b>(8,824,387)</b>	(10,525,118)
Impairment on Murabaha receivables	14	<b>(5,495,651)</b>	(2,948,330)	<b>(9,496,022)</b>	(6,381,223)
Finance income from investment carried at amortized cost		<b>1,252,190</b>	2,140,478	<b>3,694,863</b>	2,878,112
Fair value gain on investment held at fair value through profit or loss		<b>64,219</b>	43,740	<b>64,219</b>	43,740
Other income	15	<b>5,948,599</b>	6,655,871	<b>11,299,415</b>	13,955,769
<b>NET INCOME BEFORE ZAKAT</b>		<b>8,121,726</b>	8,846,405	<b>13,190,597</b>	33,185,536
Zakat	11	<b>(1,236,601)</b>	(884,641)	<b>(2,236,601)</b>	(3,318,554)
<b>NET INCOME FOR THE PERIOD</b>		<b>6,885,125</b>	7,961,764	<b>10,953,996</b>	29,866,982
Other comprehensive income for the period		-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>6,885,125</b>	7,961,764	<b>10,953,996</b>	29,866,982

The accompanying notes 1 to 21 form part of these interim condensed financial statements.

**ALRAEDAH FINANCE COMPANY**  
**(A Joint Stock Company)**  
**INTERIM STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025**  
**(All amounts in Saudi Riyals unless otherwise stated)**

**For the six-month period ended**

**30 June 2024**

	Share capital	Statutory reserve	Retained earnings	Re-measurement reserve of employees' terminal benefits	Total equity
Balance as at 1 January 2024 (Audited)	150,000,000	15,810,568	104,531,478	(633,969)	269,708,077
Total comprehensive income for the period	-	-	29,866,982	-	29,866,982
Dividend paid during the period	-	-	(42,500,000)	-	(42,500,000)
Balance as at 30 June 2024 (Unaudited)	150,000,000	15,810,568	91,898,460	(633,969)	257,075,059

**For the six-month period ended**

**30 June 2025**

	Share capital	Statutory reserve	Retained earnings	Re-measurement reserve of employees' terminal benefits	Total equity
Balance as at 1 January 2025 (Audited)	150,000,000	19,367,226	94,041,400	(529,989)	262,878,637
Total comprehensive income for the period	-	-	10,953,996	-	10,953,996
Balance as at 30 June 2025 (Unaudited)	150,000,000	19,367,226	104,995,396	(529,989)	273,832,633

The accompanying notes 1 to 21 form part of these interim condensed financial statements.

**ALRAEDAH FINANCE COMPANY**  
**(A Joint Stock Company)**  
**INTERIM STATEMENT OF CASH FLOWS**  
**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025**  
**(All amounts in Saudi Riyals unless otherwise stated)**

		For the six-month period ended	
		30 June 2025	30 June 2024
	Note	(Unaudited)	(Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income before zakat		13,190,597	33,185,536
Adjustments for:			
Finance cost	13	31,128,185	29,359,149
Impairment on Murabaha receivables	14	9,496,022	6,381,223
Finance income from investment carried at amortized cost		(3,694,863)	(2,878,112)
Gain on unwinding of fair valuation of financial assets	15	(1,180,334)	(1,638,688)
Government grant income	15	(932,017)	-
Provision against other assets		-	3,000,000
Provision for employees' terminal benefits		1,399,900	875,565
Depreciation of property and equipment		920,270	1,018,917
Depreciation of right-of-use assets		905,255	568,164
Amortization of intangible assets		620,440	618,552
Fair value gain on investment held at fair value through profit or loss		(64,219)	(43,740)
Gain on disposal of property and equipment		(313)	-
<b>(Increase) / decrease in operating assets</b>			
Murabaha receivables		(177,524,365)	153,411,951
Due from related parties		(6,922,068)	(24,346,892)
Prepayments and other receivables		424,466	(1,985,988)
Restricted cash deposit		-	(4,250,000)
Reposessed assets held for sale		-	14,125,921
<b>Decrease in operating liabilities</b>			
Trade payables and accruals		(3,905,970)	(13,491,678)
<b>Cash (used in) / generated from operations</b>			
Zakat paid	11	(1,854,326)	(10,118,587)
Employees' terminal benefits paid		(308,299)	(371,337)
<b>Net cash (used in) / generated from operating activities</b>			
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from investment carried at amortized cost		71,115,723	30,083,312
Purchase of investment carried at amortized cost		(42,407,699)	(74,449,860)
Purchase of intangible assets		(506,392)	(1,310,874)
Proceeds from disposal of property and equipment		17,272	-
Purchase of property and equipment		(14,198)	(69,353)
Purchase of investment held at fair value through profit or loss		-	(5,000,000)
<b>Net cash generated from / (used in) investing activities</b>			
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from financial facilities		251,566,478	60,125,000
Repayment of financial facilities		(138,071,831)	(167,490,025)
Dividend paid		-	(42,500,000)
Lease liabilities paid		(3,150,540)	(937,190)
<b>Net cash generated from / (used in) financing activities</b>			
<b>Net increase / (decrease) in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of the period		22,773,280	45,086,683
<b>Cash and cash equivalents at end of the period</b>			

The accompanying notes 1 to 21 form part of these interim condensed financial statements.

**ALRAEDAH FINANCE COMPANY**  
**(A Joint Stock Company)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025**  
**(All amounts in Saudi Riyals unless otherwise stated)**

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**1. LEGAL STATUS AND OPERATIONS**

Alraedah Finance Company (the “Company”) is a 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 1443H, corresponding to 26 October 2021. The Company closed its Riyadh branch, registered under commercial registration number 1010830643, on 12 Dhul Qidah 1445H corresponding to 20 May 2024.

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

Alraedah Finance Company  
Laysen Valley, Building No. 9  
West Umm Al Hamam District  
King Khaled Street  
Riyadh 12329  
Kingdom of Saudi Arabia

**2. BASIS OF PREPARATION**

**2.1. STATEMENT OF COMPLIANCE**

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

The results for the six-month period ended 30 June 2025 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2025.

These interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company’s financial statements for the year ended 31 December 2024.

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

**2.2. BASIS OF MEASUREMENT**

These interim condensed financial statements are prepared under the historical cost method except for the following:

- a) Investment carried at FVOCI is measured at Fair value;
- b) Investment carried at FVTPL is measured at Fair value; and
- c) Assets repossessed held-for-sale measured at lower of carrying value and fair value less cost to sell.

**2.3. FUNCTIONAL AND PRESENTATION CURRENCY**

These interim condensed financial statements have been presented in Saudi Riyals (SR) which is the Company's functional and presentation currency. All financial information presented in SR has been rounded to the nearest SR, unless otherwise mentioned.

**3. MATERIAL ACCOUNTING POLICIES INFORMATION**

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company’s annual financial statements as at 31 December 2024.

**4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

In preparing these interim condensed financial statements, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income, and expense. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.



**4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)**

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates is recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements i.e. 31 December 2024.

**5. NEW AMENDED STANDARDS AND INTERPRETATIONS**

- 5.1.** A number of new amendments to standards, enlisted below, are effective this year but they do not have a material effect on the Company's interim condensed financial statements:

<b>Standard or amendments to standard</b>	<b>Description</b>	<b>Effective for annual years beginning on or after</b>	<b>Summary of the amendment</b>
IAS 21	Lack of Exchangeability	January 1, 2025	<p>The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.</p> <p>The amendments introduce new disclosures to help financial statement users assess the impact of using an estimated exchange rate.</p>

- 5.1.** The Company has not applied the following amendment to IFRS that have been issued but are not yet effective:

<b>Standard or amendments to standard</b>	<b>Description</b>	<b>Effective for annual years beginning on or after</b>	<b>Summary of amendment</b>
IFRS 19	Subsidiaries without Public Accountability	January 1, 2027	<p>IFRS 19 permits an eligible subsidiary to provide reduced disclosures when applying IFRS Accounting Standards in its financial statements.</p> <p>A subsidiary is eligible for the reduced disclosures if it does not have public accountability and its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.</p>
IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments	January 1, 2026	<p>These amendments clarify financial assets and financial liabilities are recognized and derecognized at settlement date except for regular way purchases or sales of financial assets and financial liabilities meeting conditions for new exception. The new exception permits companies to elect to derecognize certain financial liabilities settled via electronic payment systems earlier than the settlement date.</p> <p>They also provide guidelines to assess contractual cash flow characteristics of financial assets, which apply to all contingent cash flows, including those arising from environmental, social, and governance (ESG)-linked features. Additionally, these amendments introduce new disclosure requirements and update others.</p>

5. NEW AMENDED STANDARDS AND INTERPRETATIONS (CONTINUED)

Standard or amendments to standard	Description	Effective for annual years beginning on or after	Summary of amendment
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027	IFRS 18 replaces IAS 1, which sets out presentation and base disclosure requirements for financial statements. The changes, which mostly affect the income statement, include the requirement to classify income and expenses into three new categories – operating, investing and financing – and present subtotals for operating profit or loss and profit or loss before financing and income taxes.
			Further, operating expenses are presented directly on the face of the income statement – classified either by nature (e.g. employee compensation), by function (e.g. cost of sales) or using a mixed presentation. Expenses presented by function require more detailed disclosures about their nature.
			IFRS 18 also provides enhanced guidance for aggregation and disaggregation of information in the financial statements, introduces new disclosure requirements for management-defined performance measures (MPMs)* and eliminates classification options for interest and dividends in the statement of cash flows.

Management anticipates that this amendment will be adopted in the Company's financial statements as and when it is applicable and adoption of this amendments may have no material impact on the financial statements of the Company in the period of initial application.

**ALRAEDAH FINANCE COMPANY**  
**(A Joint Stock Company)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025**  
**(All amounts in Saudi Riyals unless otherwise stated)**

**6. RELATED PARTY TRANSACTIONS AND BALANCES**

**6.1. Transactions during the period**

Names of Related Party	Nature of Relationship	Nature of transactions	For the six-month period ended	
			30 June 2025 (Unaudited)	30 June 2024 (Unaudited)
Alraedah Payments Company	Affiliate	Expenses paid by the related party	(98,143)	-
		Expenses paid on behalf of related party	189,375	437,224
Alraedah Digital Solutions Company	Affiliate	Expenses paid on behalf of a related party	3,862,669	3,682,276
		Services received from the related party	(5,270,693)	(2,412,133)
		Advance paid against digital services	7,070,000	2,500,000
		Advance received against earned wage access	(183,121)	-
		Advance settled against earned wage access	191,559	-
		Deposit for banking services	-	2,000
Iqama Alraedah for Hotel Services Company	Affiliate	Payment for operating expenses	-	2,250,000
		Expenses paid on behalf of the related party	512,844	70,000
Alraedah Investment L.L.C	Affiliate	Services received from related party	-	698,706
		Expenses paid on behalf of the related party	-	12,225
Alraedah Digital Services Ltd	Affiliate	Expenses paid on behalf of the related party	10,885	95,677
		Furniture transferred to related party	10,072	-
Alraedah Investment Company	Shareholder	Expenses paid on behalf of the related party	-	14,600
Alraedah Digital Holding Company	Affiliate	Expenses paid on behalf of the related party	626,621	-
		Loan to affiliate (see note 6.3)	-	6,000,000

<b>Remuneration and other long-term benefits</b>	For the six-month period ended	
	30 June 2025 (Unaudited)	30 June 2024 (Unaudited)
Key management personnel	1,422,204	1,444,506
Board of Directors and other committees	100,000	153,000
	<b>1,522,204</b>	<b>1,597,506</b>

**6.1. Balances as at period / year-end**

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
<b>Due from related parties</b>		
Alraedah Digital Solutions Company	10,371,176	4,700,762
Alraedah Payments Company	2,677,149	2,585,917
Alraedah Investment LLC	5,954,813	5,954,813
Iqama Alraedah for Hotel Services Company	3,495,887	2,983,043
Alraedah Digital Holding Company	7,808,946	7,182,325
Alraedah Investment Company	673,448	673,448
Alraedah Digital Services Ltd	287,541	266,584
	<b>31,268,960</b>	<b>24,346,892</b>

**ALRAEDAH FINANCE COMPANY**  
**(A Joint Stock Company)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025**  
**(All amounts in Saudi Riyals unless otherwise stated)**

**6. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)**

- 6.2.** The Company's Property and equipment includes certain assets with a net book value of SR 0.22 million that are physically located at the premises of its affiliated company based in Dubai, United Arab Emirates.
- 6.3.** The Company has extended profit-free loan to its affiliated entity. This loan is unsecured and is repayable on demand. The arrangement has been made to support the affiliate's operational and financial needs, and no specific repayment schedule or profit has been agreed upon.

**7. MURABAHA RECEIVABLES**

	<b>30 June 2025</b>	<b>31 December 2024</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Gross receivables	<b>1,246,122,864</b>	998,201,980
Unearned finance income	<b>(215,028,270)</b>	(134,840,382)
Net Murabaha receivables before provision for impairment	<b>1,031,094,594</b>	863,361,598
Less: Provision for impairment	<b>(14,236,676)</b>	(15,712,357)
Net Murabaha receivables	<b>1,016,857,918</b>	847,649,241

- 7.1.** The Company in the ordinary course of its business holds collateral in respect of Murabaha receivables including real-estate collaterals, Kafalah guarantees and assignment of receivables in order to mitigate the credit risk associated with them. These collaterals are not readily convertible into cash and are intended to be repossessed and disposed of in case the customer defaults. The value of real estate collateral as at 30 June 2025 amounted to SR 257.5 million (31 December 2024: SR 204.6 million).
- 7.2.** During the period, the Company has provided financing amounting to SR 12.4 million at below-market profit rates. These facilities are discounted using average market prevailing profit rates for similar financing facilities to determine the fair value. The difference between financing provided and its fair value is recorded in the statement of profit or loss and other comprehensive income as per the requirements of IFRS 9 (see note 15).
- 7.3.** Analysis of credit quality of Murabaha receivables is as follows:

	<b>30 June 2025</b>	<b>31 December 2024</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Stage 1	<b>749,975,135</b>	755,260,127
Stage 2	<b>174,527,764</b>	17,492,242
Stage 3	<b>92,355,019</b>	74,896,872
	<b>1,016,857,918</b>	847,649,241

- 7.4.** The movement in the provision for impairment of Murabaha receivables during the period is as follows:

	<b>For the six-month period ended 30 June 2025</b>	<b>For the year ended 31 December 2024</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Balance at beginning of the period / year	<b>15,712,357</b>	18,477,176
Provided during the period / year	<b>9,496,022</b>	16,072,321
Written off during the period / year	<b>(10,971,703)</b>	(18,837,140)
Balance at the end of the period / year	<b>14,236,676</b>	15,712,357

- 7.5.** The Company's Islamic financing arrangements do not include variable payments.
- 7.6.** The Company is not exposed to foreign currency risk as a result of the financing arrangements, as all financings are denominated in Saudi Riyals.
- 7.7.** All the financing facilities provided by the Company are Shariah compliant, accordingly they are non-conventional in nature.

**ALRAEDAH FINANCE COMPANY**  
**(A Joint Stock Company)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025**  
**(All amounts in Saudi Riyals unless otherwise stated)**

**8. INVESTMENT CARRIED AT AMORTIZED COST**

	<b>30 June 2025</b>	<b>31 December 2024</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<i>Financial assets carried at amortized cost - unsecured</i>		
Gross investment	<b>69,990,250</b>	13,498,042
Additions during the period / year	<b>42,407,699</b>	164,280,487
Income recognized in profit or loss during the period / year	<b>3,694,863</b>	7,895,332
Matured during the period / year	<b>(71,115,723)</b>	(115,683,611)
	<b>44,977,089</b>	69,990,250
Less: Provision for impairment	<b>(63,124)</b>	(63,124)
Net investment carried at amortized cost	<b>44,913,965</b>	69,927,126

The Company has invested in financing opportunities offered through Lendo, a Shariah-compliant debt crowdfunding platform licensed by the Saudi Central Bank (SAMA).

The Company's participation involves providing funds to selected SMEs via the platform, earning returns in the form of profit margins or fees based on agreed terms. These investments are structured as Muarabaha-based financing arrangements with repayment over a short-term period. The Company earns profit at the rate of 11% - 21% annually.

**8.1. Analysis of credit quality of Investment carried at amortized cost is as follows:**

	<b>30 June 2025</b>	<b>31 December 2024</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Stage 1	<b>24,658,143</b>	64,921,740
Stage 2	<b>5,737,044</b>	4,428,966
Stage 3	<b>14,518,778</b>	576,420
	<b>44,913,965</b>	69,927,126

**8.2. The movement in provision for impairment for investment carried at amortized cost during the period is as follows:**

	<b>For the six-month period ended 30 June 2025</b>	<b>For the year ended 31 December 2024</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Balance at beginning of the period / year	<b>63,124</b>	-
Provided during the period / year	-	63,124
Written off during the period / year	-	-
Balance at the end of the period / year	<b>63,124</b>	63,124

**9. ASSETS REPOSSESSED 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 recognized 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: SR 4.9 million), for furnishing, maintenance, and other services for the acquired real estate property which has been recognized as part of repossessed assets.

The Company entered into a operating 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.

**9. ASSETS REPOSSESSED HELD FOR SALE (CONTINUED)**

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 and presented within "Prepayments and other receivables". 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. 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 30 June 2025 and 31 December 2024. However, the Company continued to vigorously defend its position and filed a case against the previous owner at the General Court which is under review by the Court at the reporting date.

**10. SHARE CAPITAL**

The Company's subscribed and paid-up share capital of SR 150,000,000 is divided into 15,000,000 equity shares of SR 10 each fully subscribed and paid, and distributed among shareholders as follows:

	<b>30 June 2025 and 31 December 2024</b>		
	<b>Holding %</b>	<b>No. of Shares</b>	<b>Amount (SAR)</b>
Shareholders			
Abdullah Al Dawood	99	14,850,000	148,500,000
Alraedah Investment Company	1	150,000	1,500,000
	100	15,000,000	150,000,000

**11. PROVISION FOR ZAKAT**

The movement in the provision for zakat is as follows:

	<b>For the six-month period ended 30 June 2025 (Unaudited)</b>	<b>For the year ended 31 December 2024 (Audited)</b>
Balance at the beginning of the period / year	9,075,185	9,922,142
Provided during the period / year	2,236,601	9,271,630
Payment during the period / year	(1,854,326)	(10,118,587)
Balance at the end of the period / year	9,457,460	9,075,185

**Status of Assessments**

The Company duly submitted its zakat returns for the previous periods and has not received any assessment from ZATCA.

The Company is currently in negotiations with the Zakat, Tax and Customs Authority (ZATCA) to settle its outstanding zakat obligation for 2024 through an installment arrangement. As of the reporting date, discussions are ongoing and no formal agreement has been finalized.

As of the date of approval of these financial statements, the Company has not yet obtained the renewed zakat certificate due to outstanding dues. Consequently, a valid zakat certificate is not available. Based on the Company's expert, there is no material impact of non-renewal on Company's operations.

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**12. FINANCIAL FACILITIES**

The table below shows the details of the financial facilities obtained by the Company:

	Notes	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Murabaha financing		535,603,802	365,331,355
Musharakah financing		231,066,217	240,767,795
Non-profit bearing financing	12.2 & 12.3	108,019,208	125,057,663
		<b>874,689,227</b>	<b>731,156,813</b>

**12.1. Maturity profile – long term**

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Current portion	428,749,453	261,260,907
Non-current portion	445,939,774	469,895,906
	<b>874,689,227</b>	<b>731,156,813</b>

- 12.2.** 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: SR 40 million) that is repayable in monthly instalments that commenced in April 2025, with the final instalment due in April 2029. During the period, the Company has repaid 3.1 million to TDF. The borrowing carries fixed commission that is significantly lower than the prevailing market rate which is discounted using average market prevailing profit rates for similar financing facilities. The difference between financing received and its present value is recorded as a government grant and has been accounted for as per the requirements of IFRS. 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.
- 12.3.** During the period, the Company has obtained financing amounting to SR 45 million from Small & Medium Enterprises Bank (“SME Bank”). During the period, the Company has repaid 0.2 million to SME Bank. The borrowing carries fixed commission that is significantly lower than the prevailing market rate which is discounted using average market prevailing profit rates for similar financing facilities. The difference between financing received and its present value is recorded as a government grant and has been accounted for as per the requirements of IFRS. 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. 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.
- 12.4.** Furthermore, the Company maintains a strong liquidity position and has sufficient funding sources to meet its financial obligations.
- 12.5.** The Company has obtained bank financial facilities from local Islamic banks for the purpose of financing working capital needs. These bank facilities bear finance costs at market prevailing rates.
- 12.6.** The Company has breached the leverage ratio covenant stipulated in one of its Murabaha financing agreements. As a result, the non-current portion of the related loan liability, amounting to SR 91.29 million, has been reclassified to current liabilities in the financial statements. However, subsequent to the reporting date, the Company obtained a formal waiver from the concerned bank in relation to this covenant breach. Furthermore, where financing agreements include cross-default provisions, the Company believes that the respective financiers will not exercise immediate repayment rights solely due to this breach.

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**13. FINANCE COST**

	<b>For the six-month period ended</b>	
	<b>30 June 2025</b>	<b>30 June 2024</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Islamic financial facilities:		
- Murabaha	19,027,270	14,297,105
- Musharakah	9,407,301	10,530,080
- Non-profit bearing financing	2,404,799	4,477,394
Lease liabilities	158,401	54,570
Bank Charges	130,414	483,042
	<b>31,128,185</b>	<b>29,842,191</b>

**14. IMPAIRMENT ON MURABAHA RECEIVABLES**

		<b>For the six-month period ended</b>	
	<b>Note</b>	<b>30 June 2025</b>	<b>30 June 2024</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
Impairment on Murabaha receivables	7.4	9,496,022	6,381,223

**15. OTHER INCOME**

		<b>For the six-month period ended</b>	
	<b>Note</b>	<b>30 June 2025</b>	<b>30 June 2024</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
Facility fees		4,243,114	4,638,026
Agency fee income		1,775,124	1,183,416
Write off recoveries		1,608,137	392,159
Gain on unwinding of fair valuation of financial assets	7.2	1,180,334	1,638,688
Government grant income	12.2 & 12.3	932,017	-
Facility fees from fiduciary activities		889,904	5,159,760
Income from investment held at fair value through profit or loss		235,995	-
Other income		434,790	943,720
		<b>11,299,415</b>	<b>13,955,769</b>

**16. FAIR VALUES OF FINANCIAL INSTRUMENTS**

The Company's financial assets consist of cash and bank balances, investment, net investment in Islamic financing, restricted cash deposits and other receivables. Its financial liabilities consist of trade payables, financial facilities, and other liabilities.

The Company's management determines the policies and procedures for both recurring fair value measurement and non-recurring measurement.

All financial assets and liabilities are measured at amortized cost except investment carried at FVOCI and investment held at fair value through profit or loss. The carrying amounts of all other financial assets and financial liabilities measured at amortized cost approximate to their fair values.

<b>30 June 2025 (Unaudited)</b>	<b>Fair value Level</b>			
	<b>1</b>	<b>2</b>	<b>3</b>	<b>Total</b>
<b>FINANCIAL ASSET</b>				
<b>FVOCI designated</b>				
Investment carried at FVOCI	-	-	892,850	892,850
<b>FVTPL</b>				
Investment held at fair value through profit or loss	-	5,079,120	-	5,079,120



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**16. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)**

31 December 2024 (Audited)	Fair value Level			
	1	2	3	Total
<b>FINANCIAL ASSET</b>				
<b>FVOCI designated</b>				
Investment carried at FVOCI	-	-	892,850	892,850
<b>FVTPL</b>				
Investment held at fair value through profit or loss	-	5,014,901	-	5,014,901

The above financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined:

Financial assets / financial liabilities	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship and sensitivity of unobservable inputs to fair value
Investment carried at FVOCI	Cost	N/A	N/A
Investment held at fair value through profit or loss	Net Asset Value	N/A	N/A

**17. ASSETS HELD UNDER FIDUCIARY CAPACITY**

The funds of Alraedah Fund for Financing (the Fund), a closed-end 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:

- Investment assets of the Fund managed by the Company amounting to SR 190.6 million as at 30 June 2025; and
- The Fund's cash account amounting to SR 12.3 million as at 30 June 2025.

The Company also holds an investment in the Fund, which is measured at fair value through profit or loss. As of 30 June 2025, the fair value of this investment amounted to SR 5.08 million (31 December 2024: SR 5.01 million).

**18. RECLASSIFICATION OF PRIOR PERIOD FIGURES**

Certain comparative information has been reclassified to conform the current period presentation.

**19. CONTINGENCIES AND COMMITMENTS**

**Commitments**

The Company has no material commitments as at 30 June 2025 and 31 December 2024.

**Contingencies**

The Company has a performance guarantee from the Saudi Investment Bank as at 30 June 2025 with an amount of SR 24.4 million issued for a financing customer (31 December 2024: SR 24.4 million).

**20. SUBSEQUENT EVENTS**

There have been no significant subsequent events since the period-ended that would require additional disclosure or adjustment in these interim condensed financial statements.

**21. DATE OF AUTHORIZATION FOR ISSUE**

These interim condensed financial statements were approved and authorized for issue on 3 Safar 1447H (corresponding to 28 July 2025) by the Board of Directors of the Company.