

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

ALRAEDAH FINANCE COMPANY
(A Joint Stock Company)
INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 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

(1/2)

INTRODUCTION

We have reviewed the accompanying 30 September 2025 interim condensed financial statements of Alraedah Finance Company ("the Company") which comprises:

- The interim statement of financial position as at 30 September 2025;
- The interim statements of profit or loss and other comprehensive income for the three-month and nine-month periods then ended;
- The interim statement of changes in equity for the nine-month period then ended;
- The interim statement of cash flows for the nine-month period then ended, and;
- The notes to 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.

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

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

(2/2)

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 nine-month period ended 30 September 2024 were reviewed by another auditor who expressed an unmodified review conclusion on those interim condensed financial statements on 27 October 2024.

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

		30 September 2025	31 December 2024
	Note	(Unaudited)	(Audited)
ASSETS			
Cash and cash equivalents		43,924,967	22,773,280
Investment held at fair value through profit or loss		5,054,895	5,014,901
Prepayments and other receivables		23,311,590	28,521,569
Due from related parties	6	33,769,236	24,346,892
Murabaha receivables	7	1,008,832,640	849,338,939
Investment carried at amortized cost	8	22,779,124	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		12,890,997	378,783
Intangible assets		18,838,560	13,895,230
Property and equipment		1,430,673	2,767,691
TOTAL ASSETS		1,236,836,321	1,082,968,050
EQUITY AND LIABILITIES			
EQUITY			
Share capital	10	150,000,000	150,000,000
Statutory reserve		19,367,226	19,367,226
Retained earnings		113,986,268	94,041,400
Re-measurement reserve of employees' terminal benefits		(529,989)	(529,989)
TOTAL EQUITY		282,823,505	262,878,637
LIABILITIES			
Trade payables and accruals		62,007,050	74,494,406
Zakat payable	11	4,293,931	9,075,185
Lease liability		11,351,938	-
Financial facilities	12	871,295,473	731,156,813
Employees' terminal benefits		5,064,424	5,363,009
TOTAL LIABILITIES		954,012,816	820,089,413
TOTAL EQUITY AND LIABILITIES		1,236,836,321	1,082,968,050

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 NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2025
(All amounts in Saudi Riyals unless otherwise stated)

		For the three-month period ended		For the nine-month period ended	
		30 September 2025	30 September 2024	30 September 2025	30 September 2024
	Note	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Finance income from Murabaha contracts		48,856,825	39,398,820	133,706,051	146,436,730
Processing fees from Murabaha contracts		3,699,718	2,650,079	7,942,832	7,288,105
Finance income from investment carried at amortized cost		644,658	2,461,352	4,339,521	5,339,464
Finance cost	13	(17,835,206)	(14,152,397)	(48,963,391)	(43,994,588)
NET FINANCE INCOME		35,365,995	30,357,854	97,025,013	115,069,711
General and administrative expenses		(17,125,728)	(18,445,759)	(54,394,260)	(62,427,222)
Selling and marketing expenses		(4,666,405)	(5,084,543)	(13,490,792)	(15,609,661)
Impairment on Murabaha receivables and other financial assets	14	(7,410,743)	(3,618,181)	(16,906,765)	(9,999,403)
Other income	15	5,081,528	5,284,100	12,202,048	14,645,582
NET INCOME BEFORE ZAKAT		11,244,647	8,493,471	24,435,244	41,679,007
Zakat	11	(2,253,775)	(2,849,346)	(4,490,376)	(6,167,900)
NET INCOME FOR THE PERIOD		8,990,872	5,644,125	19,944,868	35,511,107
Other comprehensive income for the period		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		8,990,872	5,644,125	19,944,868	35,511,107

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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2025
(All amounts in Saudi Riyals unless otherwise stated)

For the nine-month period ended

30 September 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	-	-	35,511,107	-	35,511,107
Dividend paid during the period	-	-	(42,500,000)	-	(42,500,000)
Balance as at 30 September 2024 (Unaudited)	150,000,000	15,810,568	97,542,585	(633,969)	262,719,184

For the nine-month period ended

30 September 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	-	-	19,944,868	-	19,944,868
Balance as at 30 September 2025 (Unaudited)	150,000,000	19,367,226	113,986,268	(529,989)	282,823,505

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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2025
(All amounts in Saudi Riyals unless otherwise stated)

		For the nine-month period ended	
		30 September 2025	30 September 2024
	Note	(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income before zakat		24,435,244	41,679,007
Adjustments for:			
Finance cost	13	48,963,391	43,994,588
Impairment on Murabaha receivables and other financial assets	14	16,906,765	9,999,403
Finance income from investment carried at amortized cost		(4,339,521)	(5,339,464)
Gain on fair valuation of financial assets	15	(1,795,245)	(1,640,392)
Government grant income	15	(929,023)	(562,774)
Provision against other assets	9	-	3,000,000
Provision for employees' terminal benefits		1,640,610	1,233,373
Depreciation of property and equipment		1,338,978	1,533,271
Depreciation of right-of-use assets		1,617,550	852,246
Amortization of intangible assets		1,235,966	927,524
Fair value gain on investment held at fair value through profit or loss	15	(39,994)	(108,950)
Gain on disposal of property and equipment		(313)	-
(Increase) / decrease in operating assets			
Murabaha receivables		(173,105,221)	152,110,860
Due from related parties		(9,422,344)	(5,574,893)
Prepayments and other receivables		5,209,979	(21,722,253)
Restricted cash deposit		-	(4,250,000)
Repossessioned assets held for sale		-	12,625,921
Decrease in operating liabilities			
Trade payables and accruals		(12,487,356)	(15,186,176)
Cash (used in) / generated from operations		(100,770,534)	213,571,291
Zakat paid	11	(9,271,630)	(10,118,587)
Employees' terminal benefits paid		(1,939,195)	(424,159)
Net cash (used in) / generated from operating activities		(111,981,359)	203,028,545
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of intangible assets		(6,179,296)	(2,087,695)
Proceeds from disposal of property and equipment		17,272	3,360
Purchase of property and equipment		(18,919)	(456,201)
Purchase of investment held at fair value through profit or loss		-	(5,000,000)
Net cash used in investing activities		(6,180,943)	(7,540,536)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from financial facilities		314,300,000	196,125,000
Repayment of financial facilities		(221,822,994)	(313,123,128)
Proceeds from investment carried at amortized cost		95,664,455	73,361,603
Purchase of investment carried at amortized cost		(45,676,932)	(122,673,419)
Dividend paid		-	(42,500,000)
Lease liabilities paid		(3,150,540)	(937,190)
Net cash generated from / (used in) financing activities		139,313,989	(209,747,134)
Net increase / (decrease) in cash and cash equivalents		21,151,687	(14,259,125)
Cash and cash equivalents at beginning of the period		22,773,280	45,086,683
Cash and cash equivalents at end of the period		43,924,967	30,827,558

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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2025
(All amounts in Saudi Riyals unless otherwise stated)

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 number 1010314982 and unified number 7001691265 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 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 nine-month period ended 30 September 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:

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

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

Standard or amendments to standard	Description	Effective for annual years beginning on or after	Summary of amendment
IFRS 19	Subsidiaries without Public Accountability	January 1, 2027	IFRS 19 permits an eligible subsidiary to provide reduced disclosures when applying IFRS Accounting Standards in its financial statements. 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.
IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments	January 1, 2026	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. 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.

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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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 nine-month period ended	
			30 September 2025 (Unaudited)	30 September 2024 (Unaudited)
Alraedah Digital Solutions Company	Affiliate	Advance paid against digital services	11,205,000	6,800,000
		Services received from affiliate	(7,076,488)	(4,854,114)
		Expenses paid on behalf of related party	5,243,677	5,659,218
		Benefits payable for transferred employees	(1,547,021)	-
		Advance settled against earned wage access	306,617	-
		Advance received against earned wage access	(288,012)	-
		Refunded amount against expenses paid on behalf of related party	-	4,500,000
		Deposit for banking services	-	2,000
Alraedah Digital Holding Company	Affiliate	Expenses paid on behalf of the related party	1,219,497	228,325
		Loan to affiliate (see note 6.3)	-	6,000,000
Iqama Alraedah for Hotel Services Company	Affiliate	Expenses paid on behalf of the related party	512,844	70,000
		Income earned from operating lease	97,826	-
		Payment for operating expenses	-	2,250,000
Alraedah Payments Company	Affiliate	Expenses paid on behalf of related party	354,471	479,314
		Benefits payable for transferred employees	(489,180)	-
		Expenses paid by the related party	(137,844)	-
Alraedah Digital Services Ltd	Affiliate	Expenses paid on behalf of the related party	10,885	112,030
		Furniture transferred to affiliate	10,072	-
Alraedah Investment L.L.C	Affiliate	Services received from affiliate	-	698,706
		Expenses paid on behalf of the related party	-	12,225
Alraedah Investment Company	Shareholder	Expenses paid on behalf of the related party	-	14,600
		Dividend paid	-	425,000
Abdullah Aldawood	Shareholder	Dividend paid	-	42,075,000

Remuneration and other long-term benefits	For the nine-month period ended	
	30 September 2025 (Unaudited)	30 September 2024 (Unaudited)
Key management personnel	2,060,059	1,816,956
Board of Directors and other committees	150,000	253,778
	2,210,059	2,070,734

ALRAEDAH FINANCE COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2025
(All amounts in Saudi Riyals unless otherwise stated)

6. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

6.2. Balances as at period / year-end

	30 September 2025	31 December 2024
	(Unaudited)	(Audited)
Due from related parties		
Alraedah Digital Solutions Company	12,544,535	4,700,762
Alraedah Payments Company	8,313,364	8,585,917
Alraedah Investment LLC	5,954,813	5,954,813
Iqama Alraedah for Hotel Services Company	3,593,713	2,983,043
Alraedah Digital Holding Company	2,401,822	1,182,325
Alraedah Investment Company	673,448	673,448
Alraedah Digital Services Ltd	287,541	266,584
	33,769,236	24,346,892

- 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

	30 September 2025	31 December 2024
	(Unaudited)	(Audited)
Gross receivables	1,218,092,636	998,201,980
Unearned finance income	(199,326,574)	(134,840,382)
Net Murabaha receivables before provision for impairment	1,018,766,062	863,361,598
Deferred transaction cost	2,463,705	1,689,698
Less: Provision for impairment	(12,397,127)	(15,712,357)
Net Murabaha receivables	1,008,832,640	849,338,939

- 7.1.** The Company in the ordinary course of its business holds collateral in respect of Murabaha receivables including real-estate collaterals, assignment of receivables and Kafalah guarantees in order to mitigate the credit risk associated with them. In case of real estate collaterals, 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 September 2025 amounted to SR 272.2 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:

	30 September 2025	31 December 2024
	(Unaudited)	(Audited)
Stage 1	776,851,971	758,375,258
Stage 2	151,763,498	17,751,540
Stage 3	90,150,593	87,234,800
	1,018,766,062	863,361,598

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

7. MURABAHA RECEIVABLES (CONTINUED)

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

	For the nine-month period ended 30 September 2025 (Unaudited)	For the year ended 31 December 2024 (Audited)
Balance at beginning of the period / year	15,712,357	18,477,176
Provided during the period / year	15,406,765	16,072,321
Written off during the period / year	(18,721,995)	(18,837,140)
Balance at the end of the period / year	12,397,127	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.

8. INVESTMENT CARRIED AT AMORTIZED COST

	30 September 2025 (Unaudited)	31 December 2024 (Audited)
<i>Financial assets carried at amortized cost - unsecured</i>		
Gross investment	69,990,250	13,498,042
Additions during the period / year	45,676,932	164,280,487
Income recognized in profit or loss during the period / year	4,339,521	7,895,332
Matured during the period / year	(95,664,455)	(115,683,611)
	24,342,248	69,990,250
Less: Provision for impairment	(1,563,124)	(63,124)
Net investment carried at amortized cost	22,779,124	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 Murabaha-based financing arrangements with repayment over a short-term period up to six months. 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:

	30 September 2025 (Unaudited)	31 December 2024 (Audited)
Stage 1	9,732,863	64,952,663
Stage 2	759,643	4,433,188
Stage 3	13,849,742	604,399
	24,342,248	69,990,250

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

8. INVESTMENT CARRIED AT AMORTIZED COST (CONTINUED)

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

	For the nine-month period ended 30 September 2025 (Unaudited)	For the year ended 31 December 2024 (Audited)
Balance at beginning of the period / year	63,124	-
Provided during the period / year	1,500,000	63,124
Written off during the period / year	-	-
Balance at the end of the period / year	1,563,124	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 an 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.

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 September 2025 and 31 December 2024. However, the Company continued to vigorously defend its position and filed a case against the previous owner at the Supreme 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:

Shareholders	30 September 2025 and 31 December 2024		
	Holding %	No. of Shares	Amount (SAR)
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

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11. PROVISION FOR ZAKAT

The movement in the provision for zakat is as follows:

	For the nine-month period ended 30 September 2025 (Unaudited)	For the year ended 31 December 2024 (Audited)
Balance at the beginning of the period / year	9,075,185	9,922,142
Provided during the period / year	4,490,376	9,271,630
Payment during the period / year	(9,271,630)	(10,118,587)
Balance at the end of the period / year	4,293,931	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 has submitted its Zakat declaration to ZATCA for the year ended 31 December 2024 and has obtained the certificate valid until 13 Dhu'l-Qi'dah 1447H corresponding to 30 April 2026.

12. FINANCIAL FACILITIES

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

	Notes	30 September 2025 (Unaudited)	31 December 2024 (Audited)
Murabaha financing	12.2	592,608,182	402,092,989
Musharakah financing		226,409,751	240,767,795
Non-profit bearing financing	12.3	52,277,540	88,296,029
		871,295,473	731,156,813

12.1. Maturity profile – long term

	30 September 2025 (Unaudited)	31 December 2024 (Audited)
Current portion	365,561,053	261,260,907
Non-current portion	505,734,420	469,895,906
	871,295,473	731,156,813

- 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 6.6 million to TDF. The borrowing carries profit rate 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 2023, the Company has obtained financing amounting to SR 45 million from Small & Medium Enterprises Bank (“SME Bank”). During the period, the Company has repaid SR 0.3 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.

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12. FINANCIAL FACILITIES (CONTINUED)

- 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. However, the Company obtained a formal waiver from the concerned bank in relation to this covenant breach and currently in negotiation with the bank to remove this covenant.

13. FINANCE COST

	For the nine-month period ended	
	30 September 2025	30 September 2024
	(Unaudited)	(Unaudited)
Islamic financial facilities:		
- Murabaha	30,646,350	21,418,604
- Musharakah	14,238,790	15,676,820
- Non-profit bearing financing	3,454,337	6,269,643
Lease liabilities	372,714	71,517
Bank charges	251,200	558,004
	48,963,391	43,994,588

14. IMPAIRMENT ON MURABAHA RECEIVABLES AND OTHER FINANCIAL ASSETS

		For the nine-month period ended	
	Note	30 September 2025	30 September 2024
		(Unaudited)	(Unaudited)
Impairment on Murabaha receivables	7.4	15,406,765	9,999,403
Impairment on investment carried at amortized cost	8.2	1,500,000	-
		16,906,765	9,999,403

15. OTHER INCOME

		For the nine-month period ended	
	Notes	30 September 2025	30 September 2024
		(Unaudited)	(Unaudited)
Write off recoveries		2,915,789	1,257,182
Agency fee income		2,662,686	2,070,978
Facility fees from fiduciary activities		2,224,362	7,457,298
Gain on unwinding of fair valuation of financial assets	7.2	1,795,245	1,640,392
Government grant income	12.2 & 12.3	929,023	562,774
Income from investment held at fair value through profit or loss		385,995	175,000
Fair value gain on investment held at fair value through profit or loss		39,994	108,950
Others		1,248,954	1,373,008
		12,202,048	14,645,582

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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.

30 September 2025 (Unaudited)		Fair value Level			
	1	2	3		Total
FINANCIAL ASSET					
FVOCI designated					
Investment carried at FVOCI	-	-	892,850		892,850
FVTPL					
Investment held at fair value through profit or loss	-	5,054,895	-		5,054,895

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

The above financial assets 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 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 195.3 million as at 30 September 2025; and
- The Fund's cash account amounting to SR 7.6 million as at 30 September 2025.

The Company also holds an investment in the Fund, which is measured at fair value through profit or loss. As of 30 September 2025, the fair value of this investment amounted to SR 5.05 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 September 2025 and 31 December 2024.

Contingencies

The Company has no material contingencies as at 30 September 2025 (31 December 2024: SR 24.4 million).

20. SUBSEQUENT EVENTS

Subsequent to the reporting date, the Company has early settled in full the outstanding loan, amounting to SR 45.1 million, with the SME Bank. During 2024, the loan had been reclassified to current liabilities as at 31 December 2024, following the Bank's indication of early settlement.

There have been no other 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 5 Jumada Al-Awwal 1447H (corresponding to 27 October 2025) by the Board of Directors of the Company.