

ALRAEDAH FINANCE COMPANY
(A Joint Stock Company)
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2025

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF ALRAEDAH FINANCE COMPANY JOINT STOCK COMPANY

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

(1/3)

OPINION

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Alraedah Finance Company (the "Company") as at 31 December 2025, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA").

We have audited the financial statements of the Company, which comprise the following:

- The statement of financial position as at 31 December 2025;
- The statements of profit or loss and other comprehensive income for the year then ended;
- The statement of changes in equity for the year then ended;
- The statement of cash flows for the year then ended; and
- The notes to the financial statements, comprising material accounting policy information and other explanatory information.

BASIS FOR OPINION

We conducted our audit in accordance with the International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent from the Company in accordance with the International Code of Ethics for Professional Accountants that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 dated 10 Ramadan 1446H (corresponding to 10 March 2025).

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the SOCPA and Regulations for Companies and the Company's Bylaws and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF ALRAEDAH FINANCE COMPANY JOINT STOCK COMPANY

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

(2/3)

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS (Continued)

Those charged with governance, i.e. the Board of Directors, are responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF ALRAEDAH FINANCE COMPANY
JOINT STOCK COMPANY

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

(3/3)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PKF Al-Bassam
Chartered Accountants



Abdullellah Albassam
Certified Public Accountant
License No. 703
Riyadh, Kingdom of Saudi Arabia
16 Ramadan 1447H
Corresponding to: 5 March 2026



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ALRAEDAH FINANCE COMPANY
(A Joint Stock Company)
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025
(All amounts in Saudi Riyals unless otherwise stated)

	Note	As at 31 December	
		2025	2024
ASSETS			
Cash and cash equivalents	6	37,893,920	22,773,280
Investment held at fair value through profit or loss (FVTPL)	7	5,025,995	5,014,901
Prepayments and other receivables	8	36,008,219	28,682,272
Due from related parties	9	31,289,919	24,186,189
Islamic financing receivables	10	1,023,705,616	849,338,939
Investments carried at amortized cost	11	13,130,461	69,927,126
Investment carried at fair value through other comprehensive income (FVOCI)	12	892,850	892,850
Restricted cash deposit	13	3,654,250	9,400,000
Repossessed assets held for sale	14	55,710,789	55,710,789
Right-of-use assets	15	12,178,702	378,783
Intangible assets	16	18,541,747	13,895,230
Property and equipment	17	1,084,343	2,767,691
TOTAL ASSETS		1,239,116,811	1,082,968,050
EQUITY AND LIABILITIES			
EQUITY			
Share capital	18	150,000,000	150,000,000
Statutory reserve	19	19,367,226	19,367,226
Retained earnings		116,524,988	94,041,400
Actuarial reserve	20	(758,296)	(529,989)
TOTAL EQUITY		285,133,918	262,878,637
LIABILITIES			
Accounts payables and accruals	21	52,116,063	74,494,406
Zakat payable	22	5,644,487	9,075,185
Lease liability	15	11,566,252	-
Financial facilities	23	879,992,314	731,156,813
Employees' terminal benefits	20	4,663,777	5,363,009
TOTAL LIABILITIES		953,982,893	820,089,413
TOTAL EQUITY AND LIABILITIES		1,239,116,811	1,082,968,050

The accompanying notes 1 to 36 form an integral part of these financial statements

ALRAEDAH FINANCE COMPANY
(A Joint Stock Company)
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts in Saudi Riyals unless otherwise stated)

	Note	2025	2024
Finance income from Islamic financing receivables	24	176,920,027	185,852,036
Processing fees from Islamic financing receivables		10,925,894	9,031,827
Finance income from investments carried at amortized cost	11	4,540,761	7,895,332
Finance cost	25	(66,962,418)	(58,740,675)
NET FINANCING INCOME		125,424,264	144,038,520
General and administrative expenses	26	(67,306,019)	(81,273,133)
Selling and marketing expenses	27	(17,762,037)	(20,930,225)
Impairment losses on financial assets	28	(32,173,856)	(16,072,321)
Other income	29	20,142,167	19,075,369
NET INCOME BEFORE ZAKAT		28,324,519	44,838,210
Zakat	22	(5,840,931)	(9,271,630)
NET INCOME FOR THE YEAR		22,483,588	35,566,580
OTHER COMPREHENSIVE INCOME FOR THE YEAR			
<i>Items that will not be reclassified to profit or loss in subsequent periods:</i>			
Re-measurement (loss) / gain on employees' terminal benefits	20	(228,307)	103,980
OTHER COMPREHENSIVE (LOSS) / INCOME FOR THE YEAR		(228,307)	103,980
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		22,255,281	35,670,560

The accompanying notes 1 to 36 form an integral part of these financial statements

ALRAEDAH FINANCE COMPANY
(A Joint Stock Company)
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts in Saudi Riyals unless otherwise stated)

2025	Share capital	Statutory reserve	Retained earnings	Actuarial reserve	Total equity
Opening balance as at 1 January 2025	150,000,000	19,367,226	94,041,400	(529,989)	262,878,637
Net income for the year	-	-	22,483,588	-	22,483,588
Other comprehensive loss	-	-	-	(228,307)	(228,307)
Total comprehensive income / (loss) for the year	-	-	22,483,588	(228,307)	22,255,281
Closing balance as at 31 December 2025	150,000,000	19,367,226	116,524,988	(758,296)	285,133,918

2024	Share capital	Statutory reserve	Retained earnings	Actuarial reserve	Total equity
Opening balance as at 1 January 2024	150,000,000	15,810,568	104,531,478	(633,969)	269,708,077
Net income for the year	-	-	35,566,580	-	35,566,580
Other comprehensive income	-	-	-	103,980	103,980
Total comprehensive income for the year	-	-	35,566,580	103,980	35,670,560
Dividend paid during the year (note 1)	-	-	(42,500,000)	-	(42,500,000)
Transfer to statutory reserve	-	3,556,658	(3,556,658)	-	-
Closing balance as at 31 December 2024	150,000,000	19,367,226	94,041,400	(529,989)	262,878,637

The accompanying notes 1 to 36 form an integral part of these financial statements.

ALRAEDAH FINANCE COMPANY
(A Joint Stock Company)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts in Saudi Riyals unless otherwise stated)

	Note	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income before zakat		28,324,519	44,838,210
<i>Adjustments for:</i>			
Income from government grant	23.5, 23.6	(3,312,361)	(3,255,143)
Finance cost	25	66,962,418	58,740,675
Impairment losses on financial assets	28	32,173,856	16,072,321
Provision against other assets		-	3,000,000
Income from investments held at fair value through profit or loss	7	(11,094)	(14,901)
Finance income from investment carried at amortized cost	11	(4,540,761)	(7,895,332)
Depreciation on right-of-use assets	15	2,329,845	1,136,328
Depreciation on property and equipment	17	1,750,150	2,063,640
Amortization of intangible assets	16	2,105,445	1,236,496
Provision for employees' terminal benefits	20	1,191,162	1,226,109
Employees' terminal benefits transferred during the year	20	(1,098,147)	-
Accrued dividend on investment carried at FVTPL		(536,127)	(338,287)
Loss / (gain) on the fair valuation of initial recognition of financial assets		229,732	(179,999)
Gain on disposal of property and equipment		(313)	(416)
(Increase) / decrease in operating assets			
Islamic financing receivables		(204,100,571)	96,277,497
Due from related parties		(7,686,584)	(8,534,634)
Repossessed assets held for sale		-	(5,108,557)
Prepayments and other assets		(7,325,947)	(5,619,611)
Restricted cash deposits		5,745,750	(4,250,000)
(Decrease) / increase in operating liabilities			
Accounts payable and accruals		(22,378,343)	(13,498,547)
Cash (used in) / generated from operating activities			
Zakat paid	22	(9,271,629)	(10,118,587)
Employees' terminal benefits paid	20	(1,328,927)	(571,199)
Net cash (used in) / generated from operating activities		(120,777,927)	165,206,063
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of investment carried at amortized cost		105,116,161	115,683,611
Purchase of investment carried at amortized cost		(45,865,575)	(164,280,487)
Purchase of intangible assets	16	(6,751,962)	(2,961,062)
Dividend received from investment carried at FVTPL		536,127	338,287
Purchase of property and equipment	17	(83,761)	(564,211)
Proceeds from sale of property and equipment		17,272	17,104
Purchase of investment held at FVTPL		-	(5,000,000)
Net cash generated from / (used in) investing activities		52,968,262	(56,766,758)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from financial facilities	23	503,767,662	285,725,000
Repayment of financial facilities	23	(417,686,817)	(372,103,332)
Lease liabilities paid	15	(3,150,540)	(1,874,376)
Dividend paid		-	(42,500,000)
Net cash generated from / (used in) financing activities		82,930,305	(130,752,708)
Net increase / (decrease) in cash and cash equivalents		15,120,640	(22,313,403)
Cash and cash equivalents at beginning of the year	6	22,773,280	45,086,683
Cash and cash equivalents at the end of the year		37,893,920	22,773,280
Supplemental non-cash information			
Islamic financing receivables written off	10	26,530,182	18,837,140

The accompanying notes 1 to 36 form an integral part of these financial statements

ALRAEDAH FINANCE COMPANY
(A Joint Stock Company)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 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 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 has one branch in Dammam under commercial registration numbered 2050150330 dated 20 Rabi ul Awal 1443H, corresponding to 26 October 2021.

As of the reporting date, the ultimate beneficial owner of Alraedah Finance Company is Mr. Abdullah Nasser Aldawood, who holds 100% direct and indirect ownership in the Company.

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

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

During 2024, the Board of Directors in their meeting held on 17 April 2024 recommended a dividend of SR 2.83 per share amounting to SR 42.5 million which has been duly approved by the shareholders on 21 April 2024 and was paid during the year 2024.

2. BASIS OF PREPARATION

2.1. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”) (collectively referred to as “IFRS that are endorsed in KSA”).

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

2.2. BASIS OF MEASUREMENT

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

- a) Investment in equity instruments are measured at fair value;
- b) Investment in mutual fund is measured at fair value;
- c) Assets repossessed held for sale measured at lower of carrying value and fair value less cost to sell
- d) Employees’ terminal benefits recognized at the present value of future obligations using the Projected Unit Credit Method.

2.3. FUNCTIONAL AND PRESENTATION CURRENCY

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

2.4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with the IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the SOCPA which require management to make judgments, estimates, and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income, and expenses. 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.

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

In the process of applying the Company’s accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

2. **BASIS OF PREPARATION (CONTINUED)**
2. **SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)**

Judgements

2.4.1. Business model assessment

Classification and measurement of financial assets depend on the results of the sole payments of principal and profit and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed, and how the managers of the assets are compensated. The Company monitors financial assets measured at amortized cost or fair value through other comprehensive income that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

2.4.2. Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks, and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relates to the Company's core operations.

2.4.3. Going concern

Management has performed an assessment of the Company's ability to continue as a going concern. In making this assessment, management considered the Company's current financial position, projected cash flows, available financing facilities, compliance with covenants, and other relevant factors.

Based on this assessment, management is satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future. No material uncertainties have been identified that may cast significant doubt on the Company's ability to continue as a going concern. Accordingly, the financial statements have been prepared on a going concern basis. Refer note 30.4 for details.

Estimates

2.4.4. Determination of discount rate for present value calculations

Discount rate represents the current market assessment of the risks specific to the Company, taking into consideration the tenure of the agreement and the individual risks of the underlying assets. The discount rate calculation is based on the specific circumstances of the Company.

2.4.5. Impairment of non-financial assets

At each reporting date, the Company assesses its property, equipment, and intangible assets for indicators of impairment, testing indefinite-life intangible assets at least annually, and where indicators exist, it estimates the recoverable amount being the higher of fair value less costs of disposal and value in use (discounted future cash flows using a pre-tax rate reflecting market risks and time value of money); if this amount is lower than the carrying amount, an impairment loss is recognized immediately in profit or loss, and if the impairment subsequently reverses, the carrying amount is increased to the revised recoverable amount (not exceeding the amount that would have been determined had no impairment been recognized) with the reversal also recognized immediately in profit or loss, refer note 5.7 for details.

2. BASIS OF PREPARATION (CONTINUED)

2.4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Estimates (Continued)

2.4.6. Actuarial valuation of employees’ terminal benefits

The cost of the post-employment benefits (“employee benefits”) under the defined benefit plan is determined using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates, and rate of employee turnover. Due to the complexity of the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed on an annual basis or more frequently, if required. Further information on the carrying amounts of the Company’s employees’ terminal benefits and the sensitivity of those amounts to changes in discount rate are provided in note 20.

2.4.7. Fair value measurement and valuation process

Certain Company’s assets and liabilities are measured at fair value for financial reporting purposes. The Company’s management is responsible to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Company engages third-party qualified valuers to perform the valuation. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

2.4.8. Calculation of impairment losses

The determination of impairment losses involves key estimates by management. Management has exercised judgment in assessing the impact of current and future economic conditions, as well as other relevant factors that may affect the collectability of financial assets. Key estimates include the estimation of credit risk, probability of default, exposure at default, and loss given default.

The ECL model relies on forward-looking information. Management continually monitors changes in economic conditions and adjusts the ECL estimates as necessary. Given the inherent uncertainty in forecasting economic conditions, the Company performs sensitivity analyses to assess the potential impact of changes in key assumptions on the expected credit losses (refer note 30.3)

3. NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS

The following amendments to standards relevant to the Company are effective for the annual periods beginning on or after 1 January 2025 (unless otherwise stated). The Company adopted these standards and / or amendments, however, there is no significant impact of these on the financial statements:

Standard or amendments to standard	Description	Effective for annual years beginning on or after	Summary of amendment	Management’s assessment
IAS 21	Lack of Exchangeability	1 January 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>	<p>Management has assessed the adoption of these amendments and concluded that they did not have a material impact on the Company’s financial position, financial performance, or cash flows for the current reporting period.</p>

ALRAEDAH FINANCE COMPANY
(A Joint Stock Company)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts in Saudi Riyals unless otherwise stated)

4. NEW STANDARDS, AMENDMENTS, AND REVISED IFRS ISSUED BUT NOT YET EFFECTIVE

The Company has not applied the following new and revised IFRS standards and amendments 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 the amendment	Management assessment
IFRS 19	Subsidiaries without Public Accountability	1 January 2027	IFRS 19 permits eligible subsidiaries without public accountability to apply reduced disclosure requirements while continuing to apply full IFRS recognition and measurement principles. The standard effects disclosure requirements only and does not impact recognition or measurement.	Management will assess the applicability of IFRS 19 at the date of adoption. The standard is expected to affect disclosure requirements only and is not expected to have a material impact on the Company's financial position, financial performance or cash flows.
IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments	1 January 2026	The amendments clarify the recognition and derecognition of financial assets and financial liabilities, including settlement date accounting for certain electronic payment systems. They also provide additional guidance on assessing contractual cash flow characteristics of financial assets, including contingent cash flows arising from environmental, social and governance (ESG)-linked features. The amendments also introduce new and updated disclosure requirements in IFRS 7	Management has performed a preliminary assessment and does not expect the adoption of these amendments to have a material impact on the Company's financial statements, as the Company's financial instruments and settlement arrangements are not expected to be significantly affected.
IFRS 9 and IFRS 7	Subsidiaries without Public Accountability	1 January 2027	IFRS 19 permits eligible subsidiaries without public accountability to apply reduced disclosure requirements while continuing to apply full IFRS recognition and measurement principles. The standard affects disclosure requirements only and does not impact recognition or measurement.	Based on the nature of the Company's operations and contractual arrangements, management does not expect these amendments to have a material impact on the Company's financial statements upon initial application.

4. NEW STANDARDS, AMENDMENTS, AND REVISED IFRS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

Standard or amendments to standard	Description	Effective for annual years beginning on or after	Summary of the amendment	Management assessment
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027	IFRS 18 replaces IAS 1 and establishes a new framework for the presentation and disclosure of financial statements. The standard introduces new categories for income and expenses (operating, investing and financing) and requires presentation of new subtotals, including operating profit or loss and profit or loss before financing and income taxes. It also enhances guidance on aggregation and disaggregation, introduces disclosure requirements for management-defined performance measures, and removes classification options for interest and dividends in the statement of cash flows.	Management is currently assessing the impact of IFRS 18.

5. MATERIAL ACCOUNTING POLICIES INFORMATION

Material accounting policies applied in the preparation of these financial statements are set forth below. These accounting policies have been applied consistently to all years unless otherwise stated.

5.1. Cash and cash equivalents

Cash and cash equivalents may include cash in hand and cash at banks and other short-term highly liquid investments, with original maturities of three months or less from the purchase date, if any.

5.2. Leases

Lease arrangements where the Company is a lessor

Leases for which the Company is a lessor are classified as a finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Amounts due from lessees under finance leases are recognized as receivables at an amount equal to the net investment in the lease. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

Subsequent to initial recognition, the Company regularly reviews the estimated unguaranteed residual value and applies the impairment requirements of IFRS 9, recognizing an allowance for expected credit losses on the lease receivables.

Finance lease income is calculated with reference to the gross carrying amount of the lease receivables, except for credit-impaired financial assets for which finance income is calculated with reference to their amortized cost (i.e., after a deduction of the loss allowance).

5. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

5.2 Leases (Continued)

Lease arrangements where the Company is a lessee (Continued)

Lease arrangements where the Company is a lessee

The Company assesses whether a contract is or contains a lease, at the inception of the contract. The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect finance cost on the lease liability (using the effective profit method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating profit rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received, and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located, or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the right-of-use asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

5. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

5.2 Leases (Continued)

Lease arrangements where the Company is a lessee (Continued)

The right-of-use assets are presented as a separate line in the statement of financial position.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other expenses" in profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient. For a contract that contain a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

5.3. Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

5.3.1. Financial assets

Initial measurement

At initial recognition, the Company recognizes the financial asset at its fair value.

Murabaha receivables

Murabaha is an agreement whereby the Company sells to a customer an asset, which the Company has purchased and acquired based on a promise received from the customer to buy. The selling price comprises the cost plus an agreed profit margin. Gross amounts due under the Murabaha sale contracts include the total of future sale price payments on the Murabaha agreement (Murabaha sale contract receivable). The difference between the Murabaha sale contracts receivable and the cost of the sold asset is recorded as unearned Murabaha profit and for presentation purposes, is deducted from the gross amounts due under the Murabaha sale contracts receivable.

Tawarruq receivables

Tawarruq is an agreement whereby the Company sells to a customer an asset, which the Company has already purchased and received either physically or constructively, and subsequently, to such sale, the customer arranges to sell the underlying asset and receives the sale proceeds. The selling price comprises the cost plus an agreed profit margin. Gross amounts due under the Tawarruq sale contracts include the total sale price payments on the Tawarruq agreement (Tawarruq sale contract receivable).

The difference between the Tawarruq sale contracts receivable and the cost of the sold asset is recorded as unearned Tawarruq profit and for presentation purposes, is deducted from the gross amounts due under the Tawarruq sale contracts receivable.

Subsequent measurement

After initial recognition financial assets can be measured at Amortised cost, Fair value through other comprehensive income ("FVOCI"), or Fair value through profit and loss ("FVTPL").

a) Financial assets at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

b) Financial assets at FVOCI

On initial recognition, for an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI. This selection is made on an investment-by-investment basis.

5. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

5.3. Financial instruments (Continued)

5.3.1. Financial assets (Continued)

c) Financial assets at FVTPL

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets are not reclassified subsequent to their initial recognition, except in the year after the Company changes its business model for managing financial assets.

Business model assessment

The Company assesses the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and the information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning a contractual profit, maintaining a particular profit rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated- e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume, and timing of financings in prior years, the reasons for such financings and its expectations about future financings activity. However, information about financing activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realized.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Financial assets that are held for trading and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessments whether contractual cash flows are solely payments of principal and profit

For the purposes of this assessment, 'principal' is the fair value of the financial asset on initial recognition. 'Profit' is the consideration for the time value of money, the credit and other basic financing risks associated with the principal amount outstanding during a particular year, and other basic financing costs (e.g. liquidity risk and administrative costs), along with profit margin.

In assessing whether the contractual cash flows are solely payments of principal and profit, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Company considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Company's claim to the cash flows from specified assets (e.g., non-recourse asset arrangements); and
- features that modify consideration of the time value of money- e.g., periodical reset of profit rates.

5. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

5.3 Financial instruments (Continued)

5.3.1. Financial assets (Continued)

Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset in its entirety, the difference between:

- (i) the carrying amount (measured at the date of derecognition) and
 - (ii) the consideration received (including any new asset obtained less any new liability assumed)
- is recognized in profit or loss.

Impairment

The Company recognizes loss allowances for ECL on financial instruments at amortised cost. No impairment loss is recognized on equity investments carried at FVOCI.

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- Financial instruments on which credit risk has not increased significantly since their initial recognition.
- 12-month ECL is the portion of ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date.

The Company categories' the financing in the following 3 stages for the purpose of impairment:

Stage 1: 12-month ECL applies to all financial assets that have not experienced SICR since origination and are not credit impaired. The ECL will be computed using a factor that represents the PD occurring over the next 12 months and LGD and profit is calculated on a gross basis;

Stage 2: Under Stage 2, where there has been a SICR since initial recognition but the financial instruments are not considered credit impaired, an amount equal to the lifetime ECL will be recorded which is computed using lifetime PD, LGD, and EAD, and profit is calculated on a gross basis. Provisions are expected to be higher in this stage because of an increase in risk and the impact of a longer time horizon being considered compared to 12 months in Stage 1;

Stage 3: Under Stage 3, where there is objective evidence of impairment at the reporting date these financial instruments will be classified as credit-impaired, and an amount equal to the lifetime ECL will be recorded for the financial assets, and profit is calculated on a net basis.

Measurement of ECL

ECL is a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive); and
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows.

Default

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- the significant financial difficulty of the customer or issuer;
- a breach of contracts such as a default or past due event;
- the restructuring of financing or advance by the Company on terms that the Company would not consider otherwise;
- it is becoming probable that the customer will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for security because of financial difficulties.

5. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

5.3. Financial instruments (Continued)

5.3.1. Financial assets (Continued)

Default (Continued)

Financing that has been renegotiated due to deterioration in the customer's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, financing that is overdue for 90 days or more is considered credit-impaired.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL, for financial assets measured at amortized cost, are presented in the statement of financial position as a deduction from the gross carrying amount of the assets.

Modified Financial Assets

The contractual terms of Islamic financing and advances may be modified for a number of reasons, including changing market conditions, customer retention, and other factors not related to the current or potential credit deterioration of the customer. Existing Islamic financing and advances whose terms have been modified may be derecognized and the renegotiated Islamic financing and advances recognized as new Islamic financing and advance at fair value in accordance with the accounting policy.

When the terms of a financial asset are modified and the modification does not result in de-recognition, the determination of whether the asset's credit risk has increased significantly is completed on the basis of the approved staging criteria.

The Company may renegotiate receivables from customers in financial difficulties (referred to as 'forbearance activities' to maximize collection opportunities and minimize the risk of default. Under the Company's policy, Islamic financing receivables forbearance is granted on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms. The revised terms usually include extending the maturity, changing the timing of profit payments, and amending the terms of Islamic financing and installment covenants. Both consumer and corporate portfolios are subject to the forbearance policy.

For financial assets modified as part of the Company's forbearance policy, the estimate of PD reflects whether the modification has improved or restored the Company's ability to collect interest and principal and the Company's previous experience of similar forbearance action. As part of this process, the Company evaluates the customer's payment performance against the modified contractual terms and considers various behavioral indicators.

Generally, forbearance is a qualitative indicator of a significant increase in credit risk and an expectation of forbearance may constitute evidence that an exposure is credit-impaired /in default. A customer needs to demonstrate consistently good payment behavior over a period of time before the exposure is no longer considered to be credit-impaired/ in default or the PD is considered to have decreased such that the loss allowance reverts to being measured at an amount equal to 12-month ECL.

Write-off

Financings are written off (either partially or in full) when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery including;

- when the debtor has been placed under liquidation or has entered into bankruptcy proceedings;
- unsecured exposures are written-off within 360 days once they are classified as Stage 3 exposures; or
- secured exposures are written-off within 720 days once they are classified as Stage 3 exposures.

However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

Collateral valuation

To mitigate its credit risks on financial assets, the Company seeks to use collateral, where possible. The collateral comes in various forms, such as Kafalah guarantees and other non-financial assets. Collateral, unless repossessed, is not recorded on the Company's statement of financial position. The fair value of collaterals affect the calculation of ECLs. The value of the collateral is determined at inception.

5. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

5.3.2. Financial liabilities

Initial measurement

At initial recognition, the Company recognizes the financial liability at its fair value.

Subsequent measurement

After initial recognition, the Company classifies its financial liabilities, other than financial guarantees & financing commitments and financial derivative instruments, at amortized cost. Amortized cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the EPR.

Derecognition of financial liability

A financial liability is derecognized when the obligation under the liability is discharged or canceled or expired. When an existing financial liability is replaced by another from the same financier on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of profit or loss.

Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset so that the net amount reported in the statement of financial position where the Company currently has a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency, or bankruptcy of the Company or the counterparty.

Regular way contracts

All regular way purchase and sales of financial assets are recognized and derecognized on the trade date i.e., the date on which the Company commits to purchase or sell the assets. Regular way purchase or sales of financial assets require delivery of those assets within the time frame generally established by regulation or convention in the marketplace.

5.4. Fiduciary Activities

Islamic financing receivables under fiduciary capacity

The Company offers services as an agent to the customers from the Fund's money, which include origination of Islamic financing receivable and management of collections of principal and profits. As per the arrangement the Fund assumes the risks and rewards related to these receivables. Such receivables are not treated as receivables of the Company and accordingly are not included in these financial statements.

Client's cash account

The Company holds a bank account with a local bank which is used for the purpose of origination of Islamic financing receivables for the Fund under fiduciary capacity. Such balances are not included in these Company's financial statements.

Income from fiduciary activities

Application fees on Islamic financing receivables are recognised when the funding has been provided to the customers.

Agency fees from the Fund is recognised over the period based on the investment amount under fiduciary activities.

5.5. Assets repossessed held for sale

The Company in the ordinary course of its business acquires certain properties and other assets against the settlement of Islamic financings. Such assets are considered as assets held for sale and are initially recorded at the lower of carrying amount of related Islamic financings or the fair value of the related assets, less any costs to sell.

Subsequent to the initial recognition, these assets owned are periodically revalued and are carried at lower of their carrying values and fair value less costs to sell. Rental income realized gain or losses on disposal, and unrealized losses on revaluation are credited or charged to the statement of Profit or Loss.

A loss is recognized for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognized for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative loss previously recognized.

A gain or loss not previously recognized by the date of the sale of the non-current asset is recognized at the date of derecognition.

5. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

5.5. Assets repossessed held for sale (Continued)

Assets repossessed are not depreciated or amortized while they are classified as held for sale.

Assets repossessed classified as held for sale are presented separately from the other assets in the statement of Financial Position.

5.6. Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses if any. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The cost incurred to replace a component of an item of property and equipment is capitalized and the asset so replaced is retired from use. All other repairs and maintenance expenditures are charged to the profit and loss account during the year in which they are incurred.

Depreciation is charged using the straight-line method over its estimated useful life as mentioned below, after taking into account residual value.

Furniture & fixtures	3 Years
Office equipment	3-4 Years
Motor vehicles	4 Years
Leasehold improvements	Useful life or lease period whichever is lower

Depreciation on additions is charged from the month the assets are available for use.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains/losses on disposal of property and equipment, if any, are taken to the profit and loss account in the year in which they arise.

The assets residual values, useful lives, and methods are reviewed and adjusted, if appropriate, at each financial position date.

Capital work in progress at year-end includes certain assets that have been acquired but are not ready for their intended use. These assets are transferred to relevant asset categories and are depreciated once they are available for their intended use.

5.7. Intangible assets

Intangible assets are measured at cost upon initial recognition. To assess whether an internally generated intangible asset meets the criteria for recognition, the Company classifies the generation of the asset into:

- a research phase; and
- a development phase.

In the research phase of an internal project, the Company cannot demonstrate that an intangible asset exists that will generate probable future economic benefits. Therefore, this expenditure is recognized as an expense when it is incurred. An intangible asset arising from development phase of an internal project is recognized if, and only if, the Company can demonstrate all of the following:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete the intangible asset and use or sell it;
- its ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

5 MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

5.7. Intangible assets (Continued)

Intangible assets having definite lives are stated at cost less accumulated amortization and accumulated impairment losses if any. Amortization is charged applying the straight-line method over the useful lives.

Licenses	2-5 Years
Computer software	2-5 Years

Amortization is charged from the month in which the asset is available for use. The residual values and useful lives are reviewed and adjusted, if appropriate, at each reporting date.

Subsequent costs are included in the asset's carrying amounts or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

Capital work in progress at year-end includes certain assets that have been acquired but are not ready for their intended use. These assets are transferred to relevant asset categories and are amortized once they are available for their intended use.

5.8. Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its property and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise, they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with an indefinite useful life are tested for impairment at least annually and whenever there is an indication at the end of a reporting period that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of profit or loss to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years.

5.9. Proposed dividend and transfer between reserves

Dividends and appropriations to reserves, except appropriations which are required by law, made subsequent to the balance sheet date are considered as non-adjusting events and are recorded in the financial statements in accordance with the requirements of IAS 10, 'Events after the Reporting Year' in the year in which they are approved / transfers are made.

5. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

5.10. Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

5.11. Onerous contracts

Present obligations arising under onerous contracts are recognized and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

5.12. Employees' terminal benefits

The liability or asset recognized in the statement of financial position in respect of defined benefit. The plan is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

Defined benefit costs are categorized as follows:

Service cost

Service costs include current service cost and past service cost are recognized immediately in the statement of profit or loss and other comprehensive income. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in the statement of profit or loss and other comprehensive income as past service costs.

Interest cost

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation. This cost is included in employee benefits expense in the statement of profit or loss and other comprehensive income.

Re-measurement gains or losses

Re-measurement gains or losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income.

5.13. Contingent liabilities

The Company receives legal claims through its normal cycle. Management has to make estimates and judgments about the possibility to set aside a provision to meet claims. The end of the legal claims date and the amount to be paid is uncertain. The timing and costs of legal claims depend on statutory procedures.

5.14. Revenue recognition

Income from Islamic financing is recognized in the statement of profit or loss using the effective profit method, using the applicable effective profit rate "EPR", on the outstanding balance over the term of the contract.

The calculation of EPR includes transaction costs and fees and commission income received that are an integral part of the EPR. Transaction costs include incremental costs that are directly attributable to the acquisition of the financial assets.

Origination fees charged in respect of processing and other services are recognized as income using EPR over the term of the financing agreement.

Other fee commission income is recognized at a point in time when services are delivered.

5. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

5.14. Revenue recognition (Continued)

The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

In calculating commission income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability.

However, for financial assets that have become credit-impaired subsequent to initial recognition, commission income is calculated by applying the effective commission rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of commission income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

5.15. General and administrative expenses and selling and marketing expenses

Selling and marketing expenses principally comprised of costs incurred in the sale and marketing of the Company's products/services. All other expenses are classified as general and administrative expenses.

5.16. Government Grant

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received. Government grants are recognized in the statement of profit or loss on a systematic basis over the periods in which the Company recognizes the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss in the period in which they become receivable. The benefit of a government loan at a below-market rate of profit is treated as a government grant, measured as the difference between proceeds received and the fair value of the financing based on prevailing market profit rates.

5.17. Financial facilities

Financial facilities are initially recognized at fair value, net of transaction costs incurred. Financial facilities are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in statement of profit or loss over the period of the facilities using the effective interest method. Financial facilities are removed from the Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The financial facilities are classified as a current liability when the remaining maturity is less than 12 months.

5.18. Zakat

Zakat is provided in accordance with the Regulations of the Zakat, Tax and Customs Authority (ZATCA) in the Kingdom of Saudi Arabia and on an accrual basis. Zakat charge for the year is charged directly to the statement of profit or loss with a corresponding liability recognized in the statement of financial position. Differences, if any, resulting from the final assessments are adjusted in the year of their finalization.

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6. CASH AND CASH EQUIVALENTS

	Note	As at 31 December	
		2025	2024
<i>Financial assets at amortized cost</i>			
<u>Cash at banks:</u>			
- Current accounts	6.1	25,249,628	18,553,327
- Call account	6.2	10,347,448	3,417,891
- Digital wallets with financial institutions	6.1	2,296,844	802,062
		37,893,920	22,773,280

6.1. The Company does not earn profits on current accounts with banks and financial institutions.

6.2. The Company earns commission income on call account at 2 - 3% per annum.

7. INVESTMENT HELD AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

The table below shows the details of the investments held by the Company at fair value through profit or loss:

	As at 31 December	
	2025	2024
Investment in fund	5,025,995	5,014,901

During March 2024, the Company subscribed 50,000 units, representing 2.5% ownership, in Alraedah Fund for Financing, a closed-end fund managed by Saudi Kuwaiti Finance House, amounting to SR 5 million. As at 31 December 2025, the units have been revalued and as a result a fair value gain amounting to SR 0.01 million (31 December 2024: 0.01 million) has been recognized. During the year the Company has received profit distribution amounting to SR 0.5 million against investment.

8. PREPAYMENTS AND OTHER RECEIVABLES

	Note	As at 31 December	
		2025	2024
Prepaid expenses		3,665,583	3,393,581
VAT receivable		2,607,801	777,215
Advances to suppliers	8.1	8,115,202	5,282,659
		14,388,586	9,453,455
<i>Financial Asset at Amortized Cost – unsecured</i>			
Other asset	8.2	17,603,131	17,603,131
Provision against other asset		(3,000,000)	(3,000,000)
		14,603,131	14,603,131
Receivables from aggregators		1,625,055	1,116,798
Agency fees receivable		1,183,419	1,183,417
Advances to staff		1,131,588	1,785,954
Other receivables		3,076,440	539,517
		21,619,633	19,228,817
		36,008,219	28,682,272

8.1. Advances to suppliers include an amount of SR 7 million paid to a related party in respect of digital services.

8.2. During 2023, the Company repossessed a real estate (land) against Islamic financing 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 Islamic financing receivables Accordingly, as at 31 December 2023, it was classified as repossessed asset held for sale at the carrying value of Islamic financing receivables amounting to SR 17.6 million. However, during 2024, The court ruled against the Company in the case concerning ownership of the plot of land. 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. The Company has a valid pledge on the land for SR 10.3 million that is recoverable, and the recoverability of the remaining balance is uncertain. As a matter of prudence, the Company has created an allowance of SR 3 million against the asset at 31 December 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.

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9. RELATED PARTY TRANSACTIONS AND BALANCES

The related parties of the Company include shareholders, directors and key management personnel. In the ordinary course of its activities, the Company transacts business with its related parties on mutually agreed terms.

Following are the related parties including with whom the Company had entered into transactions or have arrangement / agreement in place:

Names of related party	Nature of relationship	Country of incorporation / nationality	Aggregate % of shareholding in the Company
Alraedah Digital Solutions Company	Affiliate	Kingdom of Saudi Arabia	-
Alraedah Payments Company	Affiliate	Kingdom of Saudi Arabia	-
Iqama Alraedah for Hotel Services Company	Affiliate	Kingdom of Saudi Arabia	-
Alraedah Digital Holding Company	Affiliate	Kingdom of Saudi Arabia	-
Alraedah Digital Services Ltd	Affiliate	United Arab Emirates	-
Alraedah Investment L.L.C	Affiliate	United Arab Emirates	-
Qiddiya Parks Operation	Affiliate	Kingdom of Saudi Arabia	-
Alraedah Investment Company	Shareholder	Kingdom of Saudi Arabia	1%
Abdullah Al Dawood	Shareholder	Kingdom of Saudi Arabia	99%
Key Management Personnel	KMP	-	-

9.1. Balances as at year-end

	Note	As at 31 December	
		2025	2024
Due from related parties			
Alraedah Digital Solutions Company		9,827,007	4,540,059
Alraedah Digital Holding Company		8,666,447	7,182,325
Alraedah Investment LLC		5,954,813	5,954,813
Iqama Alraedah for Hotel Services Company		3,626,321	2,983,043
Alraedah Payments Company		2,837,196	2,585,917
Alraedah Investment Company		673,448	673,448
Alraedah Digital Services Ltd		287,541	266,584
		31,872,773	24,186,189
Less: Provision for impairment	9.2	(582,854)	-
		31,289,919	24,186,189

9.2. The movement in the provision for impairment during the year is as follows:

	2025	2024
Balance at beginning of the year	-	-
Provided during the year	582,854	-
Written off during the year	-	-
Balance at the end of the year	582,854	-

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9 RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

9.3. Transactions during the period

Name of related party	Nature of relationship	Nature of transactions	2025	2024
Alraedah Digital Solutions Company	Affiliate	Advance paid against digital services	(18,190,271)	(10,400,000)
		Services received from affiliate	10,633,378	10,239,297
		Expenses paid on behalf of related party (note 9.5)	(6,134,414)	(6,207,836)
		Benefits payable for transferred employees	852,381	-
		Advance settled against earned wage access	(395,147)	-
		Advance received against earned wage access	390,231	66,405
		Refunded amount against expenses paid on behalf of related party	-	4,500,000
Alraedah Digital Holding Company	Affiliate	Deposit for banking services	-	2,000
		Expenses paid on behalf of the related party (note 9.5)	(1,484,122)	(681,325)
Alraedah Payments Company	Affiliate	Deposit for share capital (note 9.4)	-	(6,000,000)
		Benefits payable for transferred employees	489,180	-
		Benefits settled for transferred employees	(489,180)	-
		Expenses paid on behalf of the related party (note 9.5)	(428,825)	(504,814)
Iqama Alraedah for Hotel Services Company	Affiliate	Expenses paid by the related party	177,546	-
		Expenses paid on behalf of related party (note 9.5)	(512,844)	(70,000)
		Income earned from operating lease	293,477	163,043
Qiddiya Parks Operation	Affiliate	Payment for operating expenses	-	(2,750,000)
		Entertainment expense	202,500	-
Alraedah Digital Services Ltd	Affiliate	Entertainment expense paid	(202,500)	-
		Expenses paid on behalf of the related party (note 9.5)	(10,885)	(208,230)
Alraedah Investment L.L.C	Affiliate	Furniture transferred to affiliate	10,072	-
		Services received from affiliate	-	1,552,662
Alraedah Investment Company	Shareholder	Expenses paid on behalf of the related party (note 9.5)	-	(12,225)
		Dividend paid (note 1)	-	(425,000)
Abdullah Nasser Aldawood	Shareholder	Expenses paid on behalf of the related party (note 9.5)	-	(14,600)
		Dividend paid (note 1)	-	(42,075,000)
Remuneration and other long-term benefits			2025	2024
Key management personnel			2,335,481	2,394,649
Board of Directors and other committees			240,000	443,014
			2,575,481	2,837,663

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9 RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

9.4. During 2024, Alraedah Finance Company (“the Buyer”) transferred an amount of SAR 6,000,000 (“Purchase Price”) to Alraedah Payments in connection with the intended acquisition of 600,000 shares of “Alraedah Payments Company” from Alraedah Digital Holding Company (“the Seller”) under sale and purchase agreement. The payment represents a deposit towards the acquisition of shares.

As at the reporting date:

- The legal transfer of shares has not yet been completed and is subject to the Buyer obtaining non-objection of Saudi Central Bank for the transfer of ownership of such shares; and
- Legal ownership, voting rights, dividend rights, and control over Alraedah Payments have not passed to the Company.

In the event, Saudi Central Bank refuses the Buyer's ownership of the payments company's shares, the Seller is obligated to return the Purchase Price amount to the Buyer within a period agreed upon by both parties, without any returns, profits, or compensation for the Purchase Price.

9.5. The Company has incurred certain expenses on behalf of related parties. These balances are non-interest bearing and do not carry any finance cost.

10. ISLAMIC FINANCING RECEIVABLES

	As at 31 December	
	2025	2024
Gross receivables	1,269,387,636	996,104,079
Unearned / deferred finance income	(228,787,664)	(132,742,481)
	1,040,599,972	863,361,598
Deferred transaction costs	1,791,982	1,689,698
Impairment loss on Islamic financing	(18,686,338)	(15,712,357)
Net Islamic financing receivables	1,023,705,616	849,338,939
Current portion	657,970,609	596,311,429
Non-current portion	365,735,007	253,027,510

10.1. The Company in the ordinary course of its business holds collateral in respect of Islamic financing receivables including real-estate collaterals, assignment of receivables and Kafalah guarantees 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.

10.2. The movement in the provision for impairment of Islamic financing receivables during the year is as follows:

	Note	2025	2024
Balance at beginning of the year		15,712,357	18,540,300
Provided during the year		29,504,162	16,009,197
Written off during the year	10.4	(26,530,181)	(18,837,140)
Balance at the end of the year		18,686,338	15,712,357

10.3. During the year, a write-off of gross investment in Islamic financing receivable amounting to SR 29.9 million (31 December 2024: SR 24.4 million) for certain customers with an existing provision of SR 26.5 million (31 December 2024: SR 18.8 million). These amounts are subject to enforcement activities.

10.4. The Company is not exposed to foreign currency risk as a result of the financing arrangements, as all financings are denominated in Saudi Riyals.

10.5. The Company has obtained security deposits from certain Islamic financing receivables amounting to SR 21.7 million (31 December 2024: 37.9 million). Refer note 21.

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11. INVESTMENT CARRIED AT AMORTIZED COST

<i>Financial assets carried at amortized cost - unsecured</i>	As at 31 December	
	2025	2024
Gross investment	69,990,250	13,498,042
Additions during the year	45,865,575	164,280,487
Income recognized in profit or loss during the year	4,540,761	7,895,332
Matured during the year	(105,637,937)	(115,683,611)
	14,758,649	69,990,250
Less: Provision for impairment	(1,628,188)	(63,124)
Net investment carried at amortized cost	13,130,461	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.

11.1. Investment carried at amortized cost and the corresponding ECL allowance is classified into as follows:

	As at 31 December 2025			
	Stage 1	Stage 2	Stage 3	Total
Carrying amount before ECL	1,233,451	1,318,764	12,206,434	14,758,649
ECL	421	14,847	1,612,920	1,628,188
%	0.03%	1.12%	13.21%	11.03%

	As at 31 December 2024			
	Stage 1	Stage 2	Stage 3	Total
Carrying amount before ECL	64,952,663	4,433,188	604,399	69,990,250
ECL	-	-	63,124	63,124
%	-	-	10.4%	0.09%

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

	Note	2025	2024
Balance at beginning of the year		63,124	-
Provided during the year		2,086,840	63,124
Written off during the year	11.3	(521,776)	-
Balance at the end of the year		1,628,188	63,124

11.3. During the year, a write-off of gross investment in investment carried at amortized cost amounting to SR 0.5 million for certain customers with an existing provision of SR 0.1 million. These amounts are subject to enforcement activities.

12. INVESTMENT CARRIED AT FVOCI

During 2017, in accordance with instructions issued by SAMA, the Company made an investment in the Saudi Financial Leasing Contract Registry Company amounting to SR 892,850. As of 31 December 2025, the Company holds 89,285 shares (31 December 2024: 89,285).

These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term purposes. Accordingly, the Company has elected to designate these investments in equity instruments as at FVOCI. Due to the unavailability of recent information to determine the fair value of the Company, the cost of the investment is considered to be the best estimate of fair value.

13. RESTRICTED CASH DEPOSIT

In line with the requirements of Riyad Bank, the Company has set aside SR 3.45 million (31 December 2024: SR 9.4 million) as cash reserve against financial facility (refer to note 23) including SR 0.15 million (31 December 2024: SR 0.15 million) against credit card facility. The cash kept deposited in the Company’s bank account and is neither available for the Company’s operational use nor yields any profit.

14. REPOSSESSED ASSETS HELD FOR SALE

During 2022, the Company acquired a real estate property (hotel) including its moveable assets against defaulted Islamic financing 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 the carrying value of the related Islamic financing receivables. Accordingly, the repossessed assets had been recognized at the carrying value of Islamic financing receivables amounting to SR 55.7 million. During the year 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.

The carrying amount of assets repossessed held for sale is analyzed as follows:

	As at 31 December	
	2025	2024
Carrying value at classification as held for sale	55,710,789	55,710,789
Carrying value at the end of the year	55,710,789	55,710,789

Valuation techniques used to determine level 3 fair values

The Company obtains independent valuations for its properties on an annual basis. At the end of each reporting period, the management updates their assessment of the fair value of each property. The fair value of the properties is based on the average valuations of two independent valuers. As per the valuation reports, market value of real estate properties was determined using the income method. The cumulative average fair value (level 3 hierarchy) of the same on 31 December 2025 is 57.1 million (31 December 2024: 55.7 million)

The name and qualifications of the valuer performed evaluation of the real estate properties are as follows:

Name of valuer: ESNAD / Dar Al Qias

Valuers’ qualification: Licensed (TAQEEM)

The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available the Directors consider information from a variety of sources including:

- current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences
- discounted cash flow projections based on reliable estimates of future cash flows
- capitalized income projections based upon a property’s estimated net market income, and a capitalization rate derived from an analysis of market evidence.

The level 3 fair value of properties held for resale has been derived using the income approach. The key inputs under this approach are as follows:

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14. REPOSSESSED ASSETS HELD FOR SALE (CONTINUED)

Location	Purpose	Name of valuer	Valuation technique	Key Inputs and %	Fair Value Amount as per Valuation as at 31 December	
					2025	2024
Taif	Held for sale	ESNAD	Income approach	- Number and mix of hotel rooms – (127) (2024: 127) - Average daily room rates (SR) – (SR 1,098) (2024: SR 1,098) - Operating expense ratios (%) – (30%) (2024: 30%) - Applied discount rate (%) – (9%) (2024: 9%) - Occupancy rate (%) – (51.97%) (2024: 51.97%)	55,643,000	55,643,000
Taif	Held for sale	Dar Al Qias	Income approach	- Number and mix of hotel rooms – (127) (2024: 127) - Average daily room rates (SR) – (SR 1,882) - Operating expense ratios (%) – (30%) - Applied discount rate (%) – (13.5%) - Occupancy rate (%) – (45%)	58,719,367	-

15. RIGHT-OF-USE ASSET AND LEASE LIABILITY

15.1. Amounts recognized in the statement of financial position

Building

	Note	2025	2024
Cost			
Balance as at 1 January		4,829,411	4,829,411
Addition of right-of-use asset		14,129,764	-
Balance as at 31 December		18,959,175	4,829,411

Accumulated depreciation

Balance as at 1 January		4,450,628	3,314,300
Depreciation charge for the year	26	2,329,845	1,136,328
Balance as at 31 December		6,780,473	4,450,628
Net Book Value as at 31 December		12,178,702	378,783

	Note	2025	2024
Lease liability			
Balance as at 1 January		-	1,797,210
Addition of lease liability		14,129,764	-
Finance cost for the year	25	587,028	77,166
Less: Lease payments during the year		(3,150,540)	(1,874,376)
Balance as at 31 December		11,566,252	-

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15 RIGHT-OF-USE ASSET AND LEASE LIABILITY (CONTINUED)

15.2. The maturity profile of lease liability:

	As at 31 December	
	2025	2024
Year 1	3,150,540	-
Year 2	3,150,540	-
Year 3	3,465,594	-
Year 4	3,465,594	-
Year 5 and onwards	-	-
Total undiscounted lease liability	13,232,268	-
Less: Finance cost	(1,666,016)	-
Present value of lease liability	11,566,252	-
	As at 31 December	
	2025	2024
Current portion	3,150,540	-
Non-current portion	8,415,712	-
	11,566,252	-

- 15.3.** The Company has a lease building which is being used as its head office. The average lease term is 5 years (2024: 5 years). The total cash outflow for lease was SR 3.2 (31 December 2024: SR 1.9 million) as of 31 December 2025.

The Company does not face any significant liquidity risk with regard to its lease liability. Lease liability is monitored within the Company's finance function.

15.4. Amounts recognized in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

	2025	2024
Depreciation expense of right-of-use asset	2,329,845	1,136,328
Lease financial cost (included in finance cost) (note 25)	587,028	77,166
The expense relating to short-term leases (included in General and administrative expenses, note 26)	204,192	812,367
The expense relating to leases of low-value assets that are not short-term leases	-	-
The expense relating to variable lease payments not included in lease liabilities	-	-

16. INTANGIBLE ASSETS

2025

	Licenses	Computer software	Capital work in progress (Note 16.1)	Total
Cost				
Balance as at 1 January	3,582,281	4,022,561	12,404,294	20,009,136
Additions during the year	150,000	6,601,962	-	6,751,962
Transfer during the year	-	6,687,158	(6,687,158)	-
Balance as at 31 December	3,732,281	17,311,681	5,717,136	26,761,098
Accumulated amortization				
Balance as at 1 January	2,514,593	3,599,313	-	6,113,906
Amortization charge for the year	1,015,163	1,090,282	-	2,105,445
Balance as at 31 December	3,529,756	4,689,595	-	8,219,351
Net book value as at 31 December	202,525	12,622,086	5,717,136	18,541,747

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16. INTANGIBLE ASSETS (CONTINUED)

2024

	Licenses	Computer software	Capital work in progress (Note 16.1)	Total
Cost				
Balance as at 1 January	3,579,831	4,022,561	9,445,682	17,048,074
Additions during the year	2,450	-	2,958,612	2,961,062
Balance as at 31 December	3,582,281	4,022,561	12,404,294	20,009,136
Accumulated amortization				
Balance as at 1 January	1,460,609	3,416,801	-	4,877,410
Amortization charge for the year	1,053,984	182,512	-	1,236,496
Balance as at 31 December	2,514,593	3,599,313	-	6,113,906
Net book value as at 31 December	1,067,688	423,248	12,404,294	13,895,230

16.1. The work in progress pertains to ongoing project for development of Company's loan management system.

17. PROPERTY AND EQUIPMENT

2025

	Furniture and fixtures	Office equipment	Motor vehicle	Total
Cost				
Balance as at 1 January	4,523,852	7,274,766	938,607	12,737,225
Additions during the year	-	83,761	-	83,761
Disposals during the year	-	(86,877)	-	(86,877)
Balance as at 31 December	4,523,852	7,271,650	938,607	12,734,109
Accumulated depreciation				
Balance as at 1 January	4,449,820	4,615,654	904,060	9,969,534
Depreciation charge for the year	63,396	1,652,207	34,547	1,750,150
Disposals	-	(69,918)	-	(69,918)
Balance as at 31 December	4,513,216	6,197,943	938,607	11,649,766
Net book value as at 31 December	10,636	1,073,707	-	1,084,343

17.1. Property and equipment include assets having a gross carrying amount of SAR 5.7 million which are fully depreciated but are still in use.

2024

	Furniture and fixtures	Office equipment	Motor vehicle	Total
Cost				
Balance as at 1 January	4,227,100	7,140,755	938,607	12,306,462
Additions during the year	296,752	267,459	-	564,211
Disposals during the year	-	(133,448)	-	(133,448)
Balance as at 31 December	4,523,852	7,274,766	938,607	12,737,225
Accumulated depreciation				
Balance as at 1 January	4,200,826	3,123,917	697,911	8,022,654
Depreciation charge for the year	248,994	1,608,497	206,149	2,063,640
Disposals	-	(116,760)	-	(116,760)
Balance as at 31 December	4,449,820	4,615,654	904,060	9,969,534
Net book value as at 31 December	74,032	2,659,112	34,547	2,767,691

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18. SHARE CAPITAL

The Company's authorized, 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	31 December 2025 and 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

19. STATUTORY RESERVE

Previously, in accordance with the Company's Bylaws, 10% of the net income for the year was allocated to the statutory reserve. However, pursuant to the provisions of the new Companies Law, the requirement for a statutory reserve has been abolished. Accordingly, the Company has amended its By-laws to align with the new regulatory framework and has ceased further transfers to the statutory reserve.

20. EMPLOYEES' TERMINAL BENEFITS

	As at 31 December	
	2025	2024
The present value of the employees' terminal benefits	4,663,777	5,363,009

20.1. Principal actuarial assumptions

	2025	2024
Discount rate (% per annum)	4.15%	5.75%
Rate of increase in salaries (% per annum)	5.4%	7.00%
Mortality assumptions	WHO SA19	WHO SA19

20.2. Amount recognized in statement of profit or loss for the year ended

	2025	2024
Service cost	1,191,162	1,226,109
Finance cost on employees' terminal benefits	308,373	236,437
Total amount charged to the statement of profit and loss	1,499,535	1,462,546

20.3. Amount charged in the statement of other comprehensive income for the year ended

	2025	2024
Actuarial gains due to change in demographic assumptions	-	(586,871)
Actuarial gain due to change in financial assumptions	(33,543)	(37,514)
Actuarial losses due to experience adjustments	261,850	520,405
Amount charged to other comprehensive income	228,307	(103,980)

20.4. Reconciliation of the present value of defined benefit obligation

	Note	2025	2024
The present value of the defined benefit obligation at 1 January		5,363,009	4,575,642
Current service cost		1,191,162	1,226,109
Finance cost on defined benefit obligations		308,373	236,437
Benefits paid during the year		(1,328,927)	(571,199)
Employees' terminal benefits transferred during the year	20.9	(1,098,147)	-
Actuarial loss/(gain)		228,307	(103,980)
The present value of defined benefit obligation at 31 December		4,663,777	5,363,009

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20. EMPLOYEES' TERMINAL BENEFITS (CONTINUED)

20.5. Maturity profile:

	As at 31 December	
	2025	2024
Year 1	2,223,786	-
Year 2	1,604,385	-
Year 3	1,082,680	-
Year 4	762,589	-
Year 5 onwards	1,634,874	-
Total undiscounted liabilities	7,308,314	-
Less: Finance cost	(2,644,537)	-
	4,663,777	-
	As at 31 December	
	2025	2024
Current portion	2,223,786	-
Non-current portion	2,439,991	-
	4,663,777	-

20.6. The sensitivity of the employees' terminal benefits to changes in the weighted principal assumptions is:

	As at 31 December	
	2025	2024
Discount rate +1%	4,574,630	5,218,195
Discount rate -1%	4,757,776	5,516,394
Long term salary +1%	4,778,242	5,488,716
Long term salary -1%	4,553,084	5,242,052

20.7. The weighted average duration of the defined benefit obligation is 2.25 years.

20.8. The liability of employees' terminal benefits related to key management amounted to SAR 0.8 million (2024: SAR 1.6 million).

20.9. During the year, the Company transferred employees' terminal benefits amounting to SR 1.1 million to a related party in connection with the transfer of certain employees including a key management personnel.

21. ACCOUNTS PAYABLES AND ACCRUALS

	As at 31 December	
	2025	2024
Customer security deposits	21,739,397	37,970,347
Unearned processing fee	13,668,862	10,461,542
Payable to Alraedah Financing Fund	8,996,717	11,018,479
Employee related accruals	5,132,722	11,890,444
Accrued expenses	1,608,440	2,198,256
Others	969,925	955,338
	52,116,063	74,494,406

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22. PROVISION FOR ZAKAT

22.1. The movement in the provision for zakat is as follows:

	2025	2024
Balance at the beginning of the year	9,075,185	9,922,142
Provision during the year	5,840,931	9,271,630
Payment during the year	(9,271,629)	(10,118,587)
Balance at the end of the year	5,644,487	9,075,185

22.2. Status of assessments

The Company duly submitted its zakat returns for the previous years 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.

23. FINANCIAL FACILITIES

		As at 31 December	
	Note	2025	2024
Murabaha financing	23.8	586,335,946	402,092,989
Musharakah financing	23.3	204,801,009	240,767,795
Non-profit bearing financing	23.5	88,855,359	88,296,029
		879,992,314	731,156,813

23.1. Movement in financial facilities

	2025	2024
Opening balance	731,156,813	762,363,216
Add: facilities obtained during the year	503,767,662	285,725,000
Less: payments made during the year	(417,686,817)	(372,103,332)
Finance cost	66,067,017	58,427,072
Government grant on borrowings from a government entity	(2,367,411)	(3,059,642)
Deferred grant income	(944,950)	(195,501)
Closing balance	879,992,314	731,156,813

23.2. Maturity profile – long term

	As at 31 December	
	2025	2024
Current portion	347,631,664	261,260,907
Non-current portion	532,360,650	469,895,906
	879,992,314	731,156,813

23.3. Unsecured financial facilities at amortized cost

	As at 31 December	
	2025	2024
Islamic financial facilities:		
- Musharakah	204,801,009	240,767,795

23.4. Secured financial facilities at amortized cost

	As at 31 December	
	2025	2024
Islamic financial facilities:		
- Murabaha	586,335,946	402,092,989
- Non-profit bearing financing	88,855,359	88,296,029
	675,191,305	490,389,018

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23. FINANCIAL FACILITIES (CONTINUED)

23.5. The Company has signed borrowing agreements with Tourism Development Fund (“TDF”) amounting SR 50 million during July 2024 and SR 50 million during September 2025 respectively. The Company has withdrawn SR 60 million during the year from available credit facilities (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 year, the Company has repaid 10.4 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.

During 2023, the Company has obtained financing amounting to SR 45 million from Small & Medium Enterprises Bank (“SME Bank”). During the year, the Company has repaid SR 45.4 million to SME Bank and settled the loan in full. 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.

23.6. The Company maintains a strong liquidity position and has sufficient funding sources to meet its financial obligations.

23.7. The Company has obtained bank financial facilities from local Islamic banks for the purpose of financing working capital needs and financing to customers. These bank facilities bear finance costs at market prevailing rates.

23.8. During the year, 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.

24. FINANCE INCOME FROM ISLAMIC FINANCING CONTRACTS

	2025	2024
Revenue from main operations – over the period		
Income from Islamic financing contracts	176,920,027	185,852,036

25. FINANCE COST

	Note	2025	2024
Islamic financial facilities;	23		
- Murabaha		38,627,368	28,585,789
- Musharakah		18,720,626	20,743,380
- Non-profit bearing financing		8,351,420	8,477,610
Lease liabilities	15	587,028	77,166
Bank charges		367,603	620,293
Employees’ terminal benefits	20.2	308,373	236,437
		66,962,418	58,740,675

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26. GENERAL AND ADMINISTRATIVE EXPENSES

	Note	2025	2024
Salaries and employees' related cost	9	27,740,550	35,974,655
Outsourced technical expenses	9.4	10,633,378	10,239,297
Utilities and IT infrastructure expense		4,337,586	4,151,648
Subscriptions		4,048,014	3,236,408
Professional and legal fees		3,747,063	6,537,123
Health insurance expense		2,531,251	2,670,423
Depreciation of right-of-use asset	15	2,329,845	1,136,328
Amortization of intangible assets	16	2,105,445	1,236,496
Depreciation of property and equipment	17	1,750,150	2,063,640
Office parking and rent	15.4	1,576,143	2,009,321
Government fees	26.1	1,525,266	1,994,811
Saudi Credit Bureau (SIMAH) expense		1,096,954	1,838,572
Office expense		796,983	639,820
Audit fee		443,250	308,000
Board and committees' fees	9	240,000	443,014
Provision against other asset	8.1	-	3,000,000
Other expenses		2,404,141	3,793,577
		67,306,019	81,273,133

- 26.1.** Government fees include SR 1 million (2024: SR 1.4 million) as Kafalah charges. The Company extended certain Islamic financing to customers that are covered under guarantees issued by the Kafalah SME Loan Guarantee Program. Under these arrangements, Kafalah provides partial guarantees against credit losses in the event of customer default, subject to the terms and conditions of the respective guarantee agreements. In consideration for these guarantees, the Company pays guarantee fees to Kafalah.

27. SELLING AND MARKETING EXPENSES

	2025	2024
Salaries and employees' related cost	11,445,240	13,087,841
Sales commission	3,038,672	4,165,347
Advertising and marketing expenses	3,278,125	3,677,037
	17,762,037	20,930,225

28. IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	Note	2025	2024
Impairment loss on Islamic financing receivables	10.3	29,504,162	16,009,197
Impairment loss on investment carried at amortized cost	11.2	2,086,840	63,124
Impairment loss on balances due from related parties	9.1	582,854	-
		32,173,856	16,072,321

29. OTHER INCOME

	Note	2025	2024
Termination of stock compensation arrangement	29.1	4,882,789	-
Write off recoveries		4,010,447	2,458,423
Agency fee income	32	3,550,248	2,958,540
Facility fees from fiduciary activities	32	2,884,105	8,093,341
Government grant income		2,367,411	3,059,642
Dividend income from investment held at FVTPL	7	536,127	338,287
Fair value gain on investment held at FVTPL	7	11,094	14,901
Others	29.2	1,899,946	2,152,235
		20,142,167	19,075,369

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29. OTHER INCOME (CONITNUED)

- 29.1. During the year, management formally resolved to cancel the previously approved stock compensation arrangement and, accordingly, reassessed the provision previously recognized in this respect. Based on this decision and the related approvals, management determined that the Company no longer had a present obligation. Consequently, the provision amounting to SR 4.9 million was reversed and recognized as other income in the statement of profit or loss, with no outstanding liability remaining as at the reporting date.
- 29.2. Other income includes government grant of SR 0.3 million (2024: SR 1.1 million) was received from Human Resource Development Fund (HRDF) as part of government's initiative to support the efforts in developing and recruiting the national workforce. There are no future related costs in respect of this grant.

30. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Financial instruments by category	As at 31 December 2025			
	At amortized cost	At FVOCI	At FVTPL	Total
Financial assets as per the Statement of Financial Position				
Cash and cash equivalent	37,893,920	-	-	37,893,920
Restricted cash deposit	3,654,250	-	-	3,654,250
Other receivables	21,619,633	-	-	21,619,633
Due from related parties	31,289,919	-	-	31,289,919
Islamic financing receivables	1,023,705,616	-	-	1,023,705,616
Investment carried at amortized cost	13,130,461	-	-	13,130,461
Investment held at FVTPL	-	-	5,025,995	5,025,995
Investment carried at FVOCI	-	892,850	-	892,850
	1,131,293,799	892,850	5,025,995	1,137,212,644

Financial instruments by category	As at 31 December 2024			
	At amortized cost	At FVOCI	At FVTPL	Total
Financial assets as per the Statement of Financial Position				
Cash and cash equivalent	22,773,280	-	-	22,773,280
Restricted cash deposits	9,400,000	-	-	9,400,000
Other receivables	19,228,817	-	-	19,228,817
Due from related parties	24,186,189	-	-	24,186,189
Islamic financing receivables	849,338,939	-	-	849,338,939
Investment carried at amortized cost	69,927,126	-	-	69,927,126
Investment held at FVTPL	-	-	5,014,901	5,014,901
Investment carried at FVOCI	-	892,850	-	892,850
	994,854,351	892,850	5,014,901	1,000,762,102

Financial liabilities as per the Statement of Financial Position at amortized cost	As at 31 December	
	2025	2024
Accounts payables and accruals	52,116,063	74,494,406
Lease liability	11,566,252	-
Financial facilities	879,992,314	731,156,813
	943,674,629	805,651,219

30.1. Risk management structure

Risk is inherent in the Company's activities and is managed through a process of ongoing identification, measurement, and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing profitability. The Company's activities are exposed to a variety of financial risks which mainly include market risk, credit risk, and liquidity risk.

30. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES (CONTINUED)

30.1. Risk management structure (Continued)

Board of Directors

The Board of Directors are responsible for establishing the Company's policies, including risk management framework, and reviewing the performance of the Company to ensure compliance with these policies.

Credit and risk management committee

The credit and risk management committee are appointed by the Board of Directors. The credit and risk management committee assists the Board in reviewing overall risks which the Company might face, evaluate and review operational and non-operational risks and decide on mitigating factors related therewith.

Audit committee

The audit committee is appointed by the Board of Directors. The audit committee assists the Board in carrying out its responsibilities with respect to assessing the quality and integrity of financial reporting, the audit thereof, and the soundness of the internal controls of the Company.

Internal audit

All key operational, financial, and risk management processes are audited by the Internal Audit. The internal audit examines the adequacy of the relevant policies and procedures, the Company's compliance with the internal policies and regulatory guidelines. Internal audit discusses the results of all assessments with management and reports its findings and recommendations to the Audit Committee.

The risks faced by the Company and the way these risks are mitigated by management are summarized below.

30.2. Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market profit rates or the market prices of securities due to change in the credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

Market risk comprises three types of risks: currency risk, profit rate risk, and other price risks.

30.2.1. Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Company is subject to fluctuations in foreign exchange rates in the normal course of its business. The Company did not undertake significant transactions in currencies other than Saudi Riyals during the year. Accordingly, the Company is not exposed to any significant currency risk.

30.2.2. Profit rate risk

Profit rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market profit rates. The Company's exposure to the risk of changes in market profit rates relates primarily to the Company's long-term debt obligations with floating profit rates. For floating rate liabilities, the analysis is prepared to assume the amount of liability outstanding at the reporting date was outstanding for the whole year. A 0.25 % increase or decrease is used when reporting profit rate risk internally to key management personnel and represents management's assessment of the reasonable possible change in profit rates.

Sensitivity analysis for variable-rate financial instruments is as follows:

	2025		2024	
	Change in Basis point	Impact on income for the year	Change in Basis point	Impact on income for the year
Saudi Riyals	-25	1,465,662	-25	913,333
Saudi Riyals	+25	(1,465,662)	+25	(913,333)

30.2.3. Other price risks

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from profit rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instruments or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to any significant other price risks as at the reporting date.

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30. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES (CONTINUED)

30.3. Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and will cause the other party to incur a financial loss. The Company has established a credit policy for corporate borrowers. Furthermore, all the loans are allowed for the maximum term of 60 months.

Out of the total assets of SR 1,239.1 million (2024: SR 1,083.0 million), the assets which were subject to credit risk amounted to SR 1,137.2 million (2024: SR 1,000.7 million). The management analyzes the credit risk in the following categories:

	Note	As at 31 December	
		2025	2024
Cash and cash equivalents	6	37,893,920	22,773,280
Restricted cash deposits	13	3,654,250	9,400,000
Due from related parties	9	31,289,919	24,186,189
Islamic financing receivables	10	1,023,705,616	849,338,939
Investment carried at amortized cost	11	13,130,461	69,927,126
Investments held at FVOCI	12	892,850	892,850
Investments held at fair value through profit or loss	7	5,025,995	5,014,901
Other receivables	8	21,619,633	19,228,817
		1,137,212,644	1,000,762,102

30.3.1. Bank balances and other receivables

The credit quality of the Company's bank balances and restricted cash deposit is assessed with reference to external credit ratings which, in all cases, are above investment-grade rating. No ECL was taken for bank balances as the impact of the ECL was not material.

	As at 31 December	
	2025	2024
Cash at bank:		
- A-	27,461,539	16,955,853
- A	8,135,536	5,015,365
- Unrated	2,296,844	802,062
	37,893,919	22,773,280
Restricted Cash Deposit		
- A-	3,654,250	9,400,000
	41,548,169	32,173,280

Amounts arising from ECL – Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and expert credit assessment and including forward-looking information.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for exposure by comparing:

- the remaining lifetime PD as at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations).

Generating the term structure of PD

The Company employs statistical models to analyze the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

This analysis includes the identification and calibration of relationships between changes in default rates and macroeconomic factors as well as an in-depth analysis of the impact of certain other factors (e.g., forbearance experience) on the risk of default. For most exposures, key macroeconomic indicators are Government expenditure and Money Supply.

30. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES (CONTINUED)
30.3. Credit risk (Continued)

Incorporation of forward-looking information

The Company has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macroeconomic variables and credit risk and credit losses. The economic scenario used includes the key indicators of Government expenditure and Money Supply.

Scenario Weightage

The scenario weightage used as at the year-end are as follows:

	<u>2025</u>
Base case	40%
Best case	30%
Worst case	30%

Measurement of ECL

The key inputs into the measurement of ECL are the term structure of the following variables:

- i. The probability of default (PD);
- ii. Loss given default (LGD);
- iii. Exposure at default (EAD).

These parameters are generally derived from internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information as described above.

A transition matrix-based approach was used. From account level data, volume -weighted transition matrix was created by observation month, considering 3 months as the performance month for every observation month. Segment level transition rates between different delinquency buckets were used to compute PD, which was then extrapolated across the behavioural life. This was based on historic default data and utilising the Markov chain assumption.

LGD is the magnitude of the likely loss if there is a default. The Company estimates LGD parameters based on the history of recovery rates of balances from defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry, and recovery costs of any collateral that is integral to the financial asset. They are calculated on a discounted cash flow basis using the effective profit rate as the discounting factor.

EAD represents the expected exposure in the event of a default. The Company derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortization. Outstanding Balance, Instalment Amount, and Profit Rate are used to derive an amortizing balance curve for each account.

30.3.2. Islamic financing receivables

Islamic financing receivables include tawarruq contracts and generally exposes the Company to significant credit risk. Therefore, the Company has established a number of procedures to manage credit exposure including evaluation of lessees' creditworthiness, formal credit approvals, assigning credit limits, obtaining collateral and personal guarantees.

As per such policy, Islamic financing receivables are not granted unless the borrower meets certain basic requirements, which are set out below:

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

The Company monitors its receivables on a weekly basis. Furthermore, most of the receivables are backed by adequate collaterals. In case of receivables past due for three months, the Company takes legal actions against the borrower with an aim to either collect the receivable by selling the collaterals against which the financing is provided or force the customers to regularize their overdue positions.

The Company also follows a credit classification mechanism, primarily driven by days delinquency as a tool to manage the quality of credit risk of the Islamic financing receivables.

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30. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES (CONTINUED)

30.3. Credit risk (Continued)

30.3.2. Islamic financing receivables (Continued)

The aging of Islamic financing receivables contracts is as under:

	As at 31 December	
	2025	2024
Neither past nor due	792,724,645	755,392,449
Past due 1-30 days	75,542,547	43,574,953
Past due 31-90 days	68,033,430	9,330,774
Past due 91-180 days	39,409,139	32,318,922
Past due 181-365 days	59,370,489	18,271,964
Past due over 1 year	5,519,722	4,472,536
Islamic financing receivables before adjustment	1,040,599,972	863,361,598
Deferred transaction costs	1,791,982	1,689,698
Net Islamic financing receivables before provision	1,042,391,954	865,051,296
Less: Impairment for Islamic financing receivables	(18,686,338)	(15,712,357)
Net Islamic financing receivables	1,023,705,616	849,338,939
Total portfolio coverage ratio (Impairment divided by Islamic financing receivables before adjustment)	1.8%	1.8%
Non-performing loan ratio (balance of Islamic financing above 90 days divided by Islamic financing receivables before adjustment)	10.0%	6.4%

Islamic financing receivables and the corresponding ECL allowance is classified into as follows:

	As at 31 December 2025			
	Stage 1	Stage 2	Stage 3	Total
Carrying amount before ECL	837,774,702	87,705,174	116,912,078	1,042,391,954
ECL	3,953,171	850,825	13,882,342	18,686,338
	As at 31 December 2024			
	Stage 1	Stage 2	Stage 3	Total
Carrying amount before ECL	759,949,112	17,837,282	87,264,902	865,051,296
ECL	3,120,072	259,362	12,332,923	15,712,357

The portfolio that is neither past due nor impaired has a satisfactory history of repayment, where applicable. As at the statement of financial position date, the Company has adequate collaterals to cover the overall credit risk exposure after making an impairment provision.

The movement in provision for impairment for Islamic financing receivables is as follows:

	Stage 1	Stage 2	Stage 3	Total
1 January 2025	3,115,130	259,298	12,337,929	15,712,357
Transfer from stage 1	(139,690)	27,450	112,240	-
Transfer from stage 2	2,635	(11,820)	9,185	-
Transfer from stage 3	523,378	-	(523,378)	-
Financial assets – settled	(1,932,672)	(589,927)	(13,559,912)	(16,082,511)
Financial assets - originated	3,476,320	294,423	13,447,825	17,218,568
Net re-measurement of loss allowance	(1,091,930)	871,401	28,588,635	28,368,106
	838,041	591,527	28,074,595	29,504,163
Write-off during the year	-	-	(26,530,182)	(26,530,182)
31 December 2025	3,953,171	850,825	13,882,342	18,686,338

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30. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES (CONTINUED)

30.3. Credit risk (Continued)

30.3.2. Islamic financing receivables (Continued)

	Stage 1	Stage 2	Stage 3	Total
1 January 2024	7,148,205	376,706	11,015,389	18,540,300
Transfer from stage 1	(1,044,875)	362,510	682,365	-
Transfer from stage 2	7,094	(76,216)	69,122	-
Transfer from stage 3	-	86,342	(86,342)	-
Financial assets – settled	(2,549,048)	(223,158)	(1,307,379)	(4,079,585)
Financial assets - originated	2,846,319	71,063	1,063,049	3,980,431
Net re-measurement of loss allowance	(3,287,623)	(337,885)	19,733,859	16,108,351
	(4,028,133)	(117,344)	20,154,674	16,009,197
Write-off during the year	-	-	(18,837,140)	(18,837,140)
31 December 2024	3,120,072	259,362	12,332,923	15,712,357

The movement of Gross financing receivables at gross exposure by stages is as follows:

	Gross carrying amount			
	Stage 1	Stage 2	Stage 3	Total
1 January 2025	759,949,112	17,837,283	87,264,901	865,051,296
Transfer from stage 1	(92,310,988)	22,996,637	69,314,351	-
Transfer from stage 2	2,676,472	(5,276,596)	2,600,124	-
Transfer from stage 3	24,062,496	-	(24,062,496)	-
	(65,572,020)	17,720,041	47,851,979	-
Write-off during the year	-	-	(26,530,182)	(26,530,182)
Financial assets originated	843,073,534	101,441,719	36,325,479	980,840,732
Financial assets derecognized	(699,675,924)	(49,293,869)	(28,000,099)	(776,969,892)
31 December 2025	837,774,702	87,705,174	116,912,078	1,042,391,954

	Gross carrying amount			
	Stage 1	Stage 2	Stage 3	Total
1 January 2025	833,859,685	106,059,435	40,066,814	979,985,934
Transfer from stage 1	(57,742,011)	17,553,175	40,188,836	-
Transfer from stage 2	2,538,147	(16,780,678)	14,242,531	-
Transfer from stage 3	-	1,726,844	(1,726,844)	-
	(55,203,864)	2,499,341	52,704,523	-
Write-off during the year	-	-	(18,837,140)	(18,837,140)
Financial assets originated	518,563,425	26,094,468	42,288,002	586,945,895
Financial assets derecognized	(537,270,134)	(116,815,962)	(28,957,297)	(683,043,393)
31 December 2025	759,949,112	17,837,282	87,264,902	865,051,296

Concentration risk

Concentrations of credit risk arise when a number of counter-parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be affected similarly by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry or geographical location.

The Company manages its credit risk exposure through diversification of Islamic financing activities to ensure that there is no undue concentration of risks with individuals or groups of customers in specific locations or businesses.

30. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES (CONTINUED)

30.3. Credit risk (Continued)

30.3.2. Islamic financing receivables (Continued)

Economic sector risk concentration for the receivables is as follows:

	As at 31 December	
	2025	2024
Services	71.84%	48.34%
Retail business	10.93%	25.09%
Industrial	9.33%	18.83%
Contracting	7.89%	7.30%
Trading	0.02%	0.45%

Collateral held as security and other credit enhancements

Credit risk relating to the gross amounts due from Islamic financing receivables is mitigated through collateral held in the form of leased assets and real estate. As at 31 December 2025, the carrying amount of secured investment in Islamic financing receivables amounted to SR 262 million (31 December 2024: SR 193.5 million). Of this amount, SR 217.9 million (31 December 2024: SR 124.2 million) is secured against collaterals, while SR 44.1 million (31 December 2024: SR 69.3 million) is secured by guarantees under the Kafalah SME Loan Guarantee Program.

The fair value of the collaterals held as at 31 December 2025 amounted to SR 308.3 million (31 December 2024: SR 204.6 million). The Company is not permitted to sell or repledge the collateral in the absence of default by the lessee. There have been no significant changes in the quality of the collateral during the year.

30.4. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company will be required to pay its liabilities earlier than expected or will face difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The shareholders of the Company are committed to provide the necessary financial support to the Company for its working capital, as and when needed.

The table below summarizes the Company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

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30. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES (CONTINUED)

30.4. Liquidity risk (Continued)

As at 31 December 2025

	Carrying amount	Contractual cash flows	Up to three months	More than three months and up to one year	One to five years	More than 5 years
Accounts payables and accruals	52,116,063	52,116,063	39,418,230	8,624,433	4,073,400	-
Lease liabilities	11,566,252	13,232,268	-	3,150,540	10,081,728	-
Financial facilities	879,992,314	970,478,931	101,842,857	296,944,941	571,691,133	-
	943,674,629	1,035,827,262	141,261,087	308,719,914	585,846,261	-

As at 31 December 2024

	Carrying amount	Contractual cash flows	Up to three months	More than three months and up to one year	One to five years	More than 5 years
Accounts payables and accruals	74,494,406	74,494,406	44,378,687	13,916,286	16,199,433	-
Financial facilities	731,156,813	839,274,486	111,889,366	208,160,096	519,225,024	-
	805,651,219	913,768,892	156,268,053	222,076,382	535,424,457	-

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30. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES (CONTINUED)

30.4. Liquidity risk (Continued)

Analysis of financial assets and liabilities based on contractual maturities

The table shows an analysis of financial assets and liabilities according to when they are expected to be recovered or settled:

<u>As at 31 December 2025</u>	Carrying amounts	Up to three months	More than three months and up to one year	More than one year
Cash and cash equivalent	37,893,920	37,893,920	-	-
Restricted cash deposits	3,654,250	-	-	3,654,250
Other receivables	21,619,633	21,619,633	-	-
Due from related parties	31,289,919	31,289,919	-	-
Islamic financing receivables	1,023,705,616	243,264,134	414,706,475	365,735,007
Investment carried at amortized cost	13,130,461	13,130,461	-	-
Investment held at FVTPL	5,025,995	-	-	5,025,995
Investment carried at FVOCI	892,850	-	-	892,850
Financial assets	1,137,212,644	347,198,067	414,706,475	375,308,102
Accounts payables and accruals	52,116,063	39,418,230	8,624,433	4,073,400
Lease liabilities	11,566,252	-	3,150,540	8,415,712
Financial facilities	879,992,314	86,670,765	260,960,899	532,360,650
Financial liabilities	943,674,629	126,088,995	272,735,872	544,849,762
Maturity gap	-	221,109,072	141,970,603	(169,541,660)
Cumulative maturity gap	-	221,109,072	363,079,675	193,538,015

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30. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES (CONTINUED)

30.4. Liquidity risk (Continued)

As at 31 December 2024

	Carrying amounts	Up to three months	More than three months and up to one year	More than one year
Cash and cash equivalent	22,773,280	22,773,280	-	-
Restricted cash deposits	9,400,000	-	-	9,400,000
Other receivables	19,228,817	19,228,817	-	-
Due from related parties	24,186,189	24,186,189	-	-
Islamic financing receivables	849,338,939	206,265,755	390,045,673	253,027,511
Investment carried at amortized cost	69,927,126	69,927,126	-	-
Investment held at FVTPL	5,014,901	-	-	5,014,901
Investment carried at FVOCI	892,850	-	-	892,850
Financial assets	1,000,762,102	342,381,167	390,045,673	268,335,262
Accounts payables and accruals	74,494,406	44,378,687	13,916,286	16,199,433
Financial facilities	731,156,813	92,011,583	169,249,324	469,895,906
Financial liabilities	805,651,219	136,390,270	183,165,610	486,095,339
Maturity gap	-	205,990,897	206,880,063	(217,760,077)
Cumulative maturity gap	-	205,990,897	412,870,960	195,110,883

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30. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES (CONTINUED)

30.4. Liquidity risk (Continued)

The Company has access to unused financial facilities amounting to SAR 85 million (2024: 116.2 million) at the reporting date. These facilities may be drawn at any time subject to the continuance of satisfactory credit rating. These facilities have an average maturity of 5 years (2024: 5 years).

30.5. Capital risk management

The objective of the Company when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to maintain a strong capital base to support the sustained development of its business.

The Company manages its capital structure and makes adjustment to it in light of the changes in economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the number of dividends paid to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2025 and 31 December 2024.

The Company monitors the aggregate amount of financing offered by the Company on the basis of the regulatory requirements of Regulations for Companies and SAMA. As per SAMA regulations, the leverage ratio of a Company must not exceed 3 times of equity. However, the company has obtained a no-objection letter from SAMA for exceeding the leverage ratio. At reporting date, the management analysis of gearing ratio was as follows:

	<u>2025</u>	<u>2024</u>
Total debt	879,992,314	731,156,813
Less: Cash and cash equivalents	(37,893,920)	(22,773,280)
Net debt	842,098,394	708,383,533
Total equity	285,133,918	262,878,637
Debt to equity ratio	2.95	3.28
Leverage ratio (Islamic financing receivables before provision and adjustments divided by total equity)	3.65 times	2.1 times

31. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

31.1. Fair value measurement of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

When measuring the fair value, the Company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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31. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

31.2. Fair values of financial assets and liabilities

The Company's financial assets consist of cash and bank balances, investment, net investment in Islamic financing, and other receivables, its financial liabilities consist of Accounts payables, financial facilities, due to related party and other liabilities.

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

31 December 2025	Fair value Level			Total
	1	2	3	
FINANCIAL ASSET				
FVOCI designated				
Investment carried at FVOCI	-	-	892,850	892,850
FVTPL				
Investment held at fair value through profit or loss	-	5,025,995	-	5,025,995

31 December 2024	Fair value Level			Total
	1	2	3	
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 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

32. 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 191.3 million as at 31 December 2025; and
- The Fund's cash account amounting to SR 11.6 million as at 31 December 2025.

The Company also holds an investment in the Fund, which is measured at fair value through profit or loss. As of 31 December 2025, the fair value of this investment amounted to SR 5.03 million (31 December 2024: SR 5.01 million). Refer note 7.

The Company earns agency fee income at 1.75% per annum of the fund balance.

The Company also earns application fees under this arrangement which is recognized when the funding has been provided to the customers.

33. CONTINGENCIES AND COMMITMENTS

There were no contingent liabilities and commitments as at 31 December 2025 and 2024.

34. RECLASSIFICATION OF PRIOR YEAR FIGURES

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

35. SUBSEQUENT EVENTS

Subsequent to the reporting date, the shareholder, Mr. Abdullah Aldawood, completed a restructuring of his ownership whereby the shares previously held directly in Alraedah Finance Company were transferred to Alraedah Digital Holding Company. Alraedah Digital Holding Company is also wholly owned by Abdullah Aldawood, and therefore the transaction represents a transfer between entities under common control. As a result of this restructuring, Alraedah Finance Company is now owned through Alraedah Digital Holding Company rather than directly by the shareholder, while the ultimate beneficial ownership remains unchanged.

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

36. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were approved and authorized for issue on 15 Ramadan 1447H (corresponding to 4 March 2026) by the Board of Directors of the Company.