

ALRAEDAH FINANCE COMPANY
(A Joint Stock Company)
INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2026 AND
INDEPENDENT AUDITOR'S REVIEW REPORT

ALRAEDAH FINANCE COMPANY
(A Joint Stock Company)
INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2026

<u>Table of Contents</u>	<u>Page</u>
Independent Auditor's Review Report on the Interim Condensed Financial Statements	1-2
Interim Condensed Statement of Financial Position	3
Interim Condensed Statement of Profit or Loss and Other Comprehensive Income	4
Interim Condensed Statement of Changes in Equity	5
Interim Condensed Statement of Cash Flows	6
Notes to the Interim Condensed Financial Statements	7-17

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

TO THE SHAREHOLDER OF ALRAEDAH FINANCE COMPANY
A JOINT STOCK COMPANY

(1/2)

INTRODUCTION

We have reviewed the accompanying interim condensed financial statements of Alraedah Finance Company (the "Company") as of 30 June 2026 which comprise:

- The interim condensed statement of financial position as at 30 June 2026;
- The interim condensed statement of profit or loss and other comprehensive income for the three-month and six-month periods then ended;
- The interim condensed statement of changes in equity for the six-month period then ended;
- The interim condensed statement of cash flows for the six-month period then ended; and
- The notes to the interim condensed financial statements.

Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

SCOPE OF REVIEW

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

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

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

(2/2)

CONCLUSION

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

PKF Al-Bassam
Chartered Accountants

Abdullah Albassam
Certified Public Accountant
License No. 703
Riyadh, Kingdom of Saudi Arabia
13 Safar 1448H
Corresponding to: 28 July 2026



RIYADH

Tel. +966 11 206 5333 P.O.Box 69628
Fax +966 11 206 5444 Riyadh 11567

JEDDAH

Tel. +966 12 652 5333 P.O.Box 15651
Fax +966 12 652 2894 Jeddah 21454

AL KHOBAR

Tel. +966 13 893 3378 P.O.Box 4638
Fax +966 13 893 3349 Al Khobar 31952

ALRAEDAH FINANCE COMPANY
(A Joint Stock Company)
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2026
(All amounts in Saudi Riyals unless otherwise stated)

	Note	30 June 2026 (Unaudited)	31 December 2025 (Audited)
ASSETS			
Cash and cash equivalents		52,842,021	37,893,920
Prepayments and other receivables		40,543,695	36,008,219
Due from related parties	6	33,164,500	31,289,919
Islamic financing receivables	7	964,745,042	1,023,705,616
Investments carried at amortized cost	8	1,652,509	13,130,461
Investment held at fair value through profit or loss ("FVTPL")		4,067,381	5,025,995
Repossessed assets held for sale	9	55,710,789	55,710,789
Restricted cash deposit		150,000	3,654,250
Right-of-use assets		10,777,339	12,178,702
Property and equipment		654,107	1,084,343
Intangible assets		19,010,211	18,541,747
Investment carried at fair value through other comprehensive income ("FVOCI")		892,850	892,850
TOTAL ASSETS		1,184,210,444	1,239,116,811
EQUITY AND LIABILITIES			
EQUITY			
Share capital	10	150,000,000	150,000,000
Statutory reserve		19,367,226	19,367,226
Retained earnings		117,333,652	116,524,988
Actuarial reserve		(758,296)	(758,296)
TOTAL EQUITY		285,942,582	285,133,918
LIABILITIES			
Accounts payable and accruals		49,779,407	52,116,063
Zakat payable	11	2,255,465	5,644,487
Lease liability		8,804,651	11,566,252
Financial facilities	12	832,877,311	879,992,314
Employees' terminal benefits		4,551,028	4,663,777
TOTAL LIABILITIES		898,267,862	953,982,893
TOTAL EQUITY AND LIABILITIES		1,184,210,444	1,239,116,811
CONTINGENCIES AND COMMITMENTS	19	-	-

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

ALRAEDAH FINANCE COMPANY**(A Joint Stock Company)****INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2026****(All amounts in Saudi Riyals unless otherwise stated)**

	Note	For the three-month period ended		For the six-month period ended	
		30 June 2026 (Unaudited)	30 June 2025 (Unaudited)	30 June 2026 (Unaudited)	30 June 2025 (Unaudited)
Finance income from Islamic financing receivables		40,971,728	45,916,198	84,351,293	84,849,226
Processing fees from Islamic financing receivables		3,198,757	2,012,453	6,833,770	4,243,114
Finance income from investments carried at amortized cost		-	1,252,190	19,092	3,694,863
Finance cost	13	(15,329,898)	(15,995,011)	(32,263,278)	(31,128,185)
NET FINANCING INCOME		28,840,587	33,185,830	58,940,877	61,659,018
General and administrative expenses		(17,024,072)	(19,323,637)	(34,019,224)	(37,268,532)
Selling and marketing expenses		(3,152,636)	(4,245,181)	(6,973,532)	(8,824,387)
Impairment losses on financial assets	14	(22,863,575)	(5,495,651)	(35,777,290)	(9,496,022)
Gain on derecognition of financial asset	15	17,137,431	-	17,137,431	-
Other income	16	4,439,100	4,000,365	12,328,551	7,120,520
NET INCOME BEFORE ZAKAT		7,376,835	8,121,726	11,636,813	13,190,597
Zakat	11	(1,476,153)	(1,236,601)	(2,328,149)	(2,236,601)
NET INCOME FOR THE PERIOD		5,900,682	6,885,125	9,308,664	10,953,996
Other comprehensive income for the period		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		5,900,682	6,885,125	9,308,664	10,953,996

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

ALRAEDAH FINANCE COMPANY
(A Joint Stock Company)
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2026
(All amounts in Saudi Riyals unless otherwise stated)

For the six-month period ended

30 June 2026

	Share capital	Statutory reserve	Retained earnings	Actuarial reserve	Total equity
Balance as at 31 December 2025 (Audited)	150,000,000	19,367,226	116,524,988	(758,296)	285,133,918
Total comprehensive income for the period	-	-	9,308,664	-	9,308,664
Dividend paid during the period (note 1)	-	-	(8,500,000)	-	(8,500,000)
Balance as at 30 June 2026 (Unaudited)	150,000,000	19,367,226	117,333,652	(758,296)	285,942,582

For the six-month period ended

30 June 2025

	Share capital	Statutory reserve	Retained earnings	Actuarial reserve	Total equity
Balance as at 31 December 2024 (Audited)	150,000,000	19,367,226	94,041,400	(529,989)	262,878,637
Total comprehensive income for the period	-	-	10,953,996	-	10,953,996
Balance as at 30 June 2025 (Unaudited)	150,000,000	19,367,226	104,995,396	(529,989)	273,832,633

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

ALRAEDAH FINANCE COMPANY
(A Joint Stock Company)
INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2026
(All amounts in Saudi Riyals unless otherwise stated)

		For the six-month period ended	
		30 June 2026	30 June 2025
	Note	(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income before zakat		11,636,813	13,190,597
<u>Adjustments for:</u>			
Finance cost	13	32,263,278	31,128,185
Impairment on financial assets	14	35,777,290	9,496,022
Finance income from investment carried at amortized cost		(19,092)	(3,694,863)
Loss / (gain) on the fair valuation of initial recognition of financial assets		424,801	(1,180,334)
Government grant income		(794,524)	(932,017)
Provision for employees' terminal benefits		930,031	1,399,900
Depreciation of property and equipment		482,390	920,270
Depreciation of right-of-use assets		1,401,363	905,255
Amortization of intangible assets		1,524,872	620,440
Fair value loss/ (gain) on investment held at fair value through profit or loss		200,343	(64,219)
Gain on disposal of property and equipment		-	(313)
Employees' terminal benefits transferred during the period		406,153	-
(Increase) / decrease in operating assets			
Islamic financing receivables		29,359,560	(177,524,365)
Due from related parties		(2,007,929)	(6,922,068)
Prepayments and other receivables		(4,535,476)	424,466
Restricted cash deposit		3,504,250	-
Decrease in operating liabilities			
Trade payables and accruals		(2,336,656)	(3,905,970)
Cash (used in) / generated from operations		108,217,467	(136,139,014)
Zakat paid	11	(5,717,171)	(1,854,326)
Employees' terminal benefits paid		(1,448,933)	(308,299)
Net cash generated from / (used in) operating activities		101,051,363	(138,301,639)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investment carried at amortized cost		-	(42,407,699)
Proceeds from Investment carried at amortized cost		5,029,315	71,115,723
Proceeds from investment carried at FVTPL		758,271	-
Purchase of intangible assets		(1,993,336)	(506,392)
Purchase of property and equipment		(52,154)	(14,198)
Proceeds from sale of property and equipment		-	17,272
Net cash generated from investing activities		3,742,096	28,204,706
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from financial facilities		320,865,974	251,566,478
Repayment of financial facilities		(399,060,792)	(138,071,831)
Dividend Paid	1	(8,500,000)	-
Lease liabilities paid		(3,150,540)	(3,150,540)
Net cash (used in) / generated from financing activities		(89,845,358)	110,344,107
Net increase / (decrease) in cash and cash equivalents		14,948,101	247,174
Cash and cash equivalents at beginning of the period		37,893,920	22,773,280
Cash and cash equivalents at end of the period		52,842,021	23,020,454
<u>Supplemental non-cash information</u>			
Impairment of Islamic financing receivables written off		12,617,437	10,971,703
Impairment of Investments carried at amortized cost		5,705,277	-

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

ALRAEDAH FINANCE COMPANY
(A Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2026
(All amounts in Saudi Riyals unless otherwise stated)

1. LEGAL STATUS AND OPERATIONS

Alraedah Finance Company (the “Company”) is a Joint Stock Company registered in the Kingdom of Saudi Arabia under commercial registration number 1010314982 and unified number 7001691265 issued in Riyadh on 21 Ramadan 1432H (corresponding to 21 August 2011).

The Company has one branch in Dammam under commercial registration numbered 2050150330 dated 20 Rabi ul Awal 1443H, corresponding to 26 October 2021.

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

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

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

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

During the period, Board of Directors in their meeting held on 17 June 2026 recommended a dividend of SR 0.5667 per share amounting to SR 8.5 million which has been duly approved by the shareholders on 21 June 2026 and was paid during the period.

2. BASIS OF PREPARATION

2.1. STATEMENT OF COMPLIANCE

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

The results for the six-month period ended 30 June 2026 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2026.

These interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company’s financial statements for the year ended 31 December 2025.

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

2.2. BASIS OF MEASUREMENT

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

- a) Investment carried at FVOCI and FVTPL is measured at Fair value; and
- b) Repossessed assets held-for-sale are measured at the lower of carrying value and fair value less cost to sell.

2.3. FUNCTIONAL AND PRESENTATION CURRENCY

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

3. MATERIAL ACCOUNTING POLICIES INFORMATION

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company’s annual financial statements as at 31 December 2025.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In preparing these interim condensed financial statements, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income, and expense. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about the carrying values of assets and

ALRAEDAH FINANCE COMPANY
(A Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2026
(All amounts in Saudi Riyals unless otherwise stated)

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

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. Revision to accounting estimates is recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements i.e. 31 December 2025.

5. NEW AMENDED STANDARDS AND INTERPRETATIONS

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

Standard or amendments to standard	Description	Effective for annual years beginning on or after	Summary of amendment	Management's assessment
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 concluded that the adoption of these amendments does not have a material impact on the Company's financial statements.
IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity	1 January 2026	These amendments modify the 'own use' requirements and hedge accounting provisions in IFRS 9 for contracts that expose entities to variability in electricity prices due to uncontrollable natural conditions such as weather. Targeted disclosure requirements are introduced in IFRS 7.	Based on the nature of the Company's operations and contractual arrangements, management has assessed these amendments to not have a material impact on the Company's financial statements.

5. NEW AMENDED STANDARDS AND INTERPRETATIONS (CONTINUED)

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

Standard or amendments to standard	Description	Effective for annual years beginning on or after	Summary of 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 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. While the standard is expected to result in changes to presentation and disclosures.

ALRAEDAH FINANCE COMPANY
(A Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2026
(All amounts in Saudi Riyals unless otherwise stated)

6. RELATED PARTY TRANSACTIONS AND BALANCES

6.1. Transactions during the period

Names of Related Party	Nature of Relationship	Nature of transactions	For the six-month period ended	
			30 June 2026 (Unaudited)	30 June 2025 (Unaudited)
Alraedah Digital Solutions Company	Affiliate	Advance paid against digital services	(12,875,000)	(7,070,000)
		Services received from affiliate	5,982,644	5,270,693
		Advance settled against earned wage access	(283,529)	(191,559)
		End of service benefits payable for transferred employees	152,836	-
		Advance received against earned wage access	245,474	183,121
		Amount settled by affiliate	260,000	-
		Settlement of deposit for banking services	2,000	-
		Expenses paid on behalf of affiliate	-	(3,862,669)
Alraedah Digital Holding Company	Affiliate	Dividend paid (note 1)	(8,500,000)	-
		Expenses paid on behalf of affiliate	-	(626,621)
Iqama Alraedah for Hotel Services Company	Affiliate	Income earned from operating lease	65,217	-
		Deposit for operating expenses	-	(512,844)
Alraedah Digital Services Ltd	Affiliate	Expenses paid on behalf of affiliate	-	(10,885)
		Furniture transferred to affiliate	-	(10,072)
Alraedah Payments Company (KSA)	Affiliate	End of service benefits receivable for transferred employees	611,366	-
		Expenses paid on behalf of affiliate	-	(189,376)
		Expenses paid by affiliate	-	(98,143)
Alraedah Investment L.L.C (UAE)	Affiliate	Amount settled by affiliate	12,255	-
Alraedah Investment Company (KSA)	Affiliate	Amount settled by affiliate	14,600	-

	For the six-month period ended	
	30 June 2026 (Unaudited)	30 June 2025 (Unaudited)
<u>Remuneration and other long-term benefits</u>		
Key management personnel	581,922	1,422,204
Board of Directors and other committees	127,500	100,000
	709,422	1,522,204

ALRAEDAH FINANCE COMPANY
(A Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2026
(All amounts in Saudi Riyals unless otherwise stated)

6. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

6.2. Balances as at period / year-end

	Note	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Due from related parties			
Alraedah Digital Solutions Company		11,185,178	9,827,007
Alraedah Digital Holding Company	6.4	8,666,447	8,666,447
Alraedah Investment LLC		5,942,588	5,954,813
Iqama Alraedah for Hotel Services Company		3,691,538	3,626,321
Alraedah Payments Company		3,448,562	2,837,196
Alraedah Investment Company		658,848	673,448
Alraedah Digital Services Ltd		287,541	287,541
		33,880,702	31,872,773
Less: Provision for impairment		(716,202)	(582,854)
		33,164,500	31,289,919

6.3. The movement in the provision for impairment during the period is as follows:

	For the six-month period ended 30 June 2026 (Unaudited)	For the year ended 31 December 2025 (Audited)
Balance at beginning of the period / year	582,854	-
Provided during the period / year	133,348	582,854
Written off during the period / year	-	-
Balance at the end of the period / year	716,202	582,854

6.4. This balance includes an amount of SR 6,000,000 relating to a transaction whereby Alraedah Finance Company ("the Buyer") transferred funds to Alraedah Payments Company in connection with the intended acquisition of 600,000 shares in Alraedah Payments Company from Alraedah Digital Holding Company ("the Seller") under a Sale and Purchase Agreement. The payment represents a deposit towards the proposed acquisition of the shares. The legal transfer of the shares was not completed as the required regulatory approval for the transfer of ownership was not obtained.

Due to the Shareholder's intention to acquire the license for the payment activity under Alraedah Finance Company, the Shareholder, in its meeting held on 10 May 2026, approved the termination of the sale and Purchase Agreement in general assembly meeting for the proposed acquisition of shares in Alraedah Payments Company. As a result, the deposited amount will be reimbursed. As of the reporting date the termination process is underway.

7. ISLAMIC FINANCING RECEIVABLES

	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Gross receivables	1,277,829,121	1,269,387,636
Unearned finance income	(279,186,814)	(228,787,664)
	998,642,307	1,040,599,972
Deferred transaction cost	1,347,849	1,791,982
	999,990,156	1,042,391,954
Less: Provision for impairment	(35,245,114)	(18,686,338)
Net Islamic financing receivables	964,745,042	1,023,705,616

7.1. 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. In case of real estate collaterals, these collaterals are not readily convertible into cash and are intended to be repossessed and disposed of in case the customer defaults.

ALRAEDAH FINANCE COMPANY
(A Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2026
(All amounts in Saudi Riyals unless otherwise stated)

7. ISLAMIC FINANCING RECEIVABLES (CONTINUED)

7.2. Analysis of credit quality of Islamic financing receivables is as follows:

As at 30 June 2026				
	Stage 1	Stage 2	Stage 3	Total
Carrying amount before ECL	778,056,330	134,990,074	86,943,752	999,990,156
ECL	5,310,471	3,666,811	26,267,832	35,245,114
%	0.68%	2.71%	30.21%	3.52%

As at 31 December 2025				
	Stage 1	Stage 2	Stage 3	Total
Carrying amount before ECL	837,774,701	87,705,174	116,912,079	1,042,391,954
ECL	3,953,171	850,825	13,882,342	18,686,338
%	0.47%	0.97%	11.87%	1.79%

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

	Note	For the six-month period ended 30 June 2026 (Unaudited)	For the year ended 31 December 2025 (Audited)
Balance at beginning of the period / year		18,686,338	15,712,357
Provided during the period / year		29,176,213	29,504,162
Written off during the period / year	7.4	(12,617,437)	(26,530,181)
Balance at the end of the period / year		35,245,114	18,686,338

7.4. During the period, a write-off of gross investment in Islamic financing receivable amounting to SR 14.2 million (31 December 2025: SR 29.9 million) for certain customers with an existing provision of SR 12.6 million (31 December 2025: SR 26.5 million). These amounts are subject to enforcement activities.

7.5. The Company's Islamic financing arrangements do not include variable payments.

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

8. INVESTMENT CARRIED AT AMORTIZED COST

	Note	For the six-month period ended 30 June 2026 (Unaudited)	For the year ended 31 December 2025 (Audited)
Financial assets carried at amortized cost - unsecured			
Gross investment		14,758,649	69,990,250
Additions during the period / year		-	45,865,575
Income recognized in profit or loss during the period / year		19,092	4,540,761
Written off during the period / year	8.3	(5,705,277)	(521,776)
Matured during the period / year		(5,029,315)	(105,116,161)
		4,043,149	14,758,649
Less: Provision for impairment		(2,390,640)	(1,628,188)
Net investment carried at amortized cost		1,652,509	13,130,461

The Company has invested in financing opportunities offered through Lendo, a Shariah-compliant debt crowdfunding platform licensed by 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.

ALRAEDAH FINANCE COMPANY
(A Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2026
(All amounts in Saudi Riyals unless otherwise stated)

8. INVESTMENT CARRIED AT AMORTIZED COST (CONTINUED)

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

	As at 30 June 2026			
	Stage 1	Stage 2	Stage 3	Total
Carrying amount before ECL	-	-	4,043,149	4,043,149
ECL	-	-	2,390,640	2,390,640
%	-	-	59.12%	59.12%

	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%

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

	Note	For the six-month period ended 30 June 2026 (Unaudited)	For the year ended 31 December 2025 (Audited)
Balance at the beginning of the period / year		1,628,188	63,124
Provided during the period / year		6,467,729	2,086,840
Written off during the period / year	8.3	(5,705,277)	(521,776)
Balance at the end of the period / year		2,390,640	1,628,188

8.3. During the period, a write-off of gross investment in investment carried at amortized cost amounting to SR 5.7 million (31 December 2025: SR 0.5 million) for certain customers with an existing provision of SR 5.7 million (31 December 2025: SR 0.1 million). These amounts are subject to enforcement activities.

9. 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.

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 lease arrangement is non-binding in nature, and either party may terminate the agreement at any time without significant penalty. As such, the contractual term does not necessarily represent the enforceable period of the lease.

ALRAEDAH FINANCE COMPANY
(A Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2026
(All amounts in Saudi Riyals unless otherwise stated)

10. SHARE CAPITAL

The Company's issued, 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:

Shareholder	30 June 2026		
	Holding %	No. of Shares	Amount (SR)
Alraedah Digital Holding Company	100	15,000,000	150,000,000

Shareholders	31 December 2025		
	Holding %	No. of Shares	Amount (SR)
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

Effective 01 February 2026, the Company's ownership structure was reorganized as part of an internal group restructuring. The shares previously held by Mr. Abdullah Al Dawood (99%) and Alraedah Investment Company (1%) were transferred to Alraedah Digital Holding Company, resulting in Alraedah Digital Holding Company becoming the sole shareholder of the Company.

The transaction represents a reorganization within the Group and did not result in a change in the ultimate controlling party. Accordingly, the transfer is considered a common control transaction. The change affected only the Company's legal ownership structure and did not impact its operations, assets, liabilities, or financial position.

11. PROVISION FOR ZAKAT

The movement in the provision for zakat is as follows:

	For the six-month period ended 30 June 2026 (Unaudited)	For the year ended 31 December 2025 (Audited)
Balance at the beginning of the period / year	5,644,487	9,075,185
Provided during the period / year	2,328,149	5,840,931
Payment during the period / year	(5,717,171)	(9,271,629)
Balance at the end of the period / year	2,255,465	5,644,487

Status of Assessments

The Company duly submitted its zakat returns for the previous periods and has not received any assessment from ZATCA. The Company has submitted its Zakat declaration to ZATCA for the year ended 31 December 2025 and has obtained the certificate valid until 23 Dhu'l-Qi'dah 1448H corresponding to 30 April 2027.

12. FINANCIAL FACILITIES

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

	Notes	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Murabaha financing	12.3, 12.4	590,163,115	586,335,946
Musharakah financing		161,700,652	204,801,009
Below market rate financing	12.2	81,013,544	88,855,359
		832,877,311	879,992,314

ALRAEDAH FINANCE COMPANY
(A Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2026
(All amounts in Saudi Riyals unless otherwise stated)

12. FINANCIAL FACILITIES (CONTINUED)

12.1. Maturity profile – long term

	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Current portion	330,128,714	347,631,664
Non-current portion	502,748,597	532,360,650
	832,877,311	879,992,314

- 12.2.** 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 borrowings carry profit rates that are 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 recognized, 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 the period, the company made payments amounting to SR 9.4 million.
- 12.3.** During the period, the Company entered into a financial facility agreement with Small & Medium Enterprises Bank (“SME Bank”) and subsequently obtained financing amounting to SR 200 million. The facility carries a profit rate at prevailing market rates and is secured by an assignment of receivables. During the period, the company made payments amounting to SR 3.2 million.
- 12.4.** The Company has obtained financing facilities amounting to SR 120.8 million from local Islamic banks to support its working capital requirements. These facilities bear finance costs at prevailing market rates. The facilities are secured by an assignment of receivables. During the period, the company made payments amounting to SR 19.3 million.
- 12.5.** Furthermore, management has assessed the Company’s liquidity position and available funding sources and concluded that the Company is able to meet its obligations as they fall due.
- 12.6.** During the period, 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.

13. FINANCE COST

	For the six-month period ended	
	30 June 2026 (Unaudited)	30 June 2025 (Unaudited)
Islamic financial facilities:		
- Murabaha	20,812,103	19,027,270
- Musharakah	7,626,323	9,407,301
- Below market rate financing	3,269,052	2,404,799
Lease liabilities	388,939	158,401
Bank charges	166,861	130,414
	32,263,278	31,128,185

14. IMPAIRMENT LOSSES ON FINANCIAL ASSETS

		For the six-month period ended	
	Note	30 June 2026 (Unaudited)	30 June 2025 (Unaudited)
Impairment loss on Islamic financing receivables	7.3	29,176,213	9,496,022
Impairment on investment carried at amortized cost	8.2	6,467,729	-
Impairment loss on balances due from related parties	6.2	133,348	-
		35,777,290	9,496,022

ALRAEDAH FINANCE COMPANY
(A Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2026
(All amounts in Saudi Riyals unless otherwise stated)

15. GAIN ON DERECOGNITION OF FINANCIAL ASSET

During the period, the Company entered into a termination arrangement relating to finance facilities previously granted to its financing customer. The termination arrangement involved a third-party acquiring assets of the financing customer, resulting in the Company receiving cash consideration of SR 33.5 million under the arrangement, compared with the carrying amount of the related finance receivable at that date of SR 16.4 million. Consequently, the Company recognized a net gain of SR 17.1 million on termination, after considering related expected credit loss allowance, within profit or loss for the period ended 30 June 2026.

Upon receipt of the agreed termination amount, all guarantees and asset encumbrances were released, and the Company no longer retained any contractual rights to receive future cash flows from the financing customer. Accordingly, the related finance receivable was derecognized in accordance with IFRS 9 as the contractual rights to the cash flows expired.

16. OTHER INCOME

	Note	For the six-month period ended	
		30 June 2026 (Unaudited)	30 June 2025 (Unaudited)
Write-off recoveries		9,122,816	1,608,137
Agency fee income	18	1,775,124	1,775,124
Facility fees from fiduciary activities	18	713,097	889,904
Government grant income	12.2	794,524	932,017
Income from investment held at fair value through profit or loss		180,780	235,995
Loss on fair valuation of financial assets		(424,801)	1,180,334
Others		167,011	499,009
		12,328,551	7,120,520

17. FAIR VALUES OF FINANCIAL INSTRUMENTS

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

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

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

30 June 2026 (Unaudited)		Fair value Level		
	1	2	3	Total
FINANCIAL ASSET				
FVOCI designated				
Investment carried at FVOCI	-	-	892,850	892,850
FVTPL				
Investment held at fair value through profit or loss	-	-	4,067,381	4,067,381
31 December 2025 (Audited)		Fair value Level		
	1	2	3	Total
FINANCIAL ASSET				
FVOCI designated				
Investment carried at FVOCI	-	-	892,850	892,850
FVTPL				
Investment held at fair value through profit or loss	-	-	5,025,995	5,025,995

ALRAEDAH FINANCE COMPANY
(A Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2026
(All amounts in Saudi Riyals unless otherwise stated)

17. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

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

Financial assets / financial liabilities	Valuation technique(s) and key input(s)	Source	Significant unobservable input(s)	Relationship and sensitivity of unobservable inputs to fair value
Investment carried at FVOCI	Cost	N/A	N/A	N/A
Investment held at FVTPL	Net Asset Value	Fund Manager Report	N/A	N/A

Investments classified at FVTPL are not quoted in active markets. Accordingly, their fair value is determined using valuation techniques that incorporate unobservable inputs. The valuation is based on the underlying financing assets held by the Fund, for which amortized cost is considered a reasonable proxy for fair value.

As a result, these investments are classified within Level 3 of the fair value hierarchy. There were no transfers between levels of the fair value hierarchy during the period.

18. ASSETS HELD UNDER FIDUCIARY CAPACITY

The funds of Alraedah Fund for Financing (the Fund), a closed-end fund managed by Saudi Kuwaiti Finance House (SKFH), are managed in a fiduciary capacity without risk or recourse to the Company. These financings are generated by the Company on behalf of SKFH and do not bear any credit risk to the Company. Accordingly, 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 144.8 million as at 30 June 2026; and
- The Fund's cash account amounting to SR 55.1 million as at 30 June 2026.

The Company also holds an investment in the Fund, which is measured at fair value through profit or loss. As of 30 June 2026, the fair value of this investment amounted to SR 4.1 million (31 December 2025: SR 5.03 million).

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.

19. CONTINGENCIES AND COMMITMENTS

Commitments

The Company has no material commitments as at 30 June 2026 and 31 December 2025.

Contingencies

The Company has no material contingencies as at 30 June 2026 and 31 December 2025.

20. SUBSEQUENT EVENTS

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

21. DATE OF AUTHORIZATION FOR ISSUE

These interim condensed financial statements were approved and authorized for issue on 12 Safar 1448H (corresponding to 27 July 2026) by the Board of Directors of the Company.