

**RAYA FINANCING COMPANY  
(A SINGLE SHAREHOLDER SAUDI CLOSED  
JOINT STOCK COMPANY)**

**CONDENSED INTERIM FINANCIAL  
INFORMATION (UNAUDITED)  
FOR THE THREE-MONTH PERIOD ENDED  
31 MARCH 2022  
AND REPORT ON REVIEW OF INTERIM  
FINANCIAL INFORMATION**

**RAYA FINANCING COMPANY  
(A Single Shareholder Saudi Closed Joint Stock Company)  
CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022**

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## *Report on review of interim financial information*

To the shareholders of Raya Financing Company:  
(A Single Shareholder Saudi Closed Joint Stock Company)

### **Introduction**

We have reviewed the accompanying condensed interim statement of financial position of Raya Financing Company as of 31 March 2022 and the related condensed statements of comprehensive income, changes in equity and cash flows for the three-month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Accounting Standard 34 - "Interim Financial Reporting" (IAS 34), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

### **Scope of review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity", as endorsed in the Kingdom of Saudi Arabia. A review of interim financial information 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, as endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

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

**PricewaterhouseCoopers**

A handwritten signature in blue ink, appearing to read 'Ali H. Al Basri', is written over a circular stamp or seal.

Ali H. Al Basri  
License Number 409

28 April 2022

**RAYA FINANCING COMPANY**  
**(A Single Shareholder Saudi Closed Joint Stock Company)**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
(All amounts in Saudi Riyals unless otherwise stated)

	Note	As at 31 March 2022 <u>(Unaudited)</u>	As at 31 December 2021 <u>(Audited)</u>
<b>Assets</b>			
Cash and cash equivalents	6	<b>145,069,308</b>	143,553,351
Prepayment and other receivables	5	<b>18,001,789</b>	11,479,196
Net investment in finance leases	3	<b>280,702,370</b>	292,064,061
Net investment in murabaha finance	4	<b>118,446,521</b>	113,274,294
Right-of-use assets		<b>3,505,574</b>	2,554,960
Property and equipment		<b>774,901</b>	818,971
Intangible assets		<b>3,623,086</b>	3,980,793
Financial asset at fair value through other comprehensive income		<b>892,850</b>	892,850
<b>Total assets</b>		<b><u>571,016,399</u></b>	<u>568,618,476</u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	1	<b>230,000,000</b>	230,000,000
Accumulated losses		<b>(20,144,512)</b>	(14,331,149)
<b>Total equity</b>		<b><u>209,855,488</u></b>	<u>215,668,851</u>
<b>Liabilities</b>			
Accounts payable	9	<b>86,781,984</b>	65,442,170
Accrued and other liabilities	8	<b>17,868,772</b>	16,735,917
Zakat payable	10	<b>3,540,121</b>	2,835,779
Long-term borrowings	7	<b>246,515,404</b>	262,413,111
Lease liabilities		<b>3,734,755</b>	2,775,624
Employee benefit obligations		<b>2,719,875</b>	2,747,024
<b>Total liabilities</b>		<b><u>361,160,911</u></b>	<u>352,949,625</u>
<b>Total equity and liabilities</b>		<b><u>571,016,399</u></b>	<u>568,618,476</u>

The accompanying notes from 1 to 11 form an integral part of this condensed interim financial information.

**RAYA FINANCING COMPANY**  
**(A Single Shareholder Saudi Closed Joint Stock Company)**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME**  
(All amounts in Saudi Riyals unless otherwise stated)

	Note	For the three-month period ended 31 March	
		2022 (Unaudited)	2021 (Unaudited)
<b>Income</b>			
Finance revenue		<b>13,275,830</b>	11,952,481
Commission income		<b>135,261</b>	795,899
		<b>13,411,091</b>	12,748,380
<b>Expenses</b>			
Provision for expected credit losses ("ECL") on financial assets	3, 4	<b>(6,801,892)</b>	649,187
Insurance and other cost of financed vehicles		<b>(3,230,526)</b>	(2,969,336)
Salaries and employee related expenses		<b>(4,788,575)</b>	(4,756,581)
Depreciation and amortization		<b>(525,173)</b>	(578,950)
Loss on modification of finance lease and murabaha finance receivables, net of grant income		-	(2,475,936)
Finance cost		<b>(1,424,763)</b>	(1,768,356)
Other expenses		<b>(1,749,183)</b>	(1,779,103)
<b>Loss before zakat</b>		<b>(5,109,021)</b>	(930,695)
Zakat expense		<b>(704,342)</b>	(417,838)
<b>Loss for the period</b>		<b>(5,813,363)</b>	(1,348,533)
Other comprehensive income		-	-
<b>Total comprehensive loss for the period</b>		<b>(5,813,363)</b>	(1,348,533)

The accompanying notes from 1 to 11 form an integral part of this condensed interim financial information.

**RAYA FINANCING COMPANY**  
**(A Single Shareholder Saudi Closed Joint Stock Company)**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**  
(All amounts in Saudi Riyals unless otherwise stated)

	<b>Share capital</b>	<b>Accumulated losses</b>	<b>Total</b>
Balance at 31 December 2021 - audited	<b>230,000,000</b>	<b>(14,331,149)</b>	<b>215,668,851</b>
Loss for the period	-	(5,813,363)	<b>(5,813,363)</b>
Other comprehensive income	-	-	-
Total comprehensive loss for the period	-	(5,813,363)	<b>(5,813,363)</b>
<b>Balance at 31 March 2022 - unaudited</b>	<b>230,000,000</b>	<b>(20,144,512)</b>	<b>209,855,488</b>
Balance at 31 December 2020 - audited	150,000,000	(29,848,470)	120,151,530
Loss for the period	-	(1,348,533)	(1,348,533)
Other comprehensive income	-	-	-
Total comprehensive loss for the period	-	(1,348,533)	(1,348,533)
<b>Balance at 31 March 2021 - unaudited</b>	<b>150,000,000</b>	<b>(31,197,003)</b>	<b>118,802,997</b>

The accompanying notes from 1 to 11 form an integral part of this condensed interim financial information.

**RAYA FINANCING COMPANY**  
**(A Single Shareholder Saudi Closed Joint Stock Company)**  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS**  
(All amounts in Saudi Riyals unless otherwise stated)

	Note	For the three-month period ended 31 March	
		2022 (Unaudited)	2021 (Unaudited)
<b>Cash flows from operating activities</b>			
Loss before zakat		<b>(5,109,021)</b>	(930,695)
<u>Adjustments for</u>			
Provision for ECL on financial assets	3, 4	<b>6,801,892</b>	(649,187)
Depreciation		<b>167,466</b>	221,244
Amortization		<b>357,707</b>	357,706
Finance costs		<b>1,424,763</b>	1,768,356
Employee benefit obligations		<b>(27,149)</b>	(472,981)
Loss on modification of finance lease and murabaha finance receivables, net of grant income		-	2,475,936
<u>Changes in working capital</u>			
Net investment in finance leases and murabaha finance		<b>(612,428)</b>	(34,112,903)
Prepayments and other receivables		<b>(6,522,593)</b>	(2,470,144)
Accounts payable		<b>21,339,814</b>	(18,535,835)
Accrued and other liabilities		<b>1,058,782</b>	1,361,520
<b>Net cash generated from (used in) operating activities</b>		<b>18,879,233</b>	(50,986,983)
<b>Cash flows from investing activity</b>			
Additions to property and equipment		<b>(24,433)</b>	(345,551)
<b>Cash flows from financing activities</b>			
Proceeds from long-term borrowings	7	<b>3,120,568</b>	12,000,000
Repayment of long-term borrowings		<b>(19,383,502)</b>	(12,710,463)
Interest paid on long-term borrowings		<b>(930,853)</b>	(1,165,942)
Finance lease liabilities paid		<b>(145,056)</b>	(208,302)
<b>Net cash used in financing activities</b>		<b>(17,338,843)</b>	(2,084,707)
<b>Net change in cash and cash equivalents</b>		<b>1,515,957</b>	(53,417,241)
Cash and cash equivalents at beginning of period		<b>143,553,351</b>	148,452,810
<b>Cash and cash equivalents at end of period</b>		<b>145,069,308</b>	95,035,569

The accompanying notes from 1 to 11 form an integral part of this condensed interim financial information.

**RAYA FINANCING COMPANY**  
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**Notes to the condensed interim financial information**  
**For the three-month period ended 31 March 2022 (Unaudited)**  
(All amounts in Saudi Riyals unless otherwise stated)

**1 General information**

Raya Financing Company (the “Company”) is a Saudi closed joint stock company, registered in the Kingdom of Saudi Arabia under the commercial registration number 2050104609 issued in Dammam on 8 Rabi II 1436H (28 January 2015) and operating under the Saudi Central Bank (SAMA) approval number 351000153064 dated 25 Dhul Hijjah 1435H (19 October 2014). The Company has obtained the license from SAMA to conduct finance leasing activities on 14 Jumada II 1437H (23 March 2016). The registered address of the Company is P.O. Box 336, Dammam 31411, Kingdom of Saudi Arabia.

The Company is controlled by Al Majdouie Motors Company Limited (the “Parent Company”), a limited liability company registered in the Kingdom of Saudi Arabia. The Parent Company is effectively owned by Ali Ibrahim Saleh Al Majdouie Company (the ‘Ultimate Parent Company’), which is ultimately controlled by Sheikh Ali Ibrahim Saleh Al Majdouie.

Until 31 December 2021, the Company was owned 68% by the Parent Company and 32% by certain other entities (Other Shareholders) of Al Majdouie group. During 2021, the shareholders of the Company unanimously resolved that 100% of the issued shares in the Company to be owned by the Parent Company. Accordingly, the Other Shareholders transferred their respective shareholding in the Company to the Parent Company. Legal formalities for such transfer were completed during the three-month period ended 31 March 2022.

**2 Basis of preparation**

The condensed interim financial information of the Company as at and for the three-month period ended 31 March 2022 has been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting (IAS 34), as endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organisation for Chartered and Professional Accountants (SOCPA).

The condensed interim financial information does not include all information and disclosures required in the annual audited financial statements and should be read in conjunction with the annual audited financial statements for the year ended 31 December 2021.

The principal accounting policies applied in the preparation of condensed interim financial information of the Company are consistent with those of the previous financial year and corresponding interim reporting period.

**2.1 New and amended standards**

A number of new or amended standards became applicable for the current reporting period. The Company did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2022 reporting periods and have not been early adopted by the Company. These standards are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.



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**Notes to the condensed interim financial information**  
**For the three-month period ended 31 March 2022 (Unaudited)**  
(All amounts in Saudi Riyals unless otherwise stated)

**3 Net investment in finance leases**

Reconciliation between gross and net investment in finance leases is as follows:

	<b>31 March 2022</b>	<b>31 December 2021</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Gross investment in finance leases	<b>370,535,421</b>	381,482,167
Unearned finance income	<b>(74,035,700)</b>	(76,308,994)
Present value of minimum lease payments receivable	<b>296,499,721</b>	305,173,173
Provision for ECL of lease receivables	<b>(15,797,351)</b>	(13,109,112)
Net investment in finance leases	<b>280,702,370</b>	292,064,061
Net investment in finance leases - non-current portion	<b>(168,286,483)</b>	(175,010,171)
Net investment in finance leases - current portion	<b>112,415,887</b>	117,053,890

The movement in provision for ECL on lease receivables is as follows:

	<b>31 March 2022</b>	<b>31 December 2021</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Opening balance	<b>13,109,112</b>	9,403,101
Charge for the period / year	<b>2,688,239</b>	5,123,554
Amounts written-off	-	(1,417,543)
Closing balance	<b>15,797,351</b>	13,109,112

**4 Net investment in murabaha finance**

Reconciliation between gross and net murabaha finance is as follows:

	<b>31 March 2022</b>	<b>31 December 2021</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Gross investment in murabaha finance	<b>144,350,892</b>	133,344,598
Unearned murabaha finance income	<b>(18,251,469)</b>	(16,531,055)
	<b>126,099,423</b>	116,813,543
Provision for ECL	<b>(7,652,902)</b>	(3,539,249)
Net investment in murabaha finance	<b>118,446,521</b>	113,274,294
Investment in murabaha finance - non-current portion	<b>(59,460,800)</b>	(57,396,208)
Investment in murabaha finance - current portion	<b>58,985,721</b>	55,878,086

The movement in provision for ECL on murabaha finance receivables is as follows:

	<b>31 March 2022</b>	<b>31 December 2021</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Opening balance	<b>3,539,249</b>	708,990
Charge for the period / year	<b>4,113,653</b>	2,830,259
Closing balance	<b>7,652,902</b>	3,539,249

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In accordance with the requirement of the applicable accounting framework, the management of the Company revisits all inputs and assumptions used for the determination of ECL on a periodic basis. During the three-month period ended 31 March 2022, the management of the Company has performed an exercise to update the probabilities of default (PD) calculation and certain inputs and assumptions used for the determination of ECL. The adjustments primarily represent updates to the PD, which are based on recovery patterns of the Company's receivable balances under its financing portfolio, and other macroeconomic factors.

**5 Prepayments and other receivables**

	Note	<b>31 March 2022</b>	<b>31 December 2021</b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
Prepayments		<b>3,094,102</b>	4,820,478
Advances to suppliers		<b>7,406,850</b>	1,814,989
Advances to a related party	9	<b>1,454,891</b>	1,454,891
Repossessed assets held for resale		<b>1,130,940</b>	1,279,253
Insurance claims		<b>2,017,564</b>	1,211,028
Other		<b>2,897,442</b>	898,557
		<b>18,001,789</b>	11,479,196

**6 Cash and cash equivalents**

	<b>31 March 2022</b>	<b>31 December 2021</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Cash in hand	<b>48,289</b>	48,289
Cash at bank	<b>145,021,019</b>	143,505,062
	<b>145,069,308</b>	143,553,351

**7 Long-term borrowings**

	<b>31 March 2022</b>	<b>31 December 2021</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Murabaha facilities	<b>127,566,667</b>	136,915,762
Government bank loan	<b>78,118,391</b>	88,151,895
Payable to SAMA	<b>40,563,387</b>	37,021,179
Accrued finance cost	<b>266,959</b>	324,275
	<b>246,515,404</b>	262,413,111

Classification of borrowings is presented below:

Current portion	<b>103,203,129</b>	98,315,829
Non-current portion	<b>143,312,275</b>	164,097,282
	<b>246,515,404</b>	262,413,111

**7.1 Payable to SAMA**

During three-month period ended 31 March 2022, the Company has received interest free deposit amounting to Saudi Riyals 3.1 million.

**RAYA FINANCING COMPANY**  
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**8 Accrued and other liabilities**

	<b>31 March 2022</b>	<b>31 December 2021</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Advance from customers	<b>9,065,261</b>	7,913,660
Accrued expenses	<b>6,295,870</b>	7,519,089
Value Added Tax payable	<b>2,040,154</b>	1,044,870
Net servicing liability under agency agreement	<b>467,487</b>	258,298
	<b>17,868,772</b>	16,735,917

**9 Related party transactions and balances**

**9.1 Significant transactions with related parties in the ordinary course of business during the period were as follows:**

Nature of transaction	Relationship	For the three-month period ended 31 March	
		<b>2022</b>	<b>2021</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
Purchases of motor vehicles	Shareholder	<b>22,783,489</b>	35,171,174
Commission income on lease of motor vehicles	Shareholder	<b>135,261</b>	795,899
Lease payments	Affiliate	<b>123,056</b>	106,156
<b>Key management personnel</b>			
Key management compensation		<b>524,803</b>	434,946
Employee benefit obligations		<b>11,707</b>	21,888
Board of Directors fees		-	17,000

**9.2 Accounts payable include the following amounts due to related parties:**

	<b>31 March 2022</b>	<b>31 December 2021</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Al Majdouie Motors Company Limited (“Motors”) - shareholder	<b>71,106,062</b>	48,630,108
Al Majdouie Holding Company Limited - intermediate parent company	<b>80,789</b>	77,469
Arjaa Travel and Tourism Company	<b>2,530</b>	24,850
Arsal Operation and Maintenance Company	<b>10,235</b>	16,527
Al Majdouie Logistics Company Limited	<b>1,002</b>	2,275
	<b>71,200,618</b>	48,751,229

**9.3 Advances to a related party**

Advances to a related party at 31 March 2022 and 31 December 2021, represent advances given to Al Majdouie Manufacturing Company.

**RAYA FINANCING COMPANY**  
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(All amounts in Saudi Riyals unless otherwise stated)

**10 Zakat payable**

	<b>31 March 2022</b>	<b>31 December 2021</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Opening balance	<b>2,835,779</b>	1,216,458
Provision for the period / year	<b>704,342</b>	2,835,779
Adjustment for prior period / year	-	(437,343)
Payments	-	(779,115)
Closing balance	<b>3,540,121</b>	2,835,779

**11 Date of authorization of issue**

The accompanying condensed interim financial information was authorized for issue by the Company's Board of Directors on 28 April 2022.