

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

**CONDENSED INTERIM FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE-MONTH AND SIX-MONTH
PERIODS ENDED
30 JUNE 2025**

RAYA FINANCING COMPANY
(A SINGLE SHAREHOLDER SAUDI CLOSED JOINT STOCK COMPANY)
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025

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KPMG Professional Services Company

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P.O. Box 4803
Al Khobar, 34412 - 3146
Kingdom of Saudi Arabia
Commercial Registration No 2051062328

Headquarters in Riyadh

شركة كي بي إم جي للاستشارات المهنية مساهمة مهنية

الطابق ١٦، برج البرعش
٦١٨٩ طريق الأمير تركي، الكورنيش
ص.ب ٤٨٠٣
الخبير ٣١٤٦ - ٣٤٤١٢
المملكة العربية السعودية
سجل تجاري رقم ٢٠٥١٠٦٢٣٢٨

المركز الرئيسي في الرياض

Independent auditor's report on review of condensed interim financial statements

To the Shareholder of Raya Financing Company

Introduction

We have reviewed the accompanying 30 June 2025 condensed interim financial statements of Raya Financing Company ("the Company"), which comprises:

- the condensed statement of financial position as at 30 June 2025;
- the condensed statements of profit or loss and other comprehensive income for the three-month and six-month periods ended 30 June 2025;
- the condensed statement of changes in shareholder's equity for the six-month period ended 30 June 2025;
- the condensed statement of cash flows for the six-month period ended 30 June 2025; and
- the notes to the condensed interim financial statements.

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

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 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 condensed 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 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.

KPMG Professional Services Company, a professional closed joint stock company registered in the Kingdom of Saudi Arabia with a paid-up capital of SAR110,000,000 and a non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. Commercial Registration of the headquarters in Riyadh is 1010425494.

شركة كي بي إم جي للاستشارات المهنية مساهمة مهنية، شركة مهنية مساهمة مغلقة، مسجلة في المملكة العربية السعودية، رأس مالها (١١٠,٠٠٠,٠٠٠) ريال سعودي مدفوع بالكامل، وهي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والتابعة لـ كي بي إم جي العالمية المحدودة، شركة انجليزية محدودة بضمان. رقم السجل التجاري للمركز الرئيسي في الرياض هو ١٠١٠٤٢٥٤٩٤.

Independent auditor's report on review of condensed interim financial statements

To the Shareholder of Raya Financing Company (Continued)

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 June 2025 condensed interim financial statements of Raya Financing Company are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in Kingdom of Saudi Arabia.

KPMG Professional Services Company



Mohammed Najeeb Alkhelaiwi
License No: 481




Al Khobar, 24 July 2025G
Corresponding to: 29 Muharram 1447H

RAYA FINANCING COMPANY
(A SINGLE SHAREHOLDER SAUDI CLOSED JOINT STOCK COMPANY)
CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2025
(Expressed in Saudi Riyals)

	Notes	30 June 2025 (Unaudited)	31 December 2024 (Audited)
ASSETS			
Cash and cash equivalents	3	115,299,200	27,629,604
Prepayments and other current assets	4	18,387,208	33,664,484
Net investment in finance leases	5	1,889,245,461	1,791,589,649
Net investment in Murabaha finance	6	107,960,949	116,142,701
Net servicing asset on securitization	16	86,991,687	-
Right-of-use assets		8,755,456	6,019,822
Property and equipment		9,354,872	5,765,243
Intangible assets		555,582	752,209
Financial assets at fair value through other comprehensive income		892,850	892,850
TOTAL ASSETS		2,237,443,265	1,982,456,562
SHAREHOLDER'S EQUITY AND LIABILITIES			
SHAREHOLDER'S EQUITY			
Share capital	1	330,000,000	330,000,000
Retained earnings		39,272,003	4,944,688
TOTAL SHAREHOLDER'S EQUITY		369,272,003	334,944,688
LIABILITIES			
Accounts payable	8	177,509,602	267,108,414
Accrued expenses and other current liabilities	9	64,550,578	53,091,917
Provision for Zakat	10	10,951,999	6,252,090
Borrowings	11	1,601,162,230	1,310,539,165
Lease liabilities		9,125,787	6,456,656
Employees' end of service benefits		4,871,066	4,063,632
TOTAL LIABILITIES		1,868,171,262	1,647,511,874
TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES		2,237,443,265	1,982,456,562

These financial statements appearing on pages 1 to 16 were approved by the Board of Directors on 29 Muharram 1447H corresponding to 24 July 2025G and have been signed on their behalf by:


Abdullah Ali Almajdouie
Chairman


Adel Saleh Alhōwar
Chief Executive Officer


Mohammed Maghrabi
Chief Financial Officer

The accompanying notes from 1 to 19 appearing on pages 5 to 16 form an integral part of these condensed interim financial statements.

RAYA FINANCING COMPANY

(A SINGLE SHAREHOLDER SAUDI CLOSED JOINT STOCK COMPANY)

**CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025**

(Expressed in Saudi Riyals)

	For the three- month period ended 30 June 2025 (Unaudited)	For the three- month period ended 30 June 2024 (Unaudited)	For the six- month period ended 30 June 2025 (Unaudited)	For the six- month period ended 30 June 2024 (Unaudited)
INCOME				
Finance lease income (Note 12)	68,525,478	43,315,493	139,165,324	80,083,502
Commission income	19,054,409	12,257,044	37,692,769	22,916,498
Gain on securitization	14,681,942	-	24,069,512	-
Total income	102,261,829	55,572,537	200,927,605	103,000,000
EXPENSES				
Provision for Expected Credit Losses ("ECL") on financial assets (Note 5 & 6)	(8,493,802)	(4,141,242)	(11,743,603)	(10,007,519)
Insurance and other cost of financed vehicles	(26,161,534)	(15,413,554)	(51,471,130)	(29,299,495)
Finance cost	(26,079,160)	(13,073,154)	(51,480,585)	(23,333,291)
Salaries and employee related expenses	(15,210,900)	(10,638,573)	(29,209,167)	(20,195,201)
Depreciation and amortization	(1,119,377)	(738,715)	(2,074,250)	(1,466,066)
Other expenses (Note 13)	(5,365,058)	(6,007,696)	(9,848,805)	(8,968,172)
Total expenses	(82,429,831)	(50,012,934)	(155,827,540)	(93,269,744)
Profit before Zakat	19,831,998	5,559,603	45,100,065	9,730,256
Zakat expense (Note 10)	(6,387,696)	(788,249)	(10,772,750)	(1,003,261)
Profit for the period	13,444,302	4,771,354	34,327,315	8,726,995
Other comprehensive income				
<i>Items that will not be reclassified to profit or loss:</i>				
Re-measurement gain on defined benefit plans	-	-	-	-
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	13,444,302	4,771,354	34,327,315	8,726,995

The accompanying notes from 1 to 19 appearing on pages 5 to 16 form an integral part of these condensed interim financial statements.

RAYA FINANCING COMPANY
(A SINGLE SHAREHOLDER SAUDI CLOSED JOINT STOCK COMPANY)
CONDENSED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025
(Expressed in Saudi Riyals)

	Share capital	Retained earnings / (accumulated losses)	Total
Balance at 1 January 2025 (Audited)	330,000,000	4,944,688	334,944,688
Profit for the period (Unaudited)	-	34,327,315	34,327,315
Other comprehensive income (Unaudited)	-	-	-
Total comprehensive income for the period (Unaudited)	-	34,327,315	34,327,315
Balance at 30 June 2025 (Unaudited)	330,000,000	39,272,003	369,272,003
Balance at 1 January 2024 (Audited)	230,000,000	(18,301,467)	211,698,533
Increase in share capital	100,000,000	-	100,000,000
Profit for the period (Unaudited)	-	8,726,995	8,726,995
Other comprehensive income (Unaudited)	-	-	-
Total comprehensive income for the period (Unaudited)	100,000,000	8,726,995	108,726,995
Balance at 30 June 2024 (Unaudited)	330,000,000	(9,574,472)	320,425,528

The accompanying notes from 1 to 19 appearing on pages 5 to 16 form an integral part of these condensed interim financial statements.

RAYA FINANCING COMPANY
(A SINGLE SHAREHOLDER SAUDI CLOSED JOINT STOCK COMPANY)
CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025
(Expressed in Saudi Riyals)

		For the six-month period ended 30 June 2025 (Unaudited)	For the six-month period ended 30 June 2024 (Unaudited)
	Notes		
Cash flows from operating activities			
Profit before Zakat		45,100,065	9,730,256
<i>Adjustments for:</i>			
- Depreciation		1,877,623	1,122,880
- Provision for expected credit loss	5 & 6	11,743,603	10,007,519
- Amortization		196,627	343,186
- Finance cost		51,480,585	23,333,291
- Gain on derecognition of right-of-use assets		(5,128)	-
- Employees' end of service benefits		807,434	199,012
- Gain on securitization		(24,069,512)	-
<i>Changes in working capital:</i>			
- Net investment in finance lease		(696,431,362)	(389,821,094)
- Cash received on sale of finance lease receivables		548,750,000	-
- Prepayments and other current assets		(1,181,200)	(18,654,469)
- Accounts payable		(89,598,812)	10,195,797
- Accrued expenses and other current liabilities		10,991,681	(2,632,619)
Cash used in operating activities		(140,338,396)	(356,176,241)
Zakat paid	10	(6,072,841)	(1,599,658)
Net cash used in operating activities		(146,411,237)	(357,775,899)
Cash flows from investing activities			
Purchase of property and equipment		(4,555,601)	(1,342,817)
Addition to software under development		(145,131)	-
Net cash used in investing activities		(4,700,732)	(1,342,817)
Cash flows from financing activities			
Proceeds from long-term borrowings	11	445,000,000	392,500,000
Repayment of long-term borrowings	11	(156,239,601)	(76,146,472)
Interest paid on long term borrowings		(48,909,337)	(19,064,806)
Proceeds from increase in share capital		-	100,000,000
Repayment of lease liabilities		(1,069,497)	(825,600)
Net cash from financing activities		238,781,565	396,463,122
Net change in cash and cash equivalents		87,669,596	37,344,406
Cash and cash equivalents at beginning of the period		27,629,604	3,807,756
Cash and cash equivalent at end of the period	3	115,299,200	41,152,162

SUPPLEMENTARY INFORMATION

Non-cash transactions:

Right of use assets recorded against lease liabilities	3,589,539	1,531,933
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The accompanying notes from 1 to 19 appearing on pages 5 to 16 form an integral part of these condensed interim financial statements.

RAYA FINANCING COMPANY
(A SINGLE SHAREHOLDER SAUDI CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025
(Expressed in Saudi Riyals)

1. CORPORATE INFORMATION

Raya Financing Company (the “Company”) is a Single Shareholder Saudi Closed Joint Stock Company, registered in the Kingdom of Saudi Arabia under the Commercial Registration (“CR”) 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). Further, the Company received no objection certificate from SAMA to conduct Murabaha finance business in the Kingdom of Saudi Arabia during 2019. The registered address of the Company is P.O. Box 336, Dammam 31411, Kingdom of Saudi Arabia.

The Company is owned 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.

As at 30 June 2025 the issued, subscribed and paid-up capital of the Company comprised 33 million shares (31 December 2024: 33 million shares) of Saudi Riyals 10 each held as follows;

<u>Party Name</u>	<u>Country of Incorporation</u>	<u>Shareholding %</u>	
		<u>30 June 2025</u>	<u>31 December 2024</u>
Al Majdouie Motors Company Limited	Saudi Arabia	100%	100%
		<u>Shareholding in Saudi Riyals</u>	
		<u>30 June 2025</u>	<u>31 December 2024</u>
		330,000,000	330,000,000

During the year ended 31 December 2024, the shareholder resolved to increase the Company’s share capital from 23 million shares to 33 million shares of Saudi Riyals 10 each.

These financial statements include the operations of the Company and its following branches:

<u>Location</u>	<u>Commercial registration number</u>
Riyadh	1010610746
Dammam	2050104609
Jeddah	4030296155

2. BASIS OF PREPARATION, MATERIAL ACCOUNTING POLICIES AND ESTIMATES

2.1 Statement of compliance

These condensed interim financial statements (“Interim Financial Statements”) have been prepared in accordance with IAS 34 “Interim Financial Reporting” that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants (“SOCPA”), and should be read in conjunction with the Company’s last annual financial statements as at and for the year ended 31 December 2024 (“Last Annual Financial Statements”). These condensed interim financial statements do not include all of the information required for a complete set of IFRS financial statements; however, changes in accounting policies and selected explanatory notes (if any) are included to explain events and transactions that are significant to an understanding of the changes in the Company’s financial position and performance since the last annual financial statements.

2.2 Historical cost convention

These condensed interim financial statements have been prepared on a historical cost basis, using going concern assumption, except for investment which is measured at fair value and employees’ end of service benefits which is measured at projected unit credit method.

RAYA FINANCING COMPANY
(A SINGLE SHAREHOLDER SAUDI CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025
(Expressed in Saudi Riyals)

2. BASIS OF PREPARATION, MATERIAL ACCOUNTING POLICIES AND ESTIMATES (Continued)

2.3 Basis of presentation

The Company's statement of financial position is not presented using a current / non-current classification. However, the following balances would generally be classified as current: cash and cash equivalents, prepayment and other current assets, accounts payables, accrued expenses and other current liabilities and provision for Zakat. The following balances would generally be classified as non-current: property and equipment, intangible assets and employees' end of service benefits. The balances which are of mixed in nature, i.e. include both current and non-current portions, include net investment in finance leases, net investment in Murabaha finance, lease liabilities and borrowings.

2.4 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Company operates. These condensed interim financial statements are 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 Riyal, unless otherwise stated.

2.5 Significant accounting judgments, estimates and assumptions

In preparing these condensed interim financial statements, the significant judgments made by the management in applying the Company's material accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2024.

2.6 Standards, new pronouncements and interpretations:

a) New and revised standards with no material effect on the condensed financial statements.

The following new or revised standards adopted during the period which did not have significant impact on the condensed interim financial statements.:

- Classification of liabilities as Current or Non-Current and Non-current Liabilities with Covenants – Amendments to IAS 1 Presentation of Financial Statements;
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures – Supplier Finance Arrangements; and
- Lack of Exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates

The application of the revised IFRSs did not have any significant impact on the amounts reported for current and prior periods.

b) New and revised standards issued but not yet effective.

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's condensed interim financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

The Company's management decided not to choose the early adoption of the following new and amended standards and interpretations issued:

- Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures
- IFRS 18 Presentation and Disclosure in Financial Statements
- IFRS 19 Subsidiaries without Public Accountability: Disclosures
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures

The above-mentioned standards are not expected to have a significant impact on the Company's interim financial statements.

2.7 Material accounting policies

The material accounting policies used in the preparation of the condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2024.

RAYA FINANCING COMPANY
(A SINGLE SHAREHOLDER SAUDI CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025
(Expressed in Saudi Riyals)

3. CASH AND CASH EQUIVALENTS

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Cash at bank	115,148,743	27,474,604
Cash in hand	150,457	155,000
	115,299,200	27,629,604

4. PREPAYMENTS AND OTHER CURRENT ASSETS

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Prepaid expenses	11,020,934	24,585,420
Insurance claims	6,692,405	8,784,790
Advances to suppliers	604,996	20,419
Repossessed assets held for resale	29,405	53,101
Others	39,468	220,754
	18,387,208	33,664,484

5. NET INVESTMENT IN FINANCE LEASES

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Gross investment in finance lease	2,781,579,299	2,599,167,497
Less: Unearned lease finance income	(824,948,787)	(743,929,349)
Present Value (PV) of minimum lease payments receivable	1,956,630,512	1,855,238,148
Provision for expected credit loss on finance lease receivables (Note 5.2)	(67,385,051)	(63,648,499)
Net investment in finance leases	1,889,245,461	1,791,589,649
Due after one year	(1,592,655,866)	(1,492,395,895)
Due within one year	296,589,595	299,193,754

5.1 The maturity of the gross investment in finance leases as at 30 June 2025 is as follows:

	Gross investment in finance leases (Unaudited)	Unearned lease finance income (Unaudited)	PV of minimum lease payments (Unaudited)
Less than one year	554,494,193	238,236,854	316,257,339
Between one to two years	508,666,704	218,780,713	289,885,991
Between two to three years	485,493,599	172,563,901	312,929,698
Between three to four years	457,287,058	115,658,577	341,628,481
Between four to five years	775,637,745	79,708,742	695,929,003
	2,781,579,299	824,948,787	1,956,630,512

The maturity of the gross investment in finance leases as at 31 December 2024 is as follows:

	Gross investment in finance leases (Audited)	Unearned lease finance income (Audited)	PV of minimum lease payments (Audited)
Less than one year	536,346,327	221,032,487	315,313,840
Between one to two years	509,232,125	199,976,545	309,255,580
Between two to three years	467,533,755	157,166,148	310,367,607
Between three to four years	432,287,635	105,081,431	327,206,204
Between four to five years	653,767,655	60,672,738	593,094,917
	2,599,167,497	743,929,349	1,855,238,148

RAYA FINANCING COMPANY
(A SINGLE SHAREHOLDER SAUDI CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025
(Expressed in Saudi Riyals)

5. NET INVESTMENT IN FINANCE LEASES (Continued)

5.2 The movement in the expected credit loss of finance lease receivable was as follows:

	30 June 2025 (Unaudited)	31 December 2024 (Audited)	30 June 2024 (Unaudited)
Balance at the beginning of the period / year	63,648,499	35,220,903	35,220,903
Allowance for the period / year	9,777,075	32,520,748	10,574,818
Write-off during the period / year	(6,040,523)	(4,093,152)	(4,093,152)
Balance at the end of the period / year	67,385,051	63,648,499	41,702,569

5.3 Category wise movement in provision for expected credit loss on lease receivables is as follows:

	For the six-month period ended 30 June 2025			
2025 (Unaudited)	Performing	Under-performing	Non-performing	Total
Opening balance as at 1 January	41,026,996	6,934,330	15,687,173	63,648,499
Individual financial assets transferred to under-performing (lifetime expected credit losses)	(5,748,380)	10,786,791	(357,089)	4,681,322
Individual financial assets transferred to non-performing (credit-impaired financial assets)	(1,311,250)	(900,154)	13,263,138	11,051,734
Individual financial assets transferred to performing (12 month expected credit losses)	467,833	(2,559,041)	(535,160)	(2,626,368)
New financial assets originated	15,928,436	-	-	15,928,436
Collections / recoveries	(28,903,582)	(2,271,042)	(1,172,008)	(32,346,632)
Changes in assumptions	1,397,183	226,066	11,465,334	13,088,583
Write-off	-	-	(6,040,523)	(6,040,523)
Closing balance as at 30 June	22,857,236	12,216,950	32,310,865	67,385,051

	For the year ended 31 December 2024			
2024 (Audited)	Performing	Under-performing	Non-performing	Total
Opening balance as at 1 January	19,602,016	2,891,127	12,727,760	35,220,903
Individual financial assets transferred to under-performing (lifetime expected credit losses)	(5,128,316)	6,680,702	(342,782)	1,209,604
Individual financial assets transferred to non-performing (credit-impaired financial assets)	(4,695,771)	(437,602)	8,678,595	3,545,222
Individual financial assets transferred to performing (12-month expected credit losses)	392,522	(1,780,676)	(1,036,096)	(2,424,250)
New financial assets originated	37,243,209	-	-	37,243,209
Collections / recoveries	(6,557,291)	(419,221)	(3,034,274)	(10,010,786)
Changes in assumptions	170,627	-	2,787,122	2,957,749
Write-off	-	-	(4,093,152)	(4,093,152)
Closing balance as at 31 December	41,026,996	6,934,330	15,687,173	63,648,499

5.4 Category wise gross lease receivables are as follows:

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Performing	2,570,756,824	2,452,056,749
Under-performing	147,721,644	95,016,591
Non-performing	63,100,831	52,094,157
	2,781,579,299	2,599,167,497

RAYA FINANCING COMPANY
(A SINGLE SHAREHOLDER SAUDI CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025
(Expressed in Saudi Riyals)

5. NET INVESTMENT IN FINANCE LEASES (Continued)

5.5 Category wise movement in gross lease receivables is as follows:

<u>2025 (Unaudited)</u>	For the six-month period ended 30 June 2025			
	Performing	Under-performing	Non-performing	Total
Opening balance as at 1 January	2,452,056,749	95,016,591	52,094,157	2,599,167,497
Individual financial assets transferred to under-performing (lifetime expected credit losses)	(133,720,999)	135,489,919	(1,768,920)	-
Individual financial assets transferred to non -performing (credit-impaired financial assets)	(30,881,562)	(11,880,677)	42,762,239	-
Individual financial assets transferred to performing (12 month expected credit losses)	38,760,485	(36,142,065)	(2,618,420)	-
New financial assets originated	1,251,288,345	-	-	1,251,288,345
Collections / recoveries	(1,006,746,194)	(34,762,124)	(20,702,480)	(1,062,210,798)
Write-off	-	-	(6,665,745)	(6,665,745)
Closing balance as at 30 June	2,570,756,824	147,721,644	63,100,831	2,781,579,299

<u>2024 (Audited)</u>	For the year ended 31 December 2024			
	Performing	Under-performing	Non-performing	Total
Opening balance as at 1 January	1,039,265,106	42,914,943	37,646,500	1,119,826,549
Individual financial assets transferred to under-performing (lifetime expected credit losses)	(95,100,004)	96,779,886	(1,679,882)	-
Individual financial assets transferred to non -performing (credit-impaired financial assets)	(51,292,427)	(6,158,411)	57,450,838	-
Individual financial assets transferred to performing (12 month expected credit losses)	30,099,524	(24,958,022)	(5,141,502)	-
New financial assets originated	1,773,448,697	-	-	1,773,448,697
Write-off	-	-	(4,759,013)	(4,759,013)
Collections / recoveries	(244,364,147)	(13,561,805)	(31,422,784)	(289,348,736)
Closing balance as at 31 December	2,452,056,749	95,016,591	52,094,157	2,599,167,497

5.6 Category wise gross lease receivables net of expected credit loss provision is as follows:

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Performing	2,547,899,588	2,411,029,753
Under-performing	135,504,694	88,082,261
Non-performing	30,789,966	36,406,984
	2,714,194,248	2,535,518,998

6. NET INVESTMENT IN MURABAHA FINANCE

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Gross investment in Murabaha finance	131,243,607	146,603,919
Less: Unearned Murabaha finance income	(17,029,975)	(19,173,775)
Present Value (PV) of investment in Murabaha finance	114,213,632	127,430,144
Provision for expected credit loss on Murabaha finance receivables (Note 6.2)	(6,252,683)	(11,287,443)
Net investment in Murabaha finance	107,960,949	116,142,701
Due after one year	(45,755,190)	(51,572,442)
Due within one year	62,205,759	64,570,259

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6. NET INVESTMENT IN MURABAHA FINANCE (Continued)

6.1 The maturity of the gross investment in Murabaha finance as at 30 June 2025 is as follows:

	Gross investment in Murabaha Finance (Unaudited)	Unearned Murabaha finance income (Unaudited)	PV of investment in Murabaha Finance (Unaudited)
Less than one year	76,712,712	10,723,922	65,988,790
Between one to two years	39,433,782	5,103,675	34,330,107
Between two to three years	13,336,853	1,088,889	12,247,964
Between three to four years	1,575,960	104,632	1,471,328
Between four to five years	184,300	8,857	175,443
	131,243,607	17,029,975	114,213,632

The maturity of the gross investment in Murabaha finance as at 31 December 2024 is as follows:

	Gross investment in Murabaha Finance (Audited)	Unearned Murabaha finance income (Audited)	PV of investment in Murabaha Finance (Audited)
Less than one year	86,199,889	12,344,175	73,855,714
Between one to two years	43,499,195	5,335,021	38,164,174
Between two to three years	14,571,549	1,296,550	13,274,999
Between three to four years	2,079,502	188,670	1,890,832
Between four to five years	253,784	9,359	244,425
	146,603,919	19,173,775	127,430,144

6.2 The movement in the expected credit loss on net investment in Murabaha finance is as follows:

	30 June 2025 (Unaudited)	31 December 2024 (Audited)	30 June 2024 (Unaudited)
Balance at the beginning of the period / year	11,287,443	9,943,240	9,943,240
Allowance / (reversal) for the period / year	1,966,528	2,164,054	(567,299)
Write-off during the period / year	(7,001,288)	(819,851)	(819,851)
Balance at the end of the period / year	6,252,683	11,287,443	8,556,090

6.3 Category wise movement in provision for expected credit loss on Murabaha finance is as follows:

	For the six-month period ended 30 June 2025			
2025 (Unaudited)	Performing	Under-performing	Non-performing	Total
Opening balance as at 1 January	3,268,072	97,890	7,921,481	11,287,443
Individual financial assets transferred to under-performing (lifetime expected credit losses)	(136,610)	269,815	-	133,205
Individual financial assets transferred to non-performing (credit-impaired financial assets)	(107,439)	(10,418)	1,382,888	1,265,031
Individual financial assets transferred to performing (12 month expected credit losses)	17,394	-	(776,497)	(759,103)
New financial assets originated	1,091,721	-	-	1,091,721
Collections / recoveries	(686,123)	(11)	(34)	(686,168)
Changes in assumptions	639,429	109,477	172,936	921,842
Write-off	-	-	(7,001,288)	(7,001,288)
Closing balance as at 30 June	4,086,444	466,753	1,699,486	6,252,683

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6. NET INVESTMENT IN MURABAHA FINANCE (Continued)

<u>2024 (Audited)</u>	For the year ended 31 December 2024			
	Performing	Under-performing	Non-performing	Total
Opening balance as at 1 January	4,979,130	703,209	4,260,901	9,943,240
Individual financial assets transferred to under performing (lifetime expected credit losses)	(107,972)	95,865	(38,288)	(50,395)
Individual financial assets transferred to non-performing (credit-impaired financial assets)	(226,582)	(21,485)	827,562	579,495
Individual financial assets transferred to performing (12-month expected credit losses)	14,840	(673,915)	-	(659,075)
New financial assets originated	1,882,374	-	-	1,882,374
Collections / recoveries	(3,274,199)	(5,784)	(102,551)	(3,382,534)
Changes in assumptions	481	-	3,793,708	3,794,189
Write-off	-	-	(819,851)	(819,851)
Closing balance as at 31 December	3,268,072	97,890	7,921,481	11,287,443

6.4 Category wise gross investment in Murabaha finance are as follows:

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Performing	124,175,899	133,488,550
Under-performing	3,819,386	1,800,339
Non-performing	3,248,322	11,315,030
	131,243,607	146,603,919

6.5 Category wise movement in gross Murabaha finance is as follows:

<u>2025 (Unaudited)</u>	For the six-month period ended 30 June 2025			
	Performing	Under-performing	Non-performing	Total
Opening balance as at 1 January	133,488,550	1,800,339	11,315,030	146,603,919
Individual financial assets transferred to under performing (lifetime expected credit losses)	(2,792,475)	2,792,475	-	-
Individual financial assets transferred to non-performing (credit-impaired financial assets)	(6,483,698)	(104,508)	6,588,206	-
Individual financial assets transferred to performing (12-month expected credit losses)	3,027,548	-	(3,027,548)	-
New financial assets originated	35,117,483	-	-	35,117,483
Write-off	-	-	(7,966,622)	(7,966,622)
Collections / recoveries	(38,181,509)	(668,920)	(3,660,744)	(42,511,173)
Closing balance as at 30 June	124,175,899	3,819,386	3,248,322	131,243,607

<u>2024 (Audited)</u>	For the year ended 31 December 2024			
	Performing	Under-performing	Non-performing	Total
Opening balance as at 1 January	126,412,626	7,572,631	9,464,557	143,449,814
Individual financial assets transferred to under performing (lifetime expected credit losses)	(2,420,539)	2,505,623	(85,084)	-
Individual financial assets transferred to non-performing (credit-impaired financial assets)	(10,395,126)	(165,837)	10,560,963	-
Individual financial assets transferred to performing (12-month expected credit losses)	7,320,691	(7,320,691)	-	-
New financial assets originated	75,736,823	-	-	75,736,823
Write-off	-	-	(979,455)	(979,455)
Collections / recoveries	(63,165,925)	(791,387)	(7,645,951)	(71,603,263)
Closing balance as at 31 December	133,488,550	1,800,339	11,315,030	146,603,919

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6. NET INVESTMENT IN MURABAHA FINANCE (Continued)

6.6 Category wise Murabaha finance net of expected credit loss provision is as follows:

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Performing	120,089,455	130,220,478
Under-performing	3,352,633	1,702,449
Non-performing	1,548,836	3,393,549
	124,990,924	135,316,476

7. EXPECTED CREDIT LOSSES

In accordance with the requirements of 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 six-month period ended 30 June 2025, the management of the Company has performed an exercise to update the Probability of Default ("PD") calculation and certain inputs and assumptions used for the determination of ECL. The adjustment primarily represents updates to the PD, which are based on recovery patterns of the Company's receivable balances under its financing portfolio, and other macroeconomic factors.

8. ACCOUNTS PAYABLE

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Accounts payable – third parties	135,929,807	167,773,804
Accounts payable – related parties	41,579,795	99,334,610
	177,509,602	267,108,414

9. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Accrued expenses	24,747,645	18,758,774
Advances from customers	32,574,331	27,087,497
VAT payable	4,344,666	4,866,946
Net servicing liability under agency agreement (Note 16)	2,883,936	2,378,700
	64,550,578	53,091,917

10. ZAKAT

a) Zakat charge for the period:

The Company is subject to Zakat in accordance with the regulations of the General Authority for Zakat, Tax, and Customs Authority ("ZATCA"). Zakat expense is charged to the statement of profit or loss and other comprehensive income. Zakat charge for six-month period ended 30 June comprises of the following:

	30 June 2025 (Unaudited)	30 June 2024 (Unaudited)
Zakat charge for the period	10,772,750	1,003,261

b) Provision for Zakat:

Movements in provision for Zakat for six-month period ended 30 June and for the year ended 31 December are as follows:

	For the six-month period ended 30 June 2025 (Unaudited)	For the six-month period ended 30 June 2024 (Unaudited)	For the year ended 31 December 2024 (Audited)
Balance at beginning of the period / year	6,252,090	1,795,500	1,795,500
Charge for the period / year	10,772,750	1,003,261	6,056,248
Payments during the period / year	(6,072,841)	(1,599,658)	(1,599,658)
Balance at end of the period / year	10,951,999	1,199,103	6,252,090

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10. ZAKAT (Continued)

c) Zakat assessment status:

The Company has filed its zakat declarations with the ZATCA up to 2024. ZATCA has finalized Company's assessments up to 2018, whereas assessments for 2019, 2020, 2021, 2022, 2023 and 2024 are currently under review by ZATCA.

11. LONG TERM BORROWINGS

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Murabaha facilities	1,579,097,802	1,283,019,836
Government bank loan	3,273,644	5,706,228
Payable to SAMA	6,672,722	11,557,706
Accrued finance cost	12,118,062	10,255,395
	1,601,162,230	1,310,539,165
Due within one year	359,687,741	305,064,265
Due after one year	1,241,474,489	1,005,474,900
	1,601,162,230	1,310,539,165

The movement in long term borrowings is as follows:

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Balance at the beginning of the period / year	1,310,539,165	462,427,043
Proceeds from long-term borrowings	445,000,000	1,022,500,000
Finance charges for the period / year	50,772,003	61,863,992
Less: repayments of principal	(156,239,601)	(181,928,904)
Less: repayments of finance charges	(48,909,337)	(54,322,966)
Balance at end of the period / year	1,601,162,230	1,310,539,165

11.1 Murabaha facilities bear financial charges based on prevailing market rates which are based on Saudi Inter Bank Offer Rates; and administrative fee is charged by the Government bank under the loan agreement. Further, the loan agreements contain certain covenants.

11.2 Murabaha facilities

During the six-month period ended 30 June 2025, the Company has drawn Saudi Riyals 445 million from its Murabaha facilities. The loans are secured against corporate guarantees from certain related parties, collateral on receivables against certain leased vehicles covering at least 125% to 150% of the outstanding borrowings. The loans bear financial charges based on prevailing market rates which are based on Saudi Inter Bank Offer Rates plus margins. The carrying values of such long-term borrowings are denominated in Saudi Riyals. The repayment of such loans as per the respective repayment schedule is up to 2030.

11.3 Government bank loan

During 2022, the Company entered into agreements with a government bank to provide financing facilities aggregating to Saudi Riyals 15 million to meet the working capital requirements of the Company, which were fully utilised during the year. Administrative fee is charged by government bank under the loan agreements. The covenants of the borrowing facilities restrict the Company to utilise the loan amounts for the purpose specified in the loan agreements. The carrying values of such long-term borrowings are denominated in Saudi Riyals. The repayment of such loans as per the repayment schedule is up to 2026.

11.4 Payable to SAMA

During 2023, the Company has received interest free loans from SAMA amounting to SR 25.5 million (2022: Saudi Riyals 4.6 million) under the Guaranteed Financing Program to finance micro, small, and medium enterprises (MSMEs) to promote the financial stability of these businesses and boost economic growth. These loans are repayable in monthly installments over 3 years starting September 2023. These loans were initially recognized at their fair value resulting in a gain of SR 1.7 million recognized in profit or loss.

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12. FINANCE LEASE INCOME

	30 June 2025 (Unaudited)	30 June 2024 (Unaudited)
Income from finance leases	130,922,623	72,181,075
Income from Murabaha finance	8,242,701	7,902,427
	139,165,324	80,083,502

13. OTHER EXPENSES

	30 June 2025 (Unaudited)	30 June 2024 (Unaudited)
Software license and support	2,438,996	1,419,383
Advertising and marketing	1,993,431	896,465
Professional fees	1,533,863	2,385,733
Bank charges	1,140,998	792,149
VAT expenses	899,633	547,442
Collection commission	759,838	587,722
Board of directors fees	149,000	288,500
Outsourced labor	356,969	254,697
Governmental and stamping fees	499,050	229,498
Others	77,027	1,566,583
	9,848,805	8,968,172

14. RELATED PARTIES TRANSACTIONS AND BALANCES

Related parties represent shareholders, directors and key management personnel of the Company, and entities controlled or significantly influenced by such parties. Amount due to related parties are disclosed in the statement of financial position.

Transactions with related parties mainly include collections on behalf of the Company, certain expenses and services which are undertaken at mutually agreed terms and conditions. These transactions are approved by management of the following entities and Board of Directors of the Company.

Transactions with related parties:

Nature of Transaction	Relationship	For the three-month period ended 30 June (Unaudited)		For the six-month period ended 30 June (Unaudited)	
		2025	2024	2025	2024
Purchases of motor vehicles	Shareholder	61,691,458	43,484,037	136,389,336	86,368,886
Commission income on lease of motor vehicles	Shareholder	5,705,591	4,033,480	11,409,338	7,612,824
Additional share capital	Shareholder	-	-	-	100,000,000
Lease payments	Affiliate	303,872	264,094	598,057	518,500
Key management personnel compensation					
Short term employee benefits		1,822,984	1,445,293	3,645,968	2,779,446
Employees' end of service benefits		79,893	109,855	159,771	153,038
Board of Directors fees		42,000	210,500	149,000	288,500

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14. RELATED PARTIES TRANSACTIONS AND BALANCES (Continued)

The above-mentioned significant transactions with related parties resulted in the following balances.

Due to related parties:

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Al Majdouie Motors Company Limited (“Motors”) – shareholder	39,688,504	96,915,186
Al Majdouie Holding Company Limited	1,532,799	1,263,583
Arsal Operation and Maintenance L.L.C	142,352	68,000
Al Majdouie Trading Establishment	125,362	125,361
Majd Development and Investment Company	89,878	-
Arjaa Travel and Tourism Company	900	26,373
Al Majdouie Steel Company	-	935,000
Al Majdouie Logistics Company Limited	-	1,107
	41,579,795	99,334,610

15. FINANCIAL INSTRUMENTS

The Company’s principal financial assets include cash and cash equivalents, finance lease receivable, Murabaha finance receivable and certain other current assets. The Company’s principal financial liabilities comprise accounts payable, certain other current liabilities and due to related parties.

Fair value hierarchy

When measuring the fair value of an asset or a liability, the Company uses observable market 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.

All financial assets and financial liabilities are measured at amortized cost except for equity investment which is classified under FVOCI. As at reporting date, the fair values of all financial assets and financial liabilities measured at amortized cost approximates their carrying values.

16. FINANCE LEASE RECEIVABLE – PURCHASE AND AGENCY AGREEMENT

During 2020, the Company sold its finance lease receivables under a purchase and agency agreement, amounting to SR 77.3 million to a financial institution and derecognized the same from its books, and recorded a net gain of SR 16.6 million on the derecognition. In respect of these sold finance lease receivables, the Company acts in the capacity of a servicing agent for subsequent collection of lease instalments on behalf of financial institution.

During March 2025, the Company sold its finance lease receivables to a financial institution under a purchase and agency agreement; amounting to SR 348.9 million, consequently the sold portfolio was derecognized from the Company’s book of accounts and a net servicing asset has been recognized along with a net gain of SR 9.39 million.

Subsequently, in April 2025, the Company executed a similar transaction under a separate purchase and agency agreement, selling additional finance lease receivables totaling SR 246.2 million to a financial institution. This portfolio was also derecognized from the Company’s accounts, with a corresponding recognition of a net servicing asset and a net gain of SR 14.68 million.

Under the purchase and agency agreement, the Company has been appointed by a financial institution to service the receivables sold to such financial institution against a servicing fee. The Company initially recognizes either a net servicing asset or a net servicing liability for that servicing contract at its fair value. The fair value of net servicing asset / liability is determined based on the present value of estimated future cash flows related to contractually specified servicing fees less servicing costs. The primary determinants of the fair value of net servicing asset / liability are discount rates, estimates of costs and the fixed servicing fees. The management assesses the cost of servicing at the end of each reporting period. Variations in one or a combination of these assumptions could affect the estimated values of a net servicing liability.

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16. FINANCE LEASE RECEIVABLE – PURCHASE AND AGENCY AGREEMENT (Continued)

The outstanding position of finance lease receivables sold has been disclosed below.

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Finance lease receivables sold under securitization agreements	573,672,509	8,927,108
Due within one year	31,440,905	7,999,547
Due after one year	741,705,066	1,425,839
	773,145,971	9,425,386

17. CONTINGENCIES AND COMMITMENTS

The Company has no commitments and contingent liabilities as at 30 June 2025 (31 December 2024: Nil).

18. EVENTS AFTER THE REPORTING DATE

There were no significant events between the date of condensed interim financial statements and its approval which requires adjustments /disclosure in these condensed interim financial statements.

19. APPROVAL OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

These condensed interim financial statements were approved on 29 Muharram 1447H corresponding to 24 July 2025G.