

**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 NINE-MONTH  
PERIODS ENDED  
30 SEPTEMBER 2023**

**RAYA FINANCING COMPANY**  
(A SINGLE SHAREHOLDER SAUDI CLOSED JOINT STOCK COMPANY)  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2023**

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## KPMG Professional Services

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Kingdom of Saudi Arabia  
Commercial Registration No 2051062328

Headquarters in Riyadh

## كي بي إم جي للاستشارات المهنية

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

المركز الرئيسي في الرياض

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

To the Shareholders of Raya Financing Company

## Introduction

We have reviewed the accompanying 30 September 2023 condensed interim financial statements of **Raya Financing Company** ("the Company") which comprises:

- the condensed statement of financial position as at 30 September 2023;
- the condensed statement of profit or loss and other comprehensive income for the three-month and nine-month periods ended 30 September 2023;
- the condensed statement of changes in equity for the nine-month period ended 30 September 2023;
- the condensed statement of cash flows for the nine-month period ended 30 September 2023; 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 the 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 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.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 September 2023 condensed interim financial statements of **Raya Financing Company** are not prepared, in all material respects, in accordance with International Accounting Standard (IAS) 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

KPMG Professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia with a paid-up capital of SAR 40,000,000 (previously known as "KPMG Al Fozan & Partners Certified Public Accountants") 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. All rights reserved.

كي بي إم جي للاستشارات المهنية شركة مهنية مساهمة مقفلة، مسجلة في المملكة العربية السعودية، رأس مالها (٤٠٠٠٠٠٠٠٠) ريال سعودي مدفوع بالكامل، المسماة سابقاً "شركة كي بي إم جي للوزان وشركاه محاسبون ومراجعون قانونيون". وهي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والتابعة لـ كي بي إم جي العالمية المحدودة، شركة إنجليزية محدودة بضمان. جميع الحقوق محفوظة.

Commercial Registration of the headquarters in Riyadh is 1010425494.



# Independent auditor's report on review of condensed interim financial statements (Continued)

To the Shareholders of Raya Financing Company (Continued)

## Other Matter

The condensed interim financial statements of the Company for the nine-month period ended 30 September 2022, were reviewed by another auditor who expressed an un-qualified opinion on those condensed interim financial statements on 24 October 2022.

Further, the financial statements of the Company as at and for the year ended 31 December 2022 were audited by another auditor who expressed an un-qualified opinion on those financial statements on 28 February 2023.

## For KPMG Professional Services

**Mohammad Najeeb Alkhelaiwi**

License No: 481



Al Khobar, 9 Rabi Al-Akhar 1445H,  
Corresponding to: 24 October 2023G

**RAYA FINANCING COMPANY**  
(A SINGLE SHAREHOLDER SAUDI CLOSED JOINT STOCK COMPANY)  
**CONDENSED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2023**  
(Expressed in Saudi Riyals)

	Notes	30 September 2023 (Unaudited)	31 December 2022 (Audited)
<b>ASSETS</b>			
Cash and cash equivalents	3	15,469,379	16,404,400
Prepayments and other receivables	4	15,524,916	14,221,232
Net investment in finance leases	5	603,343,817	380,404,755
Net investment in Murabaha finance	6	120,132,935	95,271,587
Right of use assets		6,069,579	3,464,269
Property and equipment		1,311,089	836,005
Intangible assets		1,476,846	2,549,966
Financial assets at fair value through other comprehensive income		892,850	892,850
<b>TOTAL ASSETS</b>		<b>764,221,411</b>	<b>514,045,064</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	1	230,000,000	230,000,000
Accumulated losses		(20,199,606)	(25,314,687)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>209,800,394</b>	<b>204,685,313</b>
<b>LIABILITIES</b>			
Accounts payable	8	157,973,833	94,202,226
Accrued expenses and other liabilities	9	18,888,944	22,180,318
Provision for Zakat	10	1,842,551	1,844,833
Borrowings	11	366,107,332	184,809,837
Lease liabilities		6,417,615	3,741,156
Employees' end of service benefits		3,190,742	2,581,381
<b>TOTAL LIABILITIES</b>		<b>554,421,017</b>	<b>309,359,751</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>764,221,411</b>	<b>514,045,064</b>

These financial statements appearing on pages 1 to 15 were approved by the Board of Directors on 9 Rabi Al-Akhar 1445H corresponding to 24 October 2023G and have been signed on their behalf by:



**Abdullah Ali Almajdouie**  
Chairman



**Adel Saleh Alhowar**  
Chief Executive Officer



**Mohammed Maghrabi**  
Chief Financial Officer

The accompanying notes from 1 to 18 appearing on pages 5 to 15 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 NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2023**

(Expressed in Saudi Riyals)

	<b>For the three months period ended 30 September 2023 (Unaudited)</b>	<b>For the three months period ended 30 September 2022 (Unaudited)</b>	<b>For the nine months period ended 30 September 2023 (Unaudited)</b>	<b>For the nine months period ended 30 September 2022 (Unaudited)</b>
<b>INCOME</b>				
Finance lease income	26,929,088	15,691,675	67,826,425	43,227,889
Commission income	5,397,286	2,221,062	10,745,358	3,852,247
Gain on interest free loans from SAMA	-	-	1,744,039	-
<b>Total income</b>	<b>32,326,374</b>	<b>17,912,737</b>	<b>80,315,822</b>	<b>47,080,136</b>
<b>EXPENSES</b>				
Provision for Expected Credit Losses ("ECL") on financial assets (Note 5 & 6)	(2,329,995)	(3,390,634)	(7,349,545)	(13,796,553)
Insurance and other cost of financed vehicles	(10,459,703)	(4,388,921)	(22,222,335)	(11,343,856)
Salaries and employee related expenses	(6,801,054)	(5,434,192)	(20,403,079)	(14,985,282)
Depreciation and amortization	(857,275)	(542,942)	(2,206,245)	(1,593,449)
Finance cost	(6,225,796)	(1,269,933)	(13,920,274)	(4,052,886)
Other expenses (Note 12)	(3,180,242)	(2,554,395)	(8,640,301)	(6,481,135)
<b>Total expenses</b>	<b>(29,854,065)</b>	<b>(17,581,017)</b>	<b>(74,741,779)</b>	<b>(52,253,161)</b>
<b>Profit / (loss) before Zakat</b>	<b>2,472,309</b>	<b>331,720</b>	<b>5,574,043</b>	<b>(5,173,025)</b>
Zakat expense (Note 10)	252,237	195,812	(458,962)	(893,529)
<b>Profit / (loss) for the period</b>	<b>2,724,546</b>	<b>527,532</b>	<b>5,115,081</b>	<b>(6,066,554)</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified to profit or loss:</i>				
Re-measurement gain on defined benefit plans	-	-	-	-
<b>Other comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income / (loss) for the period</b>	<b>2,724,546</b>	<b>527,532</b>	<b>5,115,081</b>	<b>(6,066,554)</b>

The accompanying notes from 1 to 18 appearing on pages 5 to 15 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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023**  
(Expressed in Saudi Riyals)

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	Share capital	Accumulated losses	Total
<b>Balance at 1 January 2023 (Audited)</b>	<b>230,000,000</b>	<b>(25,314,687)</b>	<b>204,685,313</b>
<b>Profit for the period (Un-audited)</b>	-	<b>5,115,081</b>	<b>5,115,081</b>
<b>Other comprehensive income (Un-audited)</b>	-	-	-
<b>Total comprehensive profit for the period (Un-audited)</b>	-	<b>5,115,081</b>	<b>5,115,081</b>
<b>Balance at 30 September 2023 (Un-audited)</b>	<b>230,000,000</b>	<b>(20,199,606)</b>	<b>209,800,394</b>
Balance at 1 January 2022 (Audited)	230,000,000	(14,331,149)	215,668,851
Loss for the period (Un-audited)	-	(6,066,554)	(6,066,554)
Other comprehensive income (Un-audited)	-	-	-
Total comprehensive loss for the period (Un-audited)	-	(6,066,554)	(6,066,554)
Balance at 30 September 2022 (Un-audited)	230,000,000	(20,397,703)	209,602,297

The accompanying notes from 1 to 18 appearing on pages 5 to 15 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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023**  
(Expressed in Saudi Riyals)

		<b>For the nine months period ended 30 September 2023 (Unaudited)</b>	<b>For the nine months period ended 30 September 2022 (Unaudited)</b>
	<b>Notes</b>		
<b>Cash flows from operating activities</b>			
Profit / (loss) before Zakat		<b>5,574,043</b>	(5,173,025)
<i>Adjustments for:</i>			
- Provision for expected credit loss	5 & 6	<b>7,349,545</b>	13,796,553
- Depreciation		<b>1,133,125</b>	520,328
- Amortization		<b>1,073,120</b>	1,073,121
- Finance cost		<b>13,920,274</b>	4,052,886
- Employees' end of service benefits		<b>609,361</b>	242,413
<i>Changes in working capital:</i>			
- Net investment in finance lease		<b>(256,893,994)</b>	(63,167,143)
- Prepayments and other receivables		<b>(1,303,684)</b>	(6,085,663)
- Accounts payable		<b>63,771,607</b>	34,309,490
- Accrued expenses and other current liabilities		<b>(4,704,672)</b>	6,398,203
<b>Cash used in operating activities</b>		<b>(169,471,275)</b>	(14,032,837)
Zakat paid	10	<b>(461,244)</b>	(1,598,652)
<b>Net cash used in operating activities</b>		<b>(169,932,519)</b>	(15,631,489)
<b>Cash flows from investing activities</b>			
Acquisition of property and equipment		<b>(747,213)</b>	(1,444,841)
<b>Net cash used in investing activities</b>		<b>(747,213)</b>	(1,444,841)
<b>Cash flows from financing activities</b>			
Proceeds from long-term borrowings	11	<b>265,478,612</b>	4,591,324
Repayment of long-term borrowings	11	<b>(83,682,875)</b>	(70,437,276)
Interest paid on long-term borrowings	11	<b>(10,972,711)</b>	(3,112,324)
Finance lease liabilities paid		<b>(1,078,315)</b>	(439,217)
<b>Net cash from financing activities</b>		<b>169,744,711</b>	(69,397,493)
<b>Net change in cash and cash equivalents</b>		<b>(935,021)</b>	(86,473,823)
Cash and cash equivalents at beginning of the period		<b>16,404,400</b>	143,553,351
<b>Cash and cash equivalent at end of the period</b>	3	<b>15,469,379</b>	57,079,528
<b>SUPPLEMENTARY INFORMATION</b>			
<b>Non-cash transactions:</b>			
Right of use assets recorded against lease liabilities		<b>3,466,306</b>	1,337,108

The accompanying notes from 1 to 18 appearing on pages 5 to 15 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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023**  
(Expressed in Saudi Riyals)

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**1. CORPORATE INFORMATION**

Raya Financing Company (the “Company”) is a 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.

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

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

During 2021, the shareholders of the Company resolved to increase the Company’s share capital through cash contribution by Al Majdouie Motors Company of Saudi Riyals (SR) 100,000,000 by increasing the number of issued shares held by Al Majdouie Motors Company.

**2. BASIS OF PREPARATION, SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES**

**2.1 Statement of compliance**

These condensed interim financial statements (“Interim Financial Statements”) have been prepared in accordance with International Accounting Standards (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 2022 (“Last Annual Financial Statements”). These condensed interim financial statements do not include all of the information required for a complete set of International Financial Reporting Standards (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.

**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 receivables, accounts payables, accrued expenses and other 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.

**RAYA FINANCING COMPANY**  
(A SINGLE SHAREHOLDER SAUDI CLOSED JOINT STOCK COMPANY)  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023**  
(Expressed in Saudi Riyals)

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

**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 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 2022.

**2.6 Standards, new pronouncements and interpretations:**

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

There are certain new standards or amendments to existing standards which are effective from 1 January 2023, however, they do not have an impact or are applicable with respect to the Company's condensed interim financial statements for the nine-month period ended 30 September 2023. The new and revised standards are enumerated below:

- IFRS 17 Insurance Contracts
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2
- Definition of Accounting Estimates – (Amendments to IAS 8)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

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

Certain new accounting standards, amendments to standards and interpretations have been published by the International Accounting Standards Board ("IASB") that are not mandatory for 30 September 2023 reporting period 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.

**2.7 Accounting policies**

The 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 2022.

**RAYA FINANCING COMPANY**  
(A SINGLE SHAREHOLDER SAUDI CLOSED JOINT STOCK COMPANY)  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023**  
(Expressed in Saudi Riyals)

**3. CASH AND CASH EQUIVALENTS**

	<b>30 September 2023</b> <b>(Un-audited)</b>	<b>31 December 2022</b> <b>(Audited)</b>
Cash in hand	66,638	28,789
Cash at bank	15,402,741	16,375,611
	<b>15,469,379</b>	<b>16,404,400</b>

**4. PREPAYMENTS AND OTHER RECEIVABLES**

	<b>30 September 2023</b> <b>(Un-audited)</b>	<b>31 December 2022</b> <b>(Audited)</b>
Prepaid expenses	8,716,653	8,498,077
Advances to suppliers	3,663,896	1,196,534
Insurance claims	1,689,705	1,971,487
Repossessed assets held for resale	507,957	390,636
Others	946,705	2,164,498
	<b>15,524,916</b>	<b>14,221,232</b>

**5. NET INVESTMENT IN FINANCE LEASES**

	<b>30 September 2023</b> <b>(Un-audited)</b>	<b>31 December 2022</b> <b>(Audited)</b>
Gross investment in finance lease	884,679,464	545,763,799
Less: Unearned lease finance income	(252,693,706)	(138,161,622)
Present Value (PV) of minimum lease payments receivable	631,985,758	407,602,177
Provision for impairment of finance lease receivables (Note 5.2)	(28,641,941)	(27,197,422)
Net investment in finance leases	603,343,817	380,404,755
Due after one year	(469,506,791)	(270,822,325)
Due within one year	133,837,026	109,582,430

**5.1** The maturity of the gross investment in finance leases as at 30 September 2023 is as follows:

	<b>Gross investment in finance leases</b> <b>(Un-audited)</b>	<b>Unearned lease finance income</b> <b>(Un-audited)</b>	<b>PV of minimum lease payments</b> <b>(Un-audited)</b>
Not later than one year	226,256,871	82,372,577	143,884,294
One to two years	181,282,900	67,554,525	113,728,375
Two to three years	166,986,742	50,162,130	116,824,612
Three to four years	144,185,455	34,203,299	109,982,156
Four to five years	165,967,496	18,401,175	147,566,321
	<b>884,679,464</b>	<b>252,693,706</b>	<b>631,985,758</b>

The maturity of the gross investment in finance leases as at 31 December 2022 is as follows:

	<b>Gross investment in finance leases</b> <b>(Audited)</b>	<b>Unearned lease finance income</b> <b>(Audited)</b>	<b>PV of minimum lease payments</b> <b>(Audited)</b>
Not later than one year	173,289,967	48,568,820	124,721,147
One to two years	108,757,046	36,182,661	72,574,385
Two to three years	87,342,820	26,304,702	61,038,118
Three to four years	80,726,499	17,869,500	62,856,999
Four to five years	95,647,467	9,235,939	86,411,528
	<b>545,763,799</b>	<b>138,161,622</b>	<b>407,602,177</b>

**RAYA FINANCING COMPANY**  
(A SINGLE SHAREHOLDER SAUDI CLOSED JOINT STOCK COMPANY)  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023**  
(Expressed in Saudi Riyals)

**5. NET INVESTMENT IN FINANCE LEASES (Continued)**

**5.2** The movement in the impairment of finance lease receivable was as follows:

	<b>30 September 2023</b> <b>(Un-audited)</b>	<b>31 December 2022</b> <b>(Audited)</b>	<b>30 September 2022</b> <b>(Un-audited)</b>
Balance at the beginning of the period / year	<b>27,197,422</b>	13,109,112	13,109,112
Allowance for the period / year	<b>6,073,693</b>	14,088,310	8,405,043
Write-off during the period / year	<b>(4,629,174)</b>	-	-
Balance at the end of the period / year	<b>28,641,941</b>	27,197,422	21,514,155

**5.3** Category wise movement in provision for impairment of lease receivables is as follows:

	<b>For the nine-month period ended 30 September 2023</b>			
<b>2023 (Un-audited)</b>	<b>Performing</b>	<b>Under-performing</b>	<b>Non-performing</b>	<b>Total</b>
Opening balance as at 1 January	9,737,124	1,915,625	15,544,673	27,197,422
Individual financial assets transferred to under-performing (lifetime expected credit losses)	(1,370,965)	2,238,829	(462,812)	405,052
Individual financial assets transferred to non -performing (credit-impaired financial assets)	(1,025,934)	(459,210)	3,796,512	2,311,368
Individual financial assets transferred to performing (12-month expected credit losses)	281,443	(1,078,884)	(853,889)	(1,651,330)
New financial assets originated	10,566,767	-	-	10,566,767
Collections / recoveries	(2,800,107)	(199,679)	(3,719,419)	(6,719,205)
Changes in assumptions	87,737	-	1,073,304	1,161,041
Write-off	-	-	(4,629,174)	(4,629,174)
Closing balance as at 30 September	<b>15,476,065</b>	<b>2,416,681</b>	<b>10,749,195</b>	<b>28,641,941</b>

  

	<b>For the year ended 31 December 2022</b>			
<b>2022 (Audited)</b>	<b>Performing</b>	<b>Under-performing</b>	<b>Non-performing</b>	<b>Total</b>
Opening balance as at 1 January	1,797,157	703,060	10,608,895	13,109,112
Individual financial assets transferred to under-performing (lifetime expected credit losses)	(1,400,403)	1,859,163	(72,150)	386,610
Individual financial assets transferred to non -performing (credit-impaired financial assets)	(1,078,981)	(218,692)	5,471,991	4,174,318
Individual financial assets transferred to performing (12-month expected credit losses)	124,098	(297,004)	(1,109,234)	(1,282,140)
New financial assets originated	8,258,983	-	-	8,258,983
Collections / recoveries	(237,551)	(134,857)	(2,532,263)	(2,904,671)
Changes in assumptions	2,273,821	3,955	3,177,434	5,455,210
Closing balance as at 31 December	<b>9,737,124</b>	<b>1,915,625</b>	<b>15,544,673</b>	<b>27,197,422</b>

**5.4** Category wise gross lease receivables are as follows:

	<b>30 September 2023</b> <b>(Un-audited)</b>	<b>31 December 2022</b> <b>(Audited)</b>
Performing	<b>809,229,809</b>	469,817,515
Under-performing	<b>34,094,633</b>	28,603,337
Non-performing	<b>41,355,022</b>	47,342,947
	<b>884,679,464</b>	545,763,799

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**5. NET INVESTMENT IN FINANCE LEASES (Continued)**

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

<u>2023 (Un-audited)</u>	For the nine-month period ended 30 September 2023			
	Performing	Under-performing	Non-performing	Total
Opening balance as at 1 January	469,817,515	28,603,337	47,342,947	545,763,799
Individual financial assets transferred to under-performing (lifetime expected credit losses)	(33,878,985)	36,128,312	(2,249,327)	-
Individual financial assets transferred to non -performing (credit-impaired financial assets)	(19,796,645)	(6,988,710)	26,785,355	-
Individual financial assets transferred to performing (12-month expected credit losses)	20,222,340	(15,989,025)	(4,233,315)	-
New financial assets originated	475,449,239	-	-	475,449,239
Write-off	-	-	(5,837,656)	(5,837,656)
Collections / recoveries	(102,583,655)	(7,659,281)	(20,452,982)	(130,695,918)
Closing balance as at 30 September	809,229,809	34,094,633	41,355,022	884,679,464

  

<u>2022 (Audited)</u>	For the year ended 31 December 2022			
	Performing	Under-performing	Non-performing	Total
Opening balance as at 1 January	327,411,981	14,800,164	39,270,022	381,482,167
Individual financial assets transferred to under-performing (lifetime expected credit losses)	(31,190,130)	31,550,032	(359,902)	-
Individual financial assets transferred to non -performing (credit-impaired financial assets)	(33,107,425)	(4,940,623)	38,048,048	-
Individual financial assets transferred to performing (12-month expected credit losses)	10,748,427	(5,223,768)	(5,524,659)	-
New financial assets originated	307,530,678	-	-	307,530,678
Collections / recoveries	(111,576,016)	(7,582,468)	(24,090,562)	(143,249,046)
Closing balance as at 31 December	469,817,515	28,603,337	47,342,947	545,763,799

**5.6** Category wise gross lease receivables net of impairment provision is as follows:

	30 September 2023 (Un-audited)	31 December 2022 (Audited)
Performing	793,753,744	460,080,391
Under-performing	31,677,952	26,687,712
Non-performing	30,605,827	31,798,274
	856,037,523	518,566,377

**6. NET INVESTMENT IN MURABAHA FINANCE**

	30 September 2023 (Un-audited)	31 December 2022 (Audited)
Gross investment in Murabaha finance	148,632,026	117,330,144
Less: Unearned Murabaha finance income	(17,633,308)	(12,365,896)
Present Value (PV) of investment in Murabaha finance	130,998,718	104,964,248
Provision for impairment of Murabaha finance receivables (Note 6.2)	(10,865,783)	(9,692,661)
Net investment in Murabaha finance	120,132,935	95,271,587
Due after one year	(54,550,294)	(33,878,523)
Due within one year	65,582,641	61,393,064

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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 September 2023 is as follows:

	<b>Gross investment in Murabaha Finance (Un-audited)</b>	<b>Unearned Murabaha finance income (Un-audited)</b>	<b>PV of investment in Murabaha Finance (Un-audited)</b>
Not later than one year	83,959,252	11,243,789	72,715,463
One to two years	43,949,386	5,091,751	38,857,635
Two to three years	19,324,244	1,176,130	18,148,114
Three to four years	1,029,323	103,251	926,072
Four to five years	369,821	18,387	351,434
	<b>148,632,026</b>	<b>17,633,308</b>	<b>130,998,718</b>

The maturity of the gross investment in Murabaha finance as at 31 December 2022 is as follows:

	<b>Gross investment in Murabaha Finance (Un-audited)</b>	<b>Unearned Murabaha finance income (Un-audited)</b>	<b>PV of investment in Murabaha Finance (Un-audited)</b>
Not later than one year	77,002,982	8,850,492	68,152,490
One to two years	31,628,780	2,932,688	28,696,092
Two to three years	7,234,577	459,964	6,774,613
Three to four years	1,016,124	100,899	915,225
Four to five years	447,681	21,853	425,828
	<b>117,330,144</b>	<b>12,365,896</b>	<b>104,964,248</b>

**6.2** The movement in the impairment of net investment in Murabaha finance is as follows:

	<b>30 September 2023 (Un-audited)</b>	<b>31 December 2022 (Audited)</b>	<b>30 September 2022 (Un-audited)</b>
Balance at the beginning of the period / year	9,692,661	3,539,249	3,539,249
Allowance for the period / year	1,275,852	6,153,412	5,391,510
Write-off during the period / year	(102,730)	-	-
Balance at the end of the period / year	<b>10,865,783</b>	<b>9,692,661</b>	<b>8,930,759</b>

**6.3** Category wise movement in provision for impairment of Murabaha finance is as follows:

	<b>For the nine-month period ended 30 September 2023</b>			
<b>2023 (Un-audited)</b>	<b>Performing</b>	<b>Under-performing</b>	<b>Non-performing</b>	<b>Total</b>
Opening balance as at 1 January	4,632,144	865,744	4,194,773	9,692,661
Individual financial assets transferred to under-performing (lifetime expected credit losses)	(1,558,167)	1,738,796	(158,726)	21,903
Individual financial assets transferred to non -performing (credit-impaired financial assets)	(219,066)	(66,770)	1,246,597	960,761
Individual financial assets transferred to performing (12-month expected credit losses)	157,707	(789,990)	(711,718)	(1,344,001)
New financial assets originated	4,009,354	-	-	4,009,354
Collections / recoveries	(2,267,187)	(3,918)	(104,578)	(2,375,683)
Changes in assumptions	375	-	3,143	3,518
Write-off	-	-	(102,730)	(102,730)
Closing balance as at 30 September	<b>4,755,160</b>	<b>1,743,862</b>	<b>4,366,761</b>	<b>10,865,783</b>

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**6. NET INVESTMENT IN MURABAHA FINANCE (Continued)**

<u>2022 (Audited)</u>	For the year ended 31 December 2022			
	Performing	Under-performing	Non-performing	Total
Opening balance as at 1 January	913,637	109,079	2,516,533	3,539,249
Individual financial assets transferred to under-performing (lifetime expected credit losses)	(131,913)	845,348	-	713,435
Individual financial assets transferred to non-performing (credit-impaired financial assets)	(646,662)	(54,807)	1,670,525	969,056
Individual financial assets transferred to performing (12-month expected credit losses)	27	(1,376)	-	(1,349)
New financial assets originated	3,097,994	-	-	3,097,994
Collections / recoveries	(51,425)	(32,500)	(38,127)	(122,052)
Changes in assumptions	1,450,486	-	45,842	1,496,328
Closing balance as at 31 December	4,632,144	865,744	4,194,773	9,692,661

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

	<b>30 September 2023 (Un-audited)</b>	<b>31 December 2022 (Audited)</b>
Performing	123,608,060	100,271,291
Under-performing	15,320,050	7,839,005
Non-performing	9,703,916	9,219,848
	<b>148,632,026</b>	<b>117,330,144</b>

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

<u>2023 (Un-audited)</u>	For the nine-month period ended 30 September 2023			
	Performing	Under-performing	Non-performing	Total
Opening balance as at 1 January	100,271,291	7,839,005	9,219,848	117,330,144
Individual financial assets transferred to under-performing (lifetime expected credit losses)	(19,830,711)	20,183,434	(352,723)	-
Individual financial assets transferred to non-performing (credit-impaired financial assets)	(4,579,556)	(446,946)	5,026,502	-
Individual financial assets transferred to performing (12-month expected credit losses)	8,906,663	(7,325,067)	(1,581,596)	-
New financial assets originated	85,316,893	-	-	85,316,893
Write-off	-	-	(133,922)	(133,922)
Collections / recoveries	(46,476,520)	(4,930,376)	(2,474,193)	(53,881,089)
Closing balance as at 30 September	123,608,060	15,320,050	9,703,916	148,632,026

<u>2022 (Audited)</u>	For the year ended 31 December 2022			
	Performing	Under-performing	Non-performing	Total
Opening balance as at 1 January	125,692,962	2,059,340	5,592,296	133,344,598
Individual financial assets transferred to under-performing (lifetime expected credit losses)	(11,730,734)	11,730,734	-	-
Individual financial assets transferred to non-performing (credit-impaired financial assets)	(11,249,981)	(1,652,130)	12,902,111	-
Individual financial assets transferred to performing (12-month expected credit losses)	17,487	(17,487)	-	-
New financial assets originated	48,119,245	-	-	48,119,245
Collections / recoveries	(50,577,688)	(4,281,452)	(9,274,559)	(64,133,699)
Closing balance as at 31 December	100,271,291	7,839,005	9,219,848	117,330,144

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**6. NET INVESTMENT IN MURABAHA FINANCE (Continued)**

**6.6** Category wise Murabaha finance net of impairment provision is as follows:

	<b>30 September 2023</b> <b>(Un-audited)</b>	<b>31 December 2022</b> <b>(Audited)</b>
Performing	<b>118,852,901</b>	95,639,147
Under-performing	<b>13,576,188</b>	6,973,261
Non-performing	<b>5,337,154</b>	5,025,075
	<b>137,766,243</b>	107,637,483

**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 nine-month period ended 30 September 2023, 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**

	<b>30 September 2023</b> <b>(Un-audited)</b>	<b>31 December 2022</b> <b>(Audited)</b>
Accounts payable – third parties	<b>65,005,750</b>	17,780,156
Accounts payable – related parties	<b>92,968,083</b>	76,422,070
	<b>157,973,833</b>	94,202,226

**9. ACCRUED EXPENSES AND OTHER LIABILITIES**

	<b>30 September 2023</b> <b>(Un-audited)</b>	<b>31 December 2022</b> <b>(Audited)</b>
Accrued expenses	<b>12,231,849</b>	12,297,431
VAT payable	<b>4,456,251</b>	1,938,676
Net servicing liability under agency agreement (Note 15)	<b>1,151,687</b>	272,094
Advances from customers	<b>1,049,157</b>	7,672,117
	<b>18,888,944</b>	22,180,318

**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 nine-month period ended 30 September comprises of the following:

	<b>30 September 2023</b> <b>(Un-audited)</b>	<b>30 September 2022</b> <b>(Un-audited)</b>
Zakat charge for the period	<b>458,962</b>	893,529

**b) Provision for Zakat:**

Movements in provision for Zakat for nine months period ended 30 September and for the year ended 31 December are as follows:

	<b>For the nine months</b> <b>period ended</b> <b>30 September 2023</b> <b>(Un-audited)</b>	<b>For the nine months</b> <b>period ended</b> <b>30 September 2022</b> <b>(Un-audited)</b>	<b>For the year ended</b> <b>31 December 2022</b> <b>(Audited)</b>
Balance at beginning of the period/year	<b>1,844,833</b>	2,835,779	2,835,779
Charge for the period/year	<b>458,962</b>	893,529	607,706
Payments during the period/year	<b>(461,244)</b>	(1,598,652)	(1,598,652)
Balance at end of the period/year	<b>1,842,551</b>	2,130,656	1,844,833

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**10. ZAKAT (Continued)**

**c) Zakat assessment status:**

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

**11. LONG TERM BORROWINGS**

	<b>30 September 2023</b> <b>(Un-audited)</b>	<b>31 December 2022</b> <b>(Audited)</b>
Murabaha facilities	<b>297,260,748</b>	99,516,667
Government bank loan	<b>29,648,049</b>	62,894,998
Payable to SAMA	<b>37,828,693</b>	21,872,408
Accrued finance cost	<b>1,369,842</b>	525,764
	<b>366,107,332</b>	184,809,837
Due within one year	<b>143,571,904</b>	102,708,555
Due after one year	<b>222,535,428</b>	82,101,282
	<b>366,107,332</b>	184,809,837

The movement in long term borrowings is as follows:

	<b>30 September 2023</b> <b>(Un-audited)</b>	<b>31 December 2022</b> <b>(Audited)</b>
Balance at the beginning of the period / year	<b>184,809,837</b>	262,413,111
Proceeds from long-term borrowings	<b>265,478,612</b>	19,591,324
Finance charges for the period / year	<b>12,218,508</b>	5,267,470
Less: repayments of principal	<b>(83,682,875)</b>	(98,119,210)
Less: repayments of finance charges	<b>(10,972,711)</b>	(4,342,858)
Discounting impact of interest free loan from SAMA	<b>(1,744,039)</b>	-
Balance at end of the period / year	<b>366,107,332</b>	184,809,837

11.1 The loan agreements contain covenants regarding maintenance of certain financial ratios and restriction on use of funds for specific purposes; the Company has complied with these covenants throughout the reporting period. Further, 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.

11.2 During the first quarter ended 31 March 2023, the Company has received interest free loans from SAMA amounting to SR 25.5 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.

**12. OTHER EXPENSES**

	<b>30 September 2023</b> <b>(Un-audited)</b>	<b>30 September 2022</b> <b>(Un-audited)</b>
Professional fees	<b>2,459,334</b>	1,654,998
Software license and support	<b>1,505,453</b>	1,191,150
Advertising and marketing	<b>777,069</b>	468,537
Bank charges	<b>725,442</b>	498,394
Board of Directors fees	<b>222,726</b>	96,000
Others	<b>2,950,277</b>	2,572,056
	<b>8,640,301</b>	6,481,135

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**13. RELATED PARTIES TRANSACTIONS AND BALANCES**

Related parties represent shareholders, directors and key management personal of the Company, and entities controlled or significantly influenced by such parties. Amount due from / 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 September (Un-audited)		For the nine-month period ended 30 September (Un-audited)	
		2023	2022	2023	2022
Purchases of motor vehicles	Shareholder	45,188,328	34,580,133	145,455,662	110,580,129
Commission income on lease of motor vehicles	Shareholder	3,401,716	1,394,503	7,293,480	3,025,688
Lease payments	Shareholder	241,705	146,105	587,415	395,217

**Key management personnel compensation**

Short term employee benefits	676,799	429,028	1,630,402	1,248,834
Employees' end of service benefits	28,867	13,405	69,724	36,236
Board of Directors fees	87,500	76,000	222,726	96,000

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

**Due to related parties:**

	30 September 2023 (Un-audited)	31 December 2022 (Audited)
Al Majdouie Motors Company Limited ("Motors") – shareholder	91,988,003	76,158,080
Al Majdouie Holding Company Limited - intermediate parent Company	878,130	218,436
Arjaa Travel and Tourism Company	51,295	11,200
Arsal Operation and Maintenance Company – shareholder	49,229	32,624
Al Majdouie Logistics Company Limited	1,426	1,730
	<b>92,968,083</b>	<b>76,422,070</b>

**14. FINANCIAL INSTRUMENTS**

The Company's principal financial assets include cash and cash equivalents, finance lease receivable, Murabaha finance receivable and certain other receivables. The Company's principal financial liabilities comprise accounts payable, certain other payables 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.

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**15. 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 SR16.6 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.

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 servicing 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.

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

	<b>30 September 2023</b> <b>(Unaudited)</b>	<b>31 December 2022</b> <b>(Audited)</b>
Finance lease receivables sold under securitization agreements	<b>34,933,289</b>	<b>47,700,415</b>
Due within one year	<b>22,236,093</b>	<b>11,911,491</b>
Due after one year	<b>16,465,522</b>	<b>44,449,450</b>
	<b>38,701,615</b>	<b>56,360,941</b>

**16. CONTINGENCIES AND COMMITMENTS**

The Company has no commitments and contingent liabilities as at 30 September 2023 (31 December 2022: Nil).

**17. 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.

**18. APPROVAL OF THE CONDENSED INTERIM FINANCIAL STATEMENTS**

These condensed interim financial statements were approved on 9 Rabi Al-Akhar 1445H corresponding to 24 October 2023G.