

**UNITED INTERNATIONAL HOLDING
COMPANY
(A SAUDI JOINT STOCK COMPANY - NOTE 1)**

**CONDENSED CONSOLIDATED INTERIM
FINANCIAL INFORMATION (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED
31 MARCH 2025
AND REPORT ON REVIEW OF CONDENSED
CONSOLIDATED INTERIM FINANCIAL
INFORMATION**

UNITED INTERNATIONAL HOLDING COMPANY
(A Saudi Joint Stock Company - Note 1)
Condensed consolidated interim financial information (Unaudited)
For the three-month period ended 31 March 2025

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Report on review of Condensed Consolidated Interim Financial Information

To the shareholders of United International Holding Company
(A Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of United International Holding Company (the “Company”) and its subsidiaries (the “Group”) as of 31 March 2025 and the related condensed consolidated statements of profit or loss and other 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 consolidated 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 consolidated 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 consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

PricewaterhouseCoopers

Ali A. Alotaibi
License number 379

6 May 2025



UNITED INTERNATIONAL HOLDING COMPANY
(A Saudi Joint Stock Company - Note 1)
Condensed consolidated interim statement of financial position
(All amounts in Saudi Riyals unless otherwise stated)

	Note	As at 31 March 2025 (Unaudited)	As at 31 December 2024 (Audited)
Assets			
Cash and cash equivalents	3	54,877,478	23,791,908
Prepayments and other receivables	4	70,927,517	36,784,345
Investment in Islamic financing contracts	5	2,553,856,816	2,407,143,299
Right-of-use assets		1,930,068	2,061,814
Property and equipment		3,972,381	4,392,275
Intangible assets		17,624,979	17,846,424
Goodwill		528,692	528,692
Total assets		2,703,717,931	2,492,548,757
Equity and liabilities			
Equity			
Share capital	1, 10	250,000,000	250,000,000
Statutory reserve	10	43,929,503	43,929,503
Additional capital contribution		200,990,787	200,990,787
Retained earnings		675,557,390	617,749,874
Other reserves		(29,964)	(22,373)
Net equity		1,170,447,716	1,112,647,791
Liabilities			
Trade and other payables	6	71,357,275	66,920,773
Zakat payable	7	32,449,532	25,639,901
Lease liabilities		2,113,862	2,238,159
Borrowings	8	1,417,469,680	1,275,669,092
Employee benefit obligations		9,879,866	9,433,041
Total liabilities		1,533,270,215	1,379,900,966
Total equity and liabilities		2,703,717,931	2,492,548,757

The accompanying notes are an integral part of this condensed consolidated interim financial information.

UNITED INTERNATIONAL HOLDING COMPANY

(A Saudi Joint Stock Company - Note 1)

Condensed consolidated interim statement of profit or loss and other comprehensive income

(All amounts in Saudi Riyals unless otherwise stated)

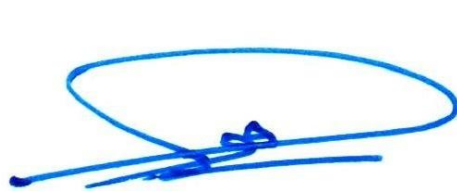
	Note	For the three-month period ended 31 March 2024 (Restated - Note 16)	
		2025 (Unaudited)	(Unaudited)
Income from Islamic financing contracts	11	174,654,153	139,434,654
Finance costs	8	(21,087,199)	(18,392,521)
Net income from Islamic financing contracts		153,566,954	121,042,133
Salaries and other benefits		(27,377,993)	(23,603,198)
Net impairment losses on financial assets	5	(30,634,872)	(17,818,585)
Depreciation and amortisation		(1,444,155)	(1,455,574)
Finance costs on lease liabilities		(40,181)	(32,011)
Other operating expenses	12	(29,424,021)	(20,137,670)
Other (expenses) income - net		(28,585)	428,375
Profit before zakat		64,617,147	58,423,470
Zakat expense	7	(6,809,631)	(6,071,334)
Profit for the period		57,807,516	52,352,136
Other comprehensive income			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations		(7,591)	38,372
Total comprehensive income for the period		57,799,925	52,390,508
Earnings per share			
Basic and diluted	14	2.31	2.09

The accompanying notes are an integral part of this condensed consolidated interim financial information.

UNITED INTERNATIONAL HOLDING COMPANY
(A Saudi Joint Stock Company - Note 1)
Condensed consolidated interim statement of changes in equity
(All amounts in Saudi Riyals unless otherwise stated)

	Share capital	Statutory reserve	Additional capital contribution	Retained earnings	Other reserves			Total
					Foreign currency translation reserve	Actuarial reserve	Total other reserves	
At 1 January 2024 (Audited)	250,000,000	43,929,503	200,990,787	395,365,519	(219,869)	609,610	389,741	890,675,550
Profit for the period	-	-	-	52,352,136	-	-	-	52,352,136
Other comprehensive income for the period	-	-	-	-	38,372	-	38,372	38,372
Total comprehensive income for the period	-	-	-	52,352,136	38,372	-	38,372	52,390,508
Transfer to statutory reserve	-	5,235,214	-	(5,235,214)	-	-	-	-
At 31 March 2024 (Unaudited)	250,000,000	49,164,717	200,990,787	442,482,441	(181,497)	609,610	428,113	943,066,058
At 1 January 2025 (Audited)	250,000,000	43,929,503	200,990,787	617,749,874	(205,589)	183,216	(22,373)	1,112,647,791
Profit for the period	-	-	-	57,807,516	-	-	-	57,807,516
Other comprehensive loss for the period	-	-	-	-	(7,591)	-	(7,591)	(7,591)
Total comprehensive income (loss) for the period	-	-	-	57,807,516	(7,591)	-	(7,591)	57,799,925
At 31 March 2025 (Unaudited)	250,000,000	43,929,503	200,990,787	675,557,390	(213,180)	183,216	(29,964)	1,170,447,716

The accompanying notes are an integral part of this condensed consolidated interim financial information.





UNITED INTERNATIONAL HOLDING COMPANY
(A Saudi Joint Stock Company - Note 1)
Condensed consolidated interim statement of cash flows
(All amounts in Saudi Riyals unless otherwise stated)

		For the three-month period ended 31 March	
	Note	2025	2024
		(Unaudited)	(Unaudited)
Cash flows from operating activities			
Profit before zakat		64,617,147	58,423,470
<u>Adjustments for:</u>			
Depreciation and amortization		1,444,663	1,455,574
Depreciation on right of use assets		131,746	116,698
Finance costs		21,127,380	18,424,532
Net impairment losses on financial assets	5	30,634,872	17,818,585
Employee benefit obligations		816,895	851,015
<u>Changes in working capital:</u>			
Increase in investment in Islamic financing contracts		(177,348,389)	(130,864,835)
(Increase) decrease in prepayments and other receivables		(34,143,172)	325,582
Increase (decrease) in trade and other payables		4,429,451	(7,990,292)
Cash utilized in operations		(88,289,407)	(41,439,671)
Finance costs paid		(22,326,792)	(17,004,756)
Employee benefit obligations paid		(370,070)	(261,009)
Net cash outflow from operating activities		(110,986,269)	(58,705,436)
Cash flows from investing activities			
Payments for purchases of property and equipment		(58,594)	(473,283)
Payments for additions to intangible assets		(744,730)	(43,828)
Net cash outflow from investing activities		(803,324)	(517,111)
Cash flows from financing activities			
Proceeds from long-term borrowings	8	477,999,460	304,100,000
Repayment of long-term borrowings	8	(335,000,000)	(222,162,500)
Principal elements of lease payments		(124,297)	-
Net cash inflow from financing activities		142,875,163	81,937,500
Net increase in cash and cash equivalents		31,085,570	22,714,953
Cash and cash equivalents at beginning of the period		23,791,908	24,787,908
Cash and cash equivalents at end of the period	3	54,877,478	47,502,861

The accompanying notes are an integral part of this condensed consolidated interim financial information.

UNITED INTERNATIONAL HOLDING COMPANY
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Notes to the condensed consolidated interim financial information
For the three-month period ended 31 March 2025 (Unaudited)
(All amounts in Saudi Riyals unless otherwise stated)

1 Legal status and activities

United International Holding Company (“the Company”) is a Saudi Joint Stock Company, registered in the Kingdom of Saudi Arabia under the commercial registration (“CR”) number 2051237935 issued in Al-Khobar on 13 Rabie Al Awwal 1443 H (21 October 2021). The principal activities of the Company and its subsidiaries (collectively referred to as the “Group”) are various types of consumer and product finance services, investing in stocks and other securities and providing loans, guarantees and financing to its affiliated companies.

The Company is a subsidiary of United Electronics Company (“UEC”), a Saudi Joint Stock Company, incorporated in the Kingdom of Saudi Arabia, which is also the Group’s ultimate controlling party and is principally engaged in the retail and wholesale of electric appliances and electronic gadgets etc.

The Company's shares started trading on Saudi Exchange as of 3 December 2024. The legal formalities of updating the Company’s By-laws and CR, to reflect the change in the Company’s legal status from a closed joint stock company to a joint stock company, are in progress as of the date of approval of this condensed consolidated interim financial information.

The accompanying condensed consolidated interim financial information include accounts of the Company and its following wholly owned subsidiaries:

Subsidiaries	Country of incorporation
United Company for Financial Services (“UCFS”)	Kingdom of Saudi Arabia
Procco Financial Services W.L.L. (“Procco”)	Kingdom of Bahrain

During the three-month period ended 31 March 2025, there were no significant changes in the terms of the financing arrangements offered by the Group such as profit rates, tenures of the financing contracts, criterion for finance amounts disbursed etc. In accordance with the approved business plan, the Murabaha Portfolio has continued to downsize whereas steady growth has been witnessed in the Islamic credit card product offerings and Tawarruq portfolio, consistent with the previous year. Also see Note 15.

1.1 Proposed increase in share capital

During the three-month period ended 31 March 2025, the Board of Directors in their meeting held on 23 March 2025 have resolved to recommend to the shareholders to increase the share capital of the Company from Saudi Riyals 250 million to Saudi Riyals 750 million, through issuance of 50 million bonus shares. Such increase is expected to be through transfers from statutory reserve, additional capital contribution and the remaining balance from retained earnings. Such proposed increase in share capital will require shareholders’ and regulatory approvals which are expected to be obtained during 2025.

1.2 Proposed incorporation of a new subsidiary

During the three-month period ended 31 March 2025, the Company signed a memorandum of understanding with Nowpay Corp Fintech Company, a company incorporated in Cayman Islands, to establish a new entity in the Kingdom of Saudi Arabia with an initial investment up to Saudi Riyals 75.0 million, after obtaining the required regulatory approvals. As of the date of approval of this condensed consolidated interim financial information, the Company has obtained approvals from the Ministry of Investment in the Kingdom of Saudi Arabia, and the remaining legal and regulatory formalities are in progress.

Such entity will be engaged in the provision of payroll administration and processing services in the Kingdom of Saudi Arabia. The Company will hold a 75% equity interest in the new entity, with the remaining 25% to be held by Nowpay Corp Fintech Company.

UNITED INTERNATIONAL HOLDING COMPANY
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Notes to the condensed consolidated interim financial information
For the three-month period ended 31 March 2025 (Unaudited)
(All amounts in Saudi Riyals unless otherwise stated)

2 Basis of preparation

The condensed consolidated interim financial information of the Group as at 31 March 2025 and for the three-month period then ended 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 Organization for Chartered and Professional Accountants ("SOCPA").

The condensed consolidated interim financial information does not include all information and disclosures required for a complete set of financial statements and should be read in conjunction with the Group's last annual audited consolidated financial statements as at and for the year ended 31 December 2024 ("Last Annual Financial Statements"). However, changes in accounting policies, if any and selected explanatory notes are included to explain events and transactions that are significant for understanding the changes in the Group's consolidated financial position and performance since the Last Annual Financial Statements.

An interim period is considered as an integral part of the whole fiscal year. However, the results of operations for the interim periods may not be a fair indication of the results of the full year operations.

2.1 New standards and amendment to standards and interpretations

There were no new standards or amendments to standards and interpretations that become applicable for the current reporting period, except for the amendment to IAS 21 'Foreign currencies'. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting this amendment.

2.2 Standards issued but not yet effective

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 1 January 2025 reporting periods and have not been early adopted by the Group. Management is in the process of assessing the impact of such new standards and interpretations on its consolidated financial statements.

2.3 Critical accounting estimates and judgements

The preparation of condensed consolidated interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The Group makes estimates and judgements concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There are no significant changes in critical accounting estimates and judgements used by management in the preparation of the condensed consolidated interim financial information from those that were applied and disclosed in the annual consolidated financial statements for the year ended 31 December 2024. Also see Note 5 and Note 15.

3 Cash and cash equivalents

	31 March 2025 (Unaudited)	31 December 2024 (Audited)
Cash at banks	54,821,727	23,772,479
Cash in hand	55,751	19,429
	54,877,478	23,791,908

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(All amounts in Saudi Riyals unless otherwise stated)

4 Prepayments and other receivables

	Note	31 March 2025 (Unaudited)	31 December 2024 (Audited)
Advances to suppliers		54,081,660	16,259,986
Prepaid expenses		12,471,854	16,240,557
Advances to employees		797,789	915,193
Due from related parties	9.2	44,257	50,257
Other receivables		3,531,957	3,318,352
		70,927,517	36,784,345

Classification of prepayments and other receivables is presented below:

Due within 12 months	69,818,275	35,377,674
Due after 12 months	1,109,242	1,406,671
	70,927,517	36,784,345

5 Investment in Islamic financing contracts

	31 March 2025 (Unaudited)	31 December 2024 (Audited)
Investment in Tawarruq financing contracts, net	1,975,163,386	1,883,590,052
Investment in Murabaha financing contracts, net	43,179,010	65,871,349
Investment in Islamic credit cards, net	535,514,420	457,681,898
	2,553,856,816	2,407,143,299
Less: Due after 12 months	(1,273,899,612)	(1,212,167,352)
Due within 12 months	1,279,957,204	1,194,975,947

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(A Saudi Joint Stock Company - Note 1)
Notes to the condensed consolidated interim financial information
For the three-month period ended 31 March 2025 (Unaudited)
(All amounts in Saudi Riyals unless otherwise stated)

5.1 Reconciliation between gross and net investment in Islamic financing contracts is as follows:

	Tawarruq finance		Murabaha finance		Islamic credit card		Total	
	31 March 2025	31 December 2024	31 March 2025	31 December 2024	31 March 2025	31 December 2024	31 March 2025	31 December 2024
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Gross investment in Islamic financing contracts	3,014,522,267	2,863,543,920	52,157,989	80,772,680	645,544,416	551,925,203	3,712,224,672	3,496,241,803
Unearned finance and processing fee income	(977,051,217)	(924,498,812)	(7,095,966)	(12,173,366)	(90,892,927)	(79,843,884)	(1,075,040,110)	(1,016,516,062)
Present value of investment in Islamic financing contracts ("P.V of I.F.C.")	2,037,471,050	1,939,045,108	45,062,023	68,599,314	554,651,489	472,081,319	2,637,184,562	2,479,725,741
Allowance for ECL/net impairment on financial assets	(62,307,664)	(55,455,056)	(1,883,013)	(2,727,965)	(19,137,069)	(14,399,421)	(83,327,746)	(72,582,442)
Net investment in Islamic financing contracts ("Net investment in I.F.C.")	1,975,163,386	1,883,590,052	43,179,010	65,871,349	535,514,420	457,681,898	2,553,856,816	2,407,143,299
Net investment in I.F.C. - Due after 12 months	(1,268,477,212)	(1,202,280,870)	(5,422,400)	(9,886,482)	-	-	(1,273,899,612)	(1,212,167,352)
Net investment in I.F.C. - Due within 12 months	706,686,174	681,309,182	37,756,610	55,984,867	535,514,420	457,681,898	1,279,957,204	1,194,975,947

The movement in allowance for ECL/impairment on Islamic financing contracts is as follows:

	Tawarruq finance		Murabaha finance		Islamic credit card		Total	
	31 March 2025	31 December 2024	31 March 2025	31 December 2024	31 March 2025	31 December 2024	31 March 2025	31 December 2024
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Opening balance	55,455,056	49,362,525	2,727,965	11,649,509	14,399,421	2,530,841	72,582,442	63,542,875
Charge for the period / year	31,572,241	85,784,391	1,652,388	17,536,269	7,649,581	17,349,812	40,874,210	120,670,472
Amounts written-off	(24,719,633)	(79,691,860)	(2,497,340)	(26,457,813)	(2,911,933)	(5,481,232)	(30,128,906)	(111,630,905)
Closing balance	62,307,664	55,455,056	1,883,013	2,727,965	19,137,069	14,399,421	83,327,746	72,582,442

UNITED INTERNATIONAL HOLDING COMPANY
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Notes to the condensed consolidated interim financial information
For the three-month period ended 31 March 2025 (Unaudited)
(All amounts in Saudi Riyals unless otherwise stated)

5.1.1 Net impairment losses on financial assets:

	Tawarruq finance		Murabaha finance		Islamic credit card		Total	
	31 March 2025 (Unaudited)	31 March 2024 (Unaudited)	31 March 2025 (Unaudited)	31 March 2024 (Unaudited)	31 March 2025 (Unaudited)	31 March 2024 (Unaudited)	31 March 2025 (Unaudited)	31 March 2024 (Unaudited)
Charge for the period	31,572,241	18,054,886	1,652,388	3,875,979	7,649,581	2,670,874	40,874,210	24,601,739
Recoveries amount of previously written off	(7,858,775)	(4,854,987)	(2,030,829)	(1,928,167)	(349,734)	-	(10,239,338)	(6,783,154)
Net impairment losses on financial assets	23,713,466	13,199,899	(378,441)	1,947,812	7,299,847	2,670,874	30,634,872	17,818,585

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(A Saudi Joint Stock Company - Note 1)
Notes to the condensed consolidated interim financial information
For the three-month period ended 31 March 2025 (Unaudited)
(All amounts in Saudi Riyals unless otherwise stated)

5.2 Stage-wise analysis of Islamic financing contracts and the respective ECL are as follows:

31 March 2025 (Unaudited)	Tawarruq finance			Murabaha finance			Islamic credit card			Total		
	P.V. of I.F.C.	Allowance for ECL	Net investment in I.F.C.	P.V. of I.F.C.	Allowance for ECL	Net investment in I.F.C.	P.V. of I.F.C.	Allowance for ECL	Net investment in I.F.C.	P.V. of I.F.C.	Allowance for ECL	Net investment in I.F.C.
Performing (Stage 1)	1,807,866,601	(18,116,439)	1,789,750,162	35,119,399	(136,915)	34,982,484	494,161,496	(4,695,062)	489,466,434	2,337,147,496	(22,948,416)	2,314,199,080
Under-performing (Stage 2)	62,569,585	(9,757,300)	52,812,285	1,949,056	(168,753)	1,780,303	18,134,555	(3,952,279)	14,182,276	82,653,196	(13,878,332)	68,774,864
Non-performing (Stage 3)	167,034,864	(34,433,925)	132,600,939	7,993,568	(1,577,345)	6,416,223	42,355,438	(10,489,728)	31,865,710	217,383,870	(46,500,998)	170,882,872
	2,037,471,050	(62,307,664)	1,975,163,386	45,062,023	(1,883,013)	43,179,010	554,651,489	(19,137,069)	535,514,420	2,637,184,562	(83,327,746)	2,553,856,816

31 December 2024 (Audited)	Tawarruq finance			Murabaha finance			Islamic credit card			Total		
	P.V of I.F.C.	Allowance for ECL	Net investment in I.F.C.	P.V of I.F.C.	Allowance for ECL	Net investment in I.F.C.	P.V of I.F.C.	Allowance for ECL	Net investment in I.F.C.	P.V of I.F.C.	Allowance for ECL	Net investment in I.F.C.
Performing (Stage 1)	1,723,985,236	(14,387,459)	1,709,597,777	54,788,970	(200,770)	54,588,200	431,109,626	(4,577,868)	426,531,758	2,209,883,832	(19,166,097)	2,190,717,735
Under-performing (Stage 2)	59,231,366	(9,115,750)	50,115,616	2,902,372	(249,187)	2,653,185	13,256,397	(2,947,380)	10,309,017	75,390,135	(12,312,317)	63,077,818
Non-performing (Stage 3)	155,828,506	(31,951,847)	123,876,659	10,907,972	(2,278,008)	8,629,964	27,715,296	(6,874,173)	20,841,123	194,451,774	(41,104,028)	153,347,746
	1,939,045,108	(55,455,056)	1,883,590,052	68,599,314	(2,727,965)	65,871,349	472,081,319	(14,399,421)	457,681,898	2,479,725,741	(72,582,442)	2,407,143,299

UNITED INTERNATIONAL HOLDING COMPANY
(A Saudi Joint Stock Company - Note 1)
Notes to the condensed consolidated interim financial information
For the three-month period ended 31 March 2025 (Unaudited)
(All amounts in Saudi Riyals unless otherwise stated)

5.3 Stage-wise movement in ECL allowance/impairment on investment in Islamic financing contracts is as follows:

	Performing (Stage 1)	Under- performing (Stage 2)	Non- Performing (Stage 3)	Total
<u>31 March 2025 (Unaudited)</u>				
1 January 2025	19,166,097	12,312,317	41,104,028	72,582,442
Individual financial assets transferred to under-performing (lifetime expected credit losses)	(1,778,772)	12,295,031	(380,355)	10,135,904
Individual financial assets transferred to non-performing (credit-impaired financial assets)	(1,742,373)	(8,584,194)	15,753,414	5,426,847
Individual financial assets transferred to performing (12-month expected credit losses)	781,913	(1,678,283)	(1,396,026)	(2,292,396)
New financial assets originated	3,846,920	-	-	3,846,920
Amounts written-off	-	-	(30,128,906)	(30,128,906)
Other changes	2,674,631	(466,539)	21,548,843	23,756,935
31 March 2025	22,948,416	13,878,332	46,500,998	83,327,746
	Performing (Stage 1)	Under- performing (Stage 2)	Non- Performing (Stage 3)	Total
<u>31 December 2024 (Audited)</u>				
1 January 2024	14,676,651	8,394,498	40,471,726	63,542,875
Individual financial assets transferred to under-performing (lifetime expected credit losses)	(7,357,388)	11,016,436	(673,588)	2,985,460
Individual financial assets transferred to non-performing (credit-impaired financial assets)	(13,006,781)	(3,473,543)	38,481,627	22,001,303
Individual financial assets transferred to performing (12-month expected credit losses)	648,207	(2,614,665)	(1,922,315)	(3,888,773)
New financial assets originated	31,592,724	-	-	31,592,724
Amounts written-off	-	-	(111,630,905)	(111,630,905)
Other changes	(7,387,316)	(1,010,409)	76,377,483	67,979,758
31 December 2024	19,166,097	12,312,317	41,104,028	72,582,442

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5.4 Category-wise movement in stage-wise ECL allowance/impairment is as follows:

	Tawarruq finance			Murabaha finance			Islamic Credit Card			Total		
	Performing (Stage 1)	Under- performing (Stage 2)	Non- performing (Stage 3)	Performing (Stage 1)	Under- performing (Stage 2)	Non- performing (Stage 3)	Performing (Stage 1)	Under- performing (Stage 2)	Non- performing (Stage 3)	Performing (Stage 1)	Under- performing (Stage 2)	Non- performing (Stage 3)
31 March 2025 (Unaudited)												
At 1 January	14,387,459	9,115,750	31,951,847	200,770	249,187	2,278,008	4,577,868	2,947,380	6,874,173	19,166,097	12,312,317	41,104,028
Individual financial assets transferred to												
- Stage 1	735,982	(1,348,154)	(1,019,847)	6,634	(37,256)	(56,393)	39,297	(292,873)	(319,786)	781,913	(1,678,283)	(1,396,026)
- Stage 2	(1,590,522)	8,233,365	(357,255)	(23,064)	125,459	(17,384)	(165,186)	3,936,207	(5,716)	(1,778,772)	12,295,031	(380,355)
- Stage 3	(985,048)	(5,914,054)	10,510,444	(12,559)	(141,467)	362,221	(744,766)	(2,528,673)	4,880,749	(1,742,373)	(8,584,194)	15,753,414
New financial assets originated	2,804,891	-	-	239	-	-	1,041,790	-	-	3,846,920	-	-
Amounts written-off	-	-	(24,719,633)	-	-	(2,497,341)	-	-	(2,911,932)	-	-	(30,128,906)
Other changes	2,763,677	(329,607)	18,068,369	(35,105)	(27,170)	1,508,234	(53,941)	(109,762)	1,972,240	2,674,631	(466,539)	21,548,843
At 31 March	18,116,439	9,757,300	34,433,925	136,915	168,753	1,577,345	4,695,062	3,952,279	10,489,728	22,948,416	13,878,332	46,500,998
	Tawarruq finance			Murabaha finance			Islamic Credit Card			Total		
	Performing (Stage 1)	Under- performing (Stage 2)	Non- performing (Stage 3)	Performing (Stage 1)	Under- performing (Stage 2)	Non- performing (Stage 3)	Performing (Stage 1)	Under- performing (Stage 2)	Non- performing (Stage 3)	Performing (Stage 1)	Under- performing (Stage 2)	Non- performing (Stage 3)
31 December 2024 (Audited)												
At 1 January	12,795,904	7,281,868	29,284,753	1,145,853	812,779	9,690,877	734,894	299,851	1,496,096	14,676,651	8,394,498	40,471,726
Individual financial assets transferred to												
- Stage 1	625,261	(2,374,682)	(1,777,563)	14,340	(186,705)	(123,632)	8,606	(53,278)	(21,120)	648,207	(2,614,665)	(1,922,315)
- Stage 2	(4,625,369)	7,865,689	(619,064)	(37,189)	216,805	(49,224)	(2,694,830)	2,933,942	(5,300)	(7,357,388)	11,016,436	(673,588)
- Stage 3	(8,344,941)	(2,985,156)	29,758,340	(79,936)	(299,578)	1,896,733	(4,581,904)	(188,809)	6,826,554	(13,006,781)	(3,473,543)	38,481,627
New financial assets originated	20,167,585	-	-	78,944	-	-	11,346,195	-	-	31,592,724	-	-
Amounts written-off	-	-	(79,691,860)	-	-	(26,457,813)	-	-	(5,481,232)	-	-	(111,630,905)
Other changes	(6,230,981)	(671,969)	54,997,241	(921,242)	(294,114)	17,321,067	(235,093)	(44,326)	4,059,175	(7,387,316)	(1,010,409)	76,377,483
At 31 December	14,387,459	9,115,750	31,951,847	200,770	249,187	2,278,008	4,577,868	2,947,380	6,874,173	19,166,097	12,312,317	41,104,028

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Following factors contributed to the change in the ECL allowance during the three-month period ended 31 March 2025:

- Transfers between Stage 1, 2 and 3, due to balances experiencing significant increases (or decreases on account of impact of enhanced collection strategies and efforts) in credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and lifetime ECL;
- Additional allowances for new financial assets recognised during the period;
- Financial assets written off; and
- 'Other changes' in Stage 3 principally represent net impact of additional allowance for ECL recognized upon write-offs.

5.5 Category-wise movement in stage-wise gross carrying amounts of net investment in Islamic financing contracts is as follows:

31 March 2025 (Unaudited)	Tawarruq finance			Murabaha finance			Islamic Credit Card			Total		
	Performing (Stage 1)	Under- performing (Stage 2)	Non- performing (Stage 3)	Performing (Stage 1)	Under- performing (Stage 2)	Non- performing (Stage 3)	Performing (Stage 1)	Under- performing (Stage 2)	Non- performing (Stage 3)	Performing (Stage 1)	Under- performing (Stage 2)	Non- performing (Stage 3)
At 1 January	1,723,985,236	59,231,366	155,828,506	54,788,970	2,902,372	10,907,972	431,109,626	13,256,397	27,715,296	2,209,883,832	75,390,135	194,451,774
Individual financial assets transferred to												
- Stage 1	49,509,768	(10,592,744)	(38,917,024)	5,033,173	(634,941)	(4,398,232)	6,742,098	(1,710,891)	(5,031,207)	61,285,039	(12,938,576)	(48,346,463)
- Stage 2	(49,513,061)	51,251,129	(1,738,068)	(1,375,747)	1,457,367	(81,620)	(17,393,232)	17,417,535	(24,303)	(68,282,040)	70,126,031	(1,843,991)
- Stage 3	(48,321,131)	(36,331,172)	84,652,303	(347,268)	(1,475,006)	1,822,274	(7,460,293)	(11,453,518)	18,913,811	(56,128,692)	(49,259,696)	105,388,388
New financial assets originated	347,808,236	-	-	86,074	-	-	131,831,897	-	-	479,726,207	-	-
Amounts written-off	-	-	(24,719,633)	-	-	(2,497,341)	-	-	(2,911,932)	-	-	(30,128,906)
Collections and other changes	(215,602,447)	(988,994)	(8,071,220)	(23,065,803)	(300,736)	2,240,515	(50,668,600)	625,032	3,693,773	(289,336,850)	(664,698)	(2,136,932)
At 31 March	1,807,866,601	62,569,585	167,034,864	35,119,399	1,949,056	7,993,568	494,161,496	18,134,555	42,355,438	2,337,147,496	82,653,196	217,383,870

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5.5 Category-wise movement in stage-wise gross carrying amounts of net investment in Islamic financing contracts is as follows
(continued):

31 December 2024 (Audited)	Tawarruq finance			Murabaha finance			Islamic Credit Card			Total		
	Performing (Stage 1)	Under- performing (Stage 2)	Non- performing (Stage 3)	Performing (Stage 1)	Under- performing (Stage 2)	Non- performing (Stage 3)	Performing (Stage 1)	Under- performing (Stage 2)	Non- performing (Stage 3)	Performing (Stage 1)	Under- performing (Stage 2)	Non- performing (Stage 3)
At 1 January	1,363,519,192	94,488,537	122,671,138	231,558,510	13,124,454	39,839,852	56,654,129	3,111,317	5,961,103	1,651,731,831	110,724,308	168,472,093
Individual financial assets transferred to												
- Stage 1	37,964,810	(30,277,686)	(7,687,124)	15,045,637	(2,983,418)	(12,062,219)	5,406,676	(754,117)	(4,652,559)	58,417,123	(34,015,221)	(24,401,902)
- Stage 2	(52,287,894)	54,941,656	(2,653,762)	(3,858,938)	4,068,226	(209,288)	(12,908,617)	12,939,534	(30,917)	(69,055,449)	71,949,416	(2,893,967)
- Stage 3	(100,804,627)	(39,336,230)	140,140,857	(5,825,710)	(4,638,761)	10,464,471	(20,594,457)	(1,867,040)	22,461,497	(127,224,794)	(45,842,031)	173,066,825
New financial assets originated	1,085,187,409	-	-	5,156,849	-	-	412,643,781	-	-	1,502,988,039	-	-
Amounts written-off	-	-	(79,691,860)	-	-	(26,457,813)	-	-	(5,481,232)	-	-	(111,630,905)
Collections and other changes	(609,593,654)	(20,584,911)	(16,950,743)	(187,287,378)	(6,668,129)	(667,031)	(10,091,886)	(173,297)	9,457,404	(806,972,918)	(27,426,337)	(8,160,370)
At 31 December	1,723,985,236	59,231,366	155,828,506	54,788,970	2,902,372	10,907,972	431,109,626	13,256,397	27,715,296	2,209,883,832	75,390,135	194,451,774

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5.6 Maturity profile of gross investment in Islamic financing contracts and present value of investment in Islamic financing contracts is as follows:

	31 March 2025 (Unaudited)	31 December 2024 (Audited)
Gross investment in Islamic financing contracts		
Within one year	1,646,750,434	1,477,540,582
From one to two years	936,161,015	922,557,910
From two to three years	564,724,397	557,563,334
From three to four years	381,942,171	376,033,518
Four to five years	182,646,655	162,546,459
	<u>3,712,224,672</u>	<u>3,496,241,803</u>
Present value of investment in Islamic financing contracts		
Within one year	1,319,511,042	1,240,297,157
From one to two years	607,417,930	588,174,376
From two to three years	382,415,805	353,346,496
From three to four years	230,751,984	213,495,654
Four to five years	97,087,801	84,412,058
	<u>2,637,184,562</u>	<u>2,479,725,741</u>

6 Trade and other payables

	Note	31 March 2025 (Unaudited)	31 December 2024 (Audited)
Accrued expenses		34,532,744	24,795,104
Trade payables		12,024,885	14,237,631
Due to related parties	9.1	7,371,374	6,084,405
Accrued salaries and other benefits		7,316,795	9,821,821
Accrued Board of Directors' fee		3,207,109	4,395,437
Value added tax payable		844,953	732,599
Others		6,059,415	6,853,776
		<u>71,357,275</u>	<u>66,920,773</u>

Classification of trade and other payables is presented below:

Due within 12 months	65,897,275	60,735,773
Due after 12 months	<u>5,460,000</u>	<u>6,185,000</u>
	<u>71,357,275</u>	<u>66,920,773</u>

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7 Zakat payable

	For the three-month period ended 31 March 2025 (Unaudited)	For the year ended 31 December 2024 (Audited)
Opening balance	25,639,901	24,423,377
Provision for the period/year		
- For current period/year	6,809,631	25,639,901
- Adjustments related to prior period/year	-	(9,909)
	6,809,631	25,629,992
Payments	-	(24,413,468)
Closing balance	32,449,532	25,639,901

The Company's zakat assessments since inception, are currently under review by the Zakat, Tax and Customs Authority ("ZATCA"). The Company has obtained zakat certificates from ZATCA for the years through 2023. UCFS has also obtained zakat certificates from ZATCA for the years through 2023, which are currently under review by ZATCA. Subsequent to the three-month period ended 31 March 2025, both the Company and UCFS have also obtained the zakat certificate for the year 2024.

8 Borrowings

	31 March 2025 (Unaudited)	31 December 2024 (Audited)
Long-term borrowings		
Murabaha facilities	1,410,449,460	1,267,450,000
Accrued finance costs	7,020,220	8,219,092
	1,417,469,680	1,275,669,092

Classification of borrowings is presented below:

Due within 12 months	436,195,220	426,612,842
Due after 12 months	981,274,460	849,056,250
	1,417,469,680	1,275,669,092

8.1 The movement in the Group's borrowings is as follows:

	31 March 2025 (Unaudited)	31 December 2024 (Audited)
Opening balance	1,275,669,092	945,351,417
Proceeds from long-term borrowings	477,999,460	923,101,250
Repayment of long-term borrowings	(335,000,000)	(595,187,500)
Finance costs accrued	21,087,199	79,888,826
Finance costs paid	(22,286,071)	(77,484,901)
Closing balance	1,417,469,680	1,275,669,092

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8.2 The maturities of the principal portion of the Group's borrowings are as follows:

	31 March 2025 (Unaudited)	31 December 2024 (Audited)
Less than 6 months	206,681,250	209,196,875
Between 6 to 12 months	222,493,750	209,196,875
Between 1 and 2 years	401,612,500	368,393,750
Between 2 and 5 years	579,661,960	480,662,500
	<u>1,410,449,460</u>	<u>1,267,450,000</u>

Maturity profile of borrowings, including finance cost component, is disclosed in Note 15.

8.3 The Group has obtained borrowings under Islamic financing arrangements with commercial banks in the Kingdom of Saudi Arabia. All loan facilities above are denominated in Saudi Riyals and bear financial charges based on Saudi Arabian Interbank Offered Rate ("SAIBOR") plus certain margins. The Group's borrowings are carried at amortised cost and are periodically contractually repriced after every three months, in line with the terms of the borrowing arrangements.

The facility-wise breakdown of the outstanding loan balance is as follows:

	Note	31 March 2025 (Unaudited)	31 December 2024 (Audited)
Long-term borrowings			
Murabaha I	8.3.1	565,499,460	350,000,000
Murabaha II	8.3.2	189,450,000	234,575,000
Murabaha III	8.3.3	472,375,000	487,250,000
Murabaha IV	8.3.4	183,125,000	195,625,000
		<u>1,410,449,460</u>	<u>1,267,450,000</u>
Accrued finance costs		<u>7,020,220</u>	<u>8,219,092</u>
		<u>1,417,469,680</u>	<u>1,275,669,092</u>

The financial charges incurred during the period increased on account of increase the amount of borrowings. Certain credit facility agreements contain financial covenants requiring maintenance of certain financial ratios and other matters, of which the Group was in compliance with at 31 March 2025.

Details of the type of borrowings facilities availed by the Group are as follows:

Long-term borrowings:

8.3.1 Murabaha I

Total amount available to the Group under such facility is Saudi Riyals 875.0 million. Each tranche of facility utilization is repayable in 16 quarterly installments commencing 6 months after receipt of the borrowed amount. As at 31 December 2024, the Group has an outstanding loan balance of Saudi Riyals 565.5 million against this facility (31 December 2024: Saudi Riyals 350.0 million).

Under the terms of this borrowing facility, the Group is required to maintain a minimum ratio of 1.2 to 1 of earnings before interest, tax, depreciation and amortization ("EBITDA") to Debt Service. As at 31 March 2025, the ratio of EBITDA to debt service was 4.2 (31 December 2024: 4.2), in compliance with the requirements of the minimum ratio as set out in such facility agreement. The Group is also required to monitor the aggregate amount of financing offered by the Group in line with the regulatory requirements of SAMA, which requires companies engaged in financing other than real estate, not to exceed aggregate financing to capital ratio of three times, which is calculated by dividing net investment in Islamic financing contracts by total equity. As at 31 March 2025, such ratio of investment in Islamic financing contracts to net equity was 2.2 (31 December 2024: 2.2), in compliance with the requirements of SAMA.

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8.3.2 Murabaha II

Total amount available to the Group under such facility is Saudi Riyals 800.0 million. Each tranche of facility utilization is repayable in 20 quarterly installments commencing 3 months after receipt of the borrowed amount. As at 31 March 2025, the Group has an outstanding loan balance of Saudi Riyals 189.5 million against this facility (31 December 2024: Saudi Riyals 234.6 million).

Under the terms of this borrowing facility, the Group is required to maintain a minimum current ratio of 1.05. As at 31 March 2025, the current ratio was 2.6 (31 December 2024: 2.4), in compliance with the requirements of the minimum ratio as set out in such facility agreement.

8.3.3 Murabaha III

Total amount available to the Group under such facility is Saudi Riyals 500.0 million. Each tranche of facility utilization is repayable in 20 quarterly installments commencing 3 months after receipt of the borrowed amount. As at 31 March 2025, the Group has an outstanding loan balance of Saudi Riyals 472.4 million against this facility (31 December 2024: Saudi Riyals 487.3 million).

Under the terms of this borrowing facility, the Group is required to maintain a minimum current ratio of 1.1. As at 31 March 2025, the current ratio was 2.6 (31 December 2024: 2.4), in compliance with the requirements of the minimum ratio as set out in such facility agreement. The Group is also required to maintain a minimum net equity balance of Saudi Riyals 480.0 million. As at 31 March 2025, the net equity for the Group was Saudi Riyals 1,169.1 million (31 December 2024: Saudi Riyals 1,110.0 million), in compliance with the requirements of the minimum balance as set out in such facility agreement.

8.3.4 Murabaha IV

Total amount available to the Group under such facility is Saudi Riyals 200.0 million. Each tranche of facility utilization is repayable in 48 monthly installments commencing one month after receipt of the borrowed amount. As at 31 March 2025, the Group has an outstanding loan balance of Saudi Riyals 183.1 million against this facility (31 December 2024: Saudi Riyals 195.6 million).

Under the terms of this borrowing facility, the Group is required to comply with certain financial covenants which are as follows:

- the Group's borrowings to total equity ratio is required to not exceed the ratio of 3 to 1. As at 31 March 2025, the ratio of borrowings to total equity was 1.2 to 1 (31 December 2024: 1.2 to 1);
- the Group's borrowings to not exceed 80% of net investment in Islamic financing contracts for both stage 1 and stage 2. As at 31 March 2025, such ratio of borrowings to Islamic financing contracts for both stage 1 and stage 2 was 59.5% (31 December 2024: 56.6%);
- The Group's non-performing (stage 3) balance of net investment in Islamic financing contracts to not exceed 10% of the net investment in Islamic financing contracts. As at 31 March 2025, the ratio of non-performing balance to Islamic financing contracts was 6.7% (31 December 2024: 6.4%); and
- UEC's shareholding (direct or indirect) in the Group to not go below 51%. As at 31 March 2025, UEC's direct and indirect shareholding was 70% (31 December 2024: 70%).

The Group is in compliance with the afore-mentioned requirements as set out in such facility agreement.

8.3.5 Murabaha V

Total amount available to the Group under such facility is Saudi Riyals 150.0 million, which is unutilized as at 31 March 2025.

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9 Related party transactions and balances

Related parties comprise the shareholders, directors, affiliated companies (representing entities which are directly or indirectly controlled by or under the significant influence of the Group's direct and indirect shareholders), and key management personnel. Related parties also include business entities in which certain directors or senior management have control or joint control.

Information about the related parties' balances and significant transactions in the ordinary course of business during the period were as follows:

Related party		Relationship	
UEC		Shareholder	
United Electronics Company - Extra W.L.L. ("eXtra Bahrain")		Shareholder	
Nature of transaction	Relationship	For the three-month period ended	
		31 March	31 March
		2025	2024
		(Unaudited)	(Unaudited)
UEC			
Customer purchases financed under Murabaha contracts	Shareholder	6,051,015	7,849,795
Rent expenses	Shareholder	262,701	262,701
Expenses incurred by UEC on behalf of the Group	Shareholder	1,249,680	1,897,586

9.1 Due to related parties

	31 March	31 December
	2025	2024
	(Unaudited)	(Audited)
UEC	7,371,374	6,084,405

9.2 Due from related parties

	31 March	31 December
	2025	2024
	(Unaudited)	(Audited)
eXtra Bahrain - Shareholder	44,257	50,257

Nature of transactions:

The transactions are based on terms agreed as per signed agreements between the Group and the related parties. A summary of nature of key transactions has been disclosed below:

- Customer purchases financed under Murabaha contracts are carried out at prevailing retail prices.
- Shared services costs include stores administration services and information technology expenses. Rent expenses pertain to rental charges for office spaces.
- Expenses incurred by UEC on behalf of the Group include utilities and certain other expenses.

During the three-month period ended 31 March 2025, there were no changes in the terms of the agreement with such related parties and the nature of related party transactions are consistent with the year ended 31 December 2024.

Related party balances as at 31 March 2025 and 31 December 2024 bear no financial charges, are unsecured and are settled in cash. Further, the ECL allowance on such balances was immaterial.

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9.3 Key management personnel compensation

	For the three-month period ended 31 March	
	2025	2024
	(Unaudited)	(Unaudited)
Short-term employee benefits	2,245,342	2,191,729
Employee benefit obligations	100,789	93,931
Board of Directors' fees	1,353,319	1,133,000
	3,699,450	3,418,660

Key management personnel include Chief Executive Officer and other department heads of the Company and UCFS. As at 31 March 2025, advances to employees includes outstanding loans and advances to key management personnel amounting to Saudi Riyals 0.1 million (31 December 2024: Saudi Riyals 0.3 million). Refer Note 4.

10 Share capital and statutory reserve

The share capital of the Group as of 31 March 2025 and 31 December 2024 comprised 25 million shares stated at Saudi Riyals 10 per share. Also see Note 1.

During the year ended 31 December 2024, the By-laws of the Company were updated in accordance with the new Regulations for Companies which no longer mandates maintaining any statutory reserve and accordingly, no new transfer has been reflected in the statutory reserve as at 31 March 2025. The Company expects to transfer the balance of statutory reserve to the retained earnings, during 2025, after obtaining the required approvals from the shareholders.

11 Income from islamic financing contracts

	For the three-month period ended 31 March	
	2025	2024
	(Unaudited)	(Unaudited)
Income from tawarruq finance activities, net	128,127,646	110,396,269
Income from murabaha finance activities, net	3,337,828	21,302,133
Income from islamic credit card activities, net	43,188,679	7,736,252
	174,654,153	139,434,654

12 Other operating expenses

	For the three-month period ended 31 March	
	2025	2024
	(Unaudited)	(Restated - Note 16)
	(Unaudited)	(Unaudited)
Advertising	7,760,160	5,525,108
Fee and subscription	6,651,940	6,116,420
Technical support fees	4,338,683	1,316,123
Information technology support	3,267,130	1,517,568
Professional fees	1,537,368	911,504
Rent	1,113,820	1,139,413
Utilities, printing and stationery	1,110,822	381,482
Collection charges	956,108	1,150,815
Other	2,687,990	2,079,237
	29,424,021	20,137,670

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13 Basic and diluted earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period. As the Company does not have any dilutive potential shares, the diluted earnings per share is the same as the basic earnings per share.

	For the three-month period ended 31 March	
	2025	2024
	(Unaudited)	(Unaudited)
Profit attributable to the shareholders of the Company	57,807,516	52,352,136
Weighted average number of ordinary shares for basic and diluted earnings per share	25,000,000	25,000,000
Basic and diluted earnings per share	2.31	2.09

14 Fair values of financial assets and financial liabilities

As at 31 March 2025 and 31 December 2024, all financial assets and financial liabilities of the Group are categorized as held at amortized cost. Management believes that the fair values of the Group's financial assets and liabilities as at 31 March 2025 and 31 December 2024 are not materially different from their carrying values since the financial instruments are short term in nature, carry profit rates which are based on prevailing market profit rates and are expected to be realized at their current carrying values within twelve months from the date of the statement of financial position. The fair values of the non-current financial instruments are estimated to approximate their carrying values as these carry profit rates which are based on prevailing market profit rates. During the three-month period ended 31 March 2025, there have been no significant market developments which might indicate towards a potential change in fair value of the Group's financial instruments.

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15 Financial risk management

The Group's activities expose it to a variety of financial risks: credit risk, profit rate risk and liquidity risk. The Group's overall risk management program, which is carried out by senior management under policies reviewed by the Risk and Credit Management Committee of UCFS ("Risk and Credit Management Committee") and approved by the Group's Board of Directors, focuses on having cost effective funding as well as managing financial risks to minimize earning volatility and provide maximum return to the shareholders.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Risk and Credit Management Committee and the Board of Directors are responsible for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The risks faced by the Group and their respective mitigating strategies are summarized below:

15.1 Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation and cause a financial loss to the Group. The maximum exposure to credit risk is equal to the carrying amount of financial assets. As at 31 March 2025, the Group has maintained an ECL allowance of Saudi Riyals 83.3 million (31 December 2024: Saudi Riyals 72.6 million), which is considered adequate to provide for any losses which may be sustained on realization of financial assets.

The management analyses credit risk into the following categories:

15.1.1 Investment in Islamic financing contracts

Investment in Tawarruq, Murabaha and credit card finance contracts is generally exposed to significant credit risk. Therefore, the Group has established procedures to manage credit exposure including evaluation of customers' credit worthiness, formal credit approvals and assigning credit limits.

The overall decision to lend to a particular customer is based on the following key parameters:

- Dual credit score i.e. SIMAH and internal application scoring system;
- Minimum income level and maximum debt burden of the borrower; and
- Loan repayment history with other financial institutions sourced from SIMAH.

The Group does not have any significant concentration of credit risk since it enters into Islamic Financing Contracts with individual customers only. At the inception of the contract, internal credit risk ratings are allocated to each exposure. These credit risk grades are defined using a variety of qualitative and quantitative factors including income levels, employment segment, nationality etc.

A significant number of customers are Government sector employees. The Group generally receives repayments through variable channels such as regular and virtual bank transfers and SADAD. The Group has approved collection policies and procedures establishing a collection strategy to follow up with the delinquent customers. In order to monitor exposure to credit risk, reports are reviewed by the Risk and Credit Management Committee and the Board of Directors on a quarterly basis. Furthermore, the Group has also strengthened its legal department in order to be actively involved in the collection process of delinquent customers. An allowance for ECL is maintained at a level which, in the judgment of management, is adequate to provide for potential losses that can be reasonably anticipated.

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The following tables sets out information about the credit quality of investment in Islamic financing contracts:

- a. *Stage-wise analysis of gross investment in Islamic financing contracts, in comparison with internal credit risk rating assigned at the inception of the respective contracts. The amounts in the table represent gross investment in Islamic financing contracts.*

	Performing (Stage 1)	Under- performing (Stage 2)	Non- performing (Stage 3)	Total
31 March 2025 (Unaudited)				
<i>Internal credit risk ratings</i>				
Low risk	1,181,478,965	27,824,932	61,605,947	1,270,909,844
Medium risk	1,055,267,178	40,751,879	101,781,672	1,197,800,729
High risk	1,073,052,415	45,571,141	124,890,543	1,243,514,099
	3,309,798,558	114,147,952	288,278,162	3,712,224,672
	Performing (Stage 1)	Under- performing (Stage 2)	Non- performing (Stage 3)	Total
31 December 2024 (Audited)				
<i>Internal credit risk ratings</i>				
Low risk	1,147,540,307	22,553,430	50,738,771	1,220,832,508
Medium risk	995,000,277	35,240,678	84,700,738	1,114,941,693
High risk	993,157,733	45,740,598	121,569,271	1,160,467,602
	3,135,698,317	103,534,706	257,008,780	3,496,241,803

Subsequent to initial recognition, the Group monitors the credit quality of its exposures based on staging criteria and past due ageing of the exposures.

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b. Ageing analysis of net investment in Islamic financing contracts based on due balances according to the respective contractual repayment schedules:

	Tawarruq finance		Murabaha finance		Islamic Credit Card		Total	
	31 March 2025 (Unaudited)	31 December 2024 (Audited)	31 March 2025 (Unaudited)	31 December 2024 (Audited)	31 March 2025 (Unaudited)	31 December 2024 (Audited)	31 March 2025 (Unaudited)	31 December 2024 (Audited)
Not past due	1,736,597,780	1,645,459,253	33,066,592	52,292,641	480,514,643	419,859,733	2,250,179,015	2,117,611,627
Past due 1-30 days	71,268,821	78,525,983	2,052,807	2,496,329	13,646,853	11,249,893	86,968,481	92,272,205
Past due 31-90 days	62,569,585	59,231,366	1,949,056	2,902,372	18,134,555	13,256,397	82,653,196	75,390,135
Past due 91-180 days	57,706,845	38,846,251	2,242,206	1,906,766	20,751,464	10,416,706	80,700,515	51,169,723
Past due 181-364 days	87,730,216	96,896,105	4,006,756	6,787,285	16,039,751	14,013,904	107,776,723	117,697,294
Over 365 days	21,597,803	20,086,150	1,744,606	2,213,921	5,564,223	3,284,686	28,906,632	25,584,757
	2,037,471,050	1,939,045,108	45,062,023	68,599,314	554,651,489	472,081,319	2,637,184,562	2,479,725,741
Less: Impairment for Islamic financing contracts	(62,307,664)	(55,455,056)	(1,883,013)	(2,727,965)	(19,137,069)	(14,399,421)	(83,327,746)	(72,582,442)
Net investment in Islamic financing contracts	1,975,163,386	1,883,590,052	43,179,010	65,871,349	535,514,420	457,681,898	2,553,856,816	2,407,143,299

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15.1.2 Measurement of ECL

The Group applies three-stage model for impairment of Investment in Islamic financing contracts, in line with the requirements of IFRS 9 'Financial Instruments', based on changes in credit quality since initial recognition. The assessment of credit risk in the net investment in Islamic financing receivables requires further estimations of credit risk using ECL which is derived by Probability of default ("PD"), Exposure at Default ("EAD") and Loss Given Default ("LGD").

The Group measures an ECL at a contract level considering the EAD, PD, LGD and discount rates. PD estimates are estimates at a certain date, based on the term structures as provided below. For LGD estimates, the Group uses present value of recoveries for loss accounts adjusted by the forward-looking information. EAD represents the exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract i.e. contractual repayments. Such financing contracts are not collateralised. For discounting, the Group has used each contract's effective profit rate.

PD has been calculated as a probability that an exposure will move to more than 90 days past due in the next 12 months or over the remaining lifetime of the obligation. 'Through-the-Cycle' estimates were calculated based on collection and default trends. Such "Through-the-Cycle" PD rates are later converted to 'Point-in-time' PD rates by incorporating the forward-looking information using the Vasicek framework.

LGD inputs have been calculated using the 'Through-the-Cycle' estimates based on historical collection and default trends of Murabaha, Tawarruq and credit card portfolios, which are later converted to 'Point-in-time' LGD rates using the Jacob-Frye methodology.

The Group measures the ECL as either a probability-weighted 12-month ECL (Stage 1) or a probability-weighted lifetime ECL (Stage 2 and 3). These probability weighted ECLs are determined by running each scenario through the relevant ECL model and multiplying it by the appropriate scenario weightings of 15%, 70% and 15% for "upturn", "baseline" and "downturn" scenarios respectively which are computed through statistical methodologies.

As at 31 March 2025, the Exports of Goods and Services (% change per annum), Crude petroleum (% change per annum) and Foreign-exchange reserves (% change per annum) incorporated in the upturn, baseline and downturn scenarios were as follows:

	Upturn	Baseline	Downturn
Exports of Goods and Services (% change per annum)	11.9%	2.7%	(6.5%)
Crude petroleum (% change per annum)	55.7%	48.8%	41.8%
Foreign-exchange reserves (% change per annum)	0.019%	0.001%	(0.016%)

During the three-month period ended 31 March 2025, there have been no significant changes to the underlying methodology, assumptions and judgements used for determination of ECL from those that were used for the purpose of determining the ECL allowance as of 31 December 2024, including the weight assigned to each scenario i.e. upturn, baseline and downturn scenarios.

The Group's management believes that adequate ECL allowance has been made, where required to address the credit risk.

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a) Sensitivity analysis:

The table below illustrates the sensitivity of ECL to key factors, with all other variables held constant, noting that the macroeconomic factors present dynamic relationships between them:

	Impact on condensed interim consolidated statement of profit or loss and other comprehensive income for the three-month period ended 31 March 2025 (in millions)
Key assumptions	
<i>Macroeconomic factors (Exports of Goods and Services, Crude petroleum and Foreign-exchange reserves)</i>	
Increase by 10%	(1.3)
Decrease by 10%	2.7
<i>PD and LGD</i>	
Increase by 10%	(12.7)
Decrease by 10%	10.1
<i>Scenario weightings</i>	
100% weightage assigned to base scenarios	1.4
100% weightage assigned to downside scenarios	(27.4)

15.1.3 Cash and cash equivalents and other receivables

The Group uses “lower credit risk” practical expedient for the cash and cash equivalents with the assumption that the credit risk on such financial instruments has not increased significantly since initial recognition, and therefore the ECL is estimated at an amount equal to the expected credit losses for a period of 12 months. Cash and cash equivalents are placed with banks having minimum credit ratings of A3 or better, and therefore are not subject to significant credit risk. The stated rating is as per the global bank ratings by Moody’s Investors Service. Management does not expect any losses from non-performance by these counterparties. At 31 March 2025 and 31 December 2024, the ECL allowance on cash at bank was immaterial.

Other financial assets at amortised cost include other receivables. These instruments are considered to carry lower credit risk since they have a low risk of default and the issuers have a strong capacity to meet their contractual cash flow obligations in the near term. At 31 March 2025 and 31 December 2024, the ECL allowance on other financial assets was immaterial.

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15.2 Profit rate risk

Profit rate risk is the uncertainty of future earnings and expenses resulting from fluctuations in profit rates. The risk arises when there is a mismatch in the assets and liabilities which are subject to profit rate adjustment within a specified period. The most important source of such risk is the Group's Islamic financing activities and long-term borrowings. As at the statement of financial position date, the Group has profit bearing financial assets of Saudi Riyals 2,553.9 million (31 December 2024: Saudi Riyals 2,407.1 million). Further, the Group also has variable profit bearing financial liabilities of Saudi Riyals 1,417.5 million (31 December 2024: Saudi Riyals 1,275.7 million) and had the profit rate varied by 1% with all the other variables held constant, total comprehensive income / loss for the period would have been approximately Saudi Riyals 29.9 million (31 December 2024: Saudi Riyals 25.6 million) higher / lower, as a result of lower / higher finance cost on variable rate borrowings.

The Group's financial assets and liabilities are not significantly exposed to other elements of market risk including fair value risk, price risk and currency risk.

15.3 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations. Total unused credit facilities available to the Group as at 31 March 2025 were approximately Saudi Riyals 1,127.0 million (31 December 2024: Saudi Riyals 737.6 million).

Cash flow forecasting is performed by the management which monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits on any of its borrowing facilities. Such cash flow forecasts consider, among other items, that the Group has pre-agreed fixed profit rates from its customers under Murabaha and Tawarruq financing contracts, whereas, its borrowings from commercial banks are based on SAIBOR based variable finance costs. The maturity profile of financial assets and financial liabilities are set out in the table below which demonstrates a significant head room of financial assets over financial liabilities. Management also believes that any change in the variable finance costs of their borrowings would not result in the entity facing any liquidity issues. The cash flows of the Group, during the three-month period ended 31 March 2025, have been principally consistent with the underlying budgeted forecasts and there are no developments which might indicate towards any potential liquidity concerns in the near future.

The tables below summarises the Group's financial assets and financial liabilities into the relevant maturity groupings based on the remaining contractual maturity period at the reporting date. The amounts disclosed in the tables are the contractual undiscounted cash flows. Balances due within one year equal their carrying balances, as the impact of discounting is not significant.

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31 March 2025 (Unaudited)	Nature	Up to 3 months	More than 3 months and up to one year	1 to 3 years	More than 3 years	Total
Financial assets						
Gross investment in Islamic financing contracts	Profit bearing	873,878,458	772,871,976	1,500,885,412	564,588,826	3,712,224,672
Prepayments and other receivables	Non-profit bearing	4,097,308	276,695	-	-	4,374,003
Cash and cash equivalents	Non-profit bearing	54,877,478	-	-	-	54,877,478
		<u>932,853,244</u>	<u>773,148,671</u>	<u>1,500,885,412</u>	<u>564,588,826</u>	<u>3,771,476,153</u>
Financial liabilities						
Borrowings	Profit bearing	127,531,457	388,216,662	804,049,327	272,570,627	1,592,368,073
Trade and other payables	Non-profit bearing	64,471,068	-	5,460,000	-	69,931,068
Lease liabilities	Profit bearing	198,964	582,766	1,442,307	162,102	2,386,139
		<u>192,201,489</u>	<u>388,799,428</u>	<u>810,951,634</u>	<u>272,732,729</u>	<u>1,664,685,280</u>
Net financial assets		<u>740,651,755</u>	<u>384,349,243</u>	<u>689,933,778</u>	<u>291,856,097</u>	<u>2,106,790,873</u>

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31 December 2024 (Audited)	Nature	Up to 3 months	More than 3 months and up to one year	1 to 3 years	More than 3 years	Total
Financial assets						
Gross investment in Islamic financing contracts	Profit bearing	743,172,921	734,367,661	1,480,121,244	538,579,977	3,496,241,803
Prepayments and other receivables	Non-profit bearing	2,835,154	1,448,648	-	-	4,283,802
Cash and cash equivalents	Non-profit bearing	23,791,908	-	-	-	23,791,908
		<u>769,799,983</u>	<u>735,816,309</u>	<u>1,480,121,244</u>	<u>538,579,977</u>	<u>3,524,317,513</u>
Financial liabilities						
Borrowings	Profit bearing	126,227,472	368,696,186	725,445,511	203,603,792	1,423,972,961
Trade and other payables	Non-profit bearing	59,460,017	-	6,185,000	-	65,645,017
Lease liabilities	Profit bearing	200,925	588,930	1,460,989	664,913	2,915,757
		<u>185,888,414</u>	<u>369,285,116</u>	<u>733,091,500</u>	<u>204,268,705</u>	<u>1,492,533,735</u>
Net financial assets		<u>583,911,569</u>	<u>366,531,193</u>	<u>747,029,744</u>	<u>334,311,272</u>	<u>2,031,783,778</u>

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16 Restatements

For all years up to 31 December 2023, the Group opted to present its expenses 'by function' in the consolidated statement of profit or loss and other comprehensive income as permitted under International Financial Reporting Standards, as endorsed in the Kingdom of Saudi Arabia. During the year ended 31 December 2024, management had re-evaluated the classification of expenses in the consolidated statement of profit or loss and other comprehensive income and had changed the presentation to present its expenses 'by nature' instead of 'by function'. As a result, the financial line items for the condensed consolidated interim financial information of the prior period is being aligned by management with the consolidated financial statements for the year ended 31 December 2024 and the relevant line items in the condensed consolidated interim statement of profit or loss and other comprehensive income are being restated to ensure alignment with the requirements of International Financial Reporting Standards, as endorsed in the Kingdom of Saudi Arabia.

The presentation of expenses 'by nature' provides information that is reliable and more relevant than presentation of expenses by function considering the nature of the industry in which the Group operates. In accordance with IAS 8 'Accounting policies, accounting estimates and errors' ("IAS 8"), the change has been made retrospectively, and comparatives have been restated accordingly.

The effect of this restatement on the condensed consolidated interim statement of profit or loss and other comprehensive income, for the period ended 31 March 2024, is summarized below:

	Amount previously reported	Restatement	Restated amounts
31 March 2024			
Condensed consolidated interim statement of profit or loss and other comprehensive income			
General and administrative expenses	(16,298,558)	16,298,558	-
Selling and marketing expenses	(28,897,884)	28,897,884	-
Salaries and other benefits	-	(23,603,198)	(23,603,198)
Depreciation and amortization	-	(1,455,574)	(1,455,574)
Other operating expenses	-	(20,137,670)	(20,137,670)
	<u>(45,196,442)</u>	<u>-</u>	<u>(45,196,442)</u>

The effect of the afore-mentioned change in presentation on the condensed consolidated interim statement of profit or loss and other comprehensive income for the period ended 31 March 2023, is as follows:

	Amount previously reported	Impact of change in presentation	Adjusted amounts
31 March 2023			
Condensed consolidated interim statement of profit or loss and other comprehensive income			
General and administrative expenses	(14,067,186)	14,067,186	-
Selling and marketing expenses	(27,731,056)	27,731,056	-
Salaries and other benefits	-	(25,110,164)	(25,110,164)
Depreciation and amortization	-	(1,283,586)	(1,283,586)
Other operating expenses	-	(15,404,492)	(15,404,492)
	<u>(41,798,242)</u>	<u>-</u>	<u>(41,798,242)</u>

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The above change has had no impact on the Group's condensed consolidated interim statements of changes in equity and cash flows, profit for the period or the basic and diluted earnings per share for the periods ended 31 March 2024 and 31 March 2023.

17 Contingencies

At 31 March 2025, the Group was contingently liable for a letter of credit issued in the normal course of business amounting to Saudi Riyals 112.5 million (31 December 2024: Nil).

18 Date of approval of condensed consolidated interim financial information

The accompanying condensed consolidated interim financial information was approved by the Group's Board of Directors on 5 May 2025.