

**UNITED COMPANY FOR FINANCIAL SERVICES
(A SAUDI CLOSED JOINT STOCK COMPANY)**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024
AND INDEPENDENT AUDITOR'S REPORT**

**UNITED COMPANY FOR FINANCIAL SERVICES
(A Saudi Closed Joint Stock Company)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

	Page
Independent auditor's report	2 - 3
Statement of financial position	4
Statement of profit or loss and other comprehensive income	5
Statement of changes in equity	6
Statement of cash flows	7
Notes to the financial statements	8 - 51



Independent auditor's report to the shareholder of United Company for Financial Services

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of United Company for Financial Services (the "Company") as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organisation for Chartered and Professional Accountants (SOCPA).

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 December 2024;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), endorsed in the Kingdom of Saudi Arabia (the "Code"), that is relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by SOCPA, and the applicable requirements of the Regulations for Companies and the Company's By-laws, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, i.e. the Board of Directors, are responsible for overseeing the Company's financial reporting process.

Independent auditor's report to the shareholder of United Company for Financial Services (continued)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

Based on the information that has been made available to us, nothing has come to our attention that causes us to believe that the Company is not in compliance, in all material respects, with the applicable requirements of the Regulations for Companies and the Company's By-laws in so far as they affect the preparation and presentation of the financial statements.

PricewaterhouseCoopers



Ali A. Alotaibi
License Number 379

12 February 2025



UNITED COMPANY FOR FINANCIAL SERVICES
(A Saudi Closed Joint Stock Company)
Statement of financial position
(All amounts in Saudi Riyals unless otherwise stated)

		As at 31 December	
	Note	2024	2023
Assets			
Cash and cash equivalents	4	20,098,930	22,122,497
Prepayments and other receivables	5	36,757,917	14,459,616
Investment in Islamic financing contracts	6	2,407,143,299	1,867,385,357
Property and equipment	7	3,653,969	4,005,781
Intangible assets	8	17,367,650	18,135,066
Total assets		<u>2,485,021,765</u>	<u>1,926,108,317</u>
Equity and liabilities			
Equity			
Share capital	9	350,000,000	350,000,000
Statutory reserve	10	76,039,369	53,730,044
Retained earnings		684,354,324	483,570,401
Actuarial reserve		(528,256)	(101,862)
Net equity		<u>1,109,865,437</u>	<u>887,198,583</u>
Liabilities			
Trade and other payables	11, 15	65,679,379	62,513,210
Zakat payable	12	25,639,901	24,423,377
Borrowings	13	1,275,669,092	945,351,417
Employee benefit obligations	14	8,167,956	6,621,730
Total liabilities		<u>1,375,156,328</u>	<u>1,038,909,734</u>
Total equity and liabilities		<u>2,485,021,765</u>	<u>1,926,108,317</u>

The accompanying notes are an integral part of these financial statements.

UNITED COMPANY FOR FINANCIAL SERVICES
(A Saudi Closed Joint Stock Company)
Statement of profit or loss and other comprehensive income
(All amounts in Saudi Riyals unless otherwise stated)

	Note	For the year ended 31 December	
		2024	2023 (Restated - Note 21)
Income from Islamic financing contracts	16	623,672,868	523,854,144
Finance costs	13	(79,888,826)	(63,243,271)
Net income from Islamic financing contracts		543,784,042	460,610,873
Salaries and other benefits		(99,657,749)	(94,057,659)
Net impairment losses on financial assets	6	(94,906,251)	(60,591,068)
Depreciation and amortisation	7, 8	(5,521,649)	(4,813,157)
Other operating expenses	17	(94,615,637)	(66,169,093)
Other (expenses) income - net		(359,516)	1,797,309
Profit before zakat		248,723,240	236,777,205
Zakat expense	12	(25,629,992)	(24,423,376)
Profit for the year		223,093,248	212,353,829
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss:</i>			
Remeasurements of employee benefit obligations	14	(426,394)	277,614
Total comprehensive income for the year		222,666,854	212,631,443
Earnings per share			
Basic and diluted	18	6.37	6.07

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UNITED COMPANY FOR FINANCIAL SERVICES
(A Saudi Closed Joint Stock Company)
Statement of changes in equity
(All amounts in Saudi Riyals unless otherwise stated)

	Note	Share capital	Statutory reserve	Retained earnings	Actuarial reserve	Total
At 1 January 2023		350,000,000	32,494,661	292,451,955	(379,476)	674,567,140
Profit for the year		-	-	212,353,829	-	212,353,829
Other comprehensive income for the year		-	-	-	277,614	277,614
Total comprehensive income for the year		-	-	212,353,829	277,614	212,631,443
Transfer to statutory reserve	10	-	21,235,383	(21,235,383)	-	-
At 31 December 2023		350,000,000	53,730,044	483,570,401	(101,862)	887,198,583
Profit for the year		-	-	223,093,248	-	223,093,248
Other comprehensive loss for the year		-	-	-	(426,394)	(426,394)
Total comprehensive income (loss) for the year		-	-	223,093,248	(426,394)	222,666,854
Transfer to statutory reserve	10	-	22,309,325	(22,309,325)	-	-
At 31 December 2024		350,000,000	76,039,369	684,354,324	(528,256)	1,109,865,437

The accompanying notes are an integral part of these financial statements.

UNITED COMPANY FOR FINANCIAL SERVICES
(A Saudi Closed Joint Stock Company)
Statement of cash flows
(All amounts in Saudi Riyals unless otherwise stated)

	Note	For the year ended	
		31 December	
		2024	2023
Cash flows from operating activities			
Profit before zakat		248,723,240	236,777,205
<u>Adjustments for:</u>			
Depreciation and amortization	7, 8	5,521,649	4,813,157
Property and equipment written off	7	1,215	-
Intangible assets written off	8	14,817	-
Finance costs	13	79,888,826	63,243,271
Net impairment losses on financial assets	6	94,906,251	60,591,068
Employee benefit obligations	14	1,677,366	1,698,181
<u>Changes in working capital:</u>			
Increase in investment in Islamic financing contracts		(634,664,193)	(373,353,651)
(Increase) decrease in prepayments and other receivables		(22,298,301)	415,514
Increase (decrease) in trade and other payables		3,166,169	(10,418,106)
Cash utilized in operations		(223,062,961)	(16,233,361)
Zakat paid	12	(24,413,468)	(22,183,669)
Finance costs paid	13	(77,484,901)	(62,968,208)
Employee benefit obligations paid	14	(557,534)	(304,166)
Net cash outflow from operating activities		(325,518,864)	(101,689,404)
Cash flows from investing activities			
Payments for purchases of property and equipment	7	(1,606,179)	(1,165,596)
Payments for additions to intangible assets	8	(2,812,274)	(3,757,817)
Net cash outflow from investing activities		(4,418,453)	(4,923,413)
Cash flows from financing activities			
Proceeds from long-term borrowings	13	923,101,250	774,500,000
Repayment of long-term borrowings	13	(595,187,500)	(416,897,083)
Proceeds from short-term borrowings	13	-	5,000,000
Repayment of short-term borrowings	13	-	(255,000,000)
Net cash inflow from financing activities		327,913,750	107,602,917
Net change in cash and cash equivalents		(2,023,567)	990,100
Cash and cash equivalents at beginning of the year		22,122,497	21,132,397
Cash and cash equivalents at end of the year	4	20,098,930	22,122,497

The accompanying notes are an integral part of these financial statements.

UNITED COMPANY FOR FINANCIAL SERVICES
(A Saudi Closed Joint Stock Company)
Notes to the financial statements for the year ended 31 December 2024
(All amounts in Saudi Riyals unless otherwise stated)

1 Legal status and operations

United Company for Financial Services (“the Company”) is a Saudi Closed Joint Stock Company, registered in the Kingdom of Saudi Arabia under the Commercial Registration (“CR”) number 2051224103 issued in Al-Khobar on 15 Jumada Al Awwal 1440 H (21 January 2019). The registered address of the Company is P.O. Box 76688, Al Khobar 31952, Kingdom of Saudi Arabia.

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

The principal business activities of the Company include various types of Islamic consumer finance services under license number 201905/Ash/52 and 42075295, obtained from Saudi Central Bank (“SAMA”) issued on 26 Shaban 1440 H (1 May 2019) and 8 Shawwal 1442 H (20 May 2021) respectively. The Company offers Murabaha (product finance), Tawarruq (personal finance) and credit card finance services to individual customers in the Kingdom of Saudi Arabia. Such financing arrangements are unsecured and the profit rates for Murabaha, Tawarruq and credit card financing services are agreed at the inception of the contract with the customers. Collections are thereafter made in the form of monthly installments generally received from the customers through variable channels such as regular and virtual bank transfers and SADAD. The Company’s investment in Islamic financing contracts comprises individually immaterial balances due from a large customer base and accordingly, the Company does not have any significant concentration of credit risk. Murabaha financing arrangements are principally entered into with the customers of UEC but also include transactions with other retailers. Also see Note 6 and 20.

During year ended 31 December 2024, there were no significant changes in the terms of the financing arrangements offered by the Company such as profit rates, tenures of the financing contracts, criterion for finance amounts disbursed etc. During the year ended 31 December 2024, in accordance with the approved business plan, the Murabaha Portfolio has continued to downsize whereas significant growth has been witnessed in the Islamic credit card product offerings. Tawarruq portfolio has witnessed steady growth consistent with the prior years. Furthermore, there have been no significant changes to the underlying methodology used for determination of Expected Credit Loss (“ECL”) allowance on investment in Islamic financing contracts from those that were used for the purpose of determining the ECL allowance as at and for the year ended 31 December 2023. During the year ended 31 December 2024, as part of an annual exercise, management has updated the underlying dataset of collection patterns, default trends, macroeconomic factors and related probability scenario weightings for computation of such ECL allowance. A detailed analysis of the ECL allowance computation has been included in Notes 6 and 20.

2 Material accounting policy information

Material accounting policies applied in the preparation of these financial statements are set out below. The accounting policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

a) Statement of compliance

These financial statements have been prepared in compliance with International Financial Reporting Standards, that are endorsed in Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

UNITED COMPANY FOR FINANCIAL SERVICES
(A Saudi Closed Joint Stock Company)
Notes to the financial statements for the year ended 31 December 2024
(All amounts in Saudi Riyals unless otherwise stated)

b) Historical cost convention

These financial statements are prepared under the historical cost convention except as otherwise disclosed in the relevant accounting policies below.

c) Basis of presentation

The Company's statement of financial position is not presented using a current/non-current classification. However, the following balances are classified as current: cash and cash equivalents and zakat payable. The following balances are classified as non-current: property and equipment, intangible assets, and employee benefit obligations. As at 31 December 2024 and 2023, the balances which are of mixed nature i.e. include both current and non-current portions include prepayment and other receivables, investment in Islamic financing contracts, trade and other payables and borrowings. See Notes 5, 6, 11 and 13 for breakdown for the current/non-current classification for such balances.

d) New standards and amendment to standards and interpretations

A number of new and amended standards became applicable for the current reporting period.

- Amendment to IFRS 16 'Leases' ("IFRS 16") - Lease liability in sale and leaseback;
- Amendments to IAS 1, Presentation of financial statements' - Classification of liabilities as current or non-current and non-current liabilities with covenants; and
- Amendment to IAS 7 'Cash flow statements' ("IAS 7") and IFRS 7 'Financial instruments: Disclosures' ("IFRS 7") - Supplier finance arrangements.

The Company did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

e) Standards issued but not yet effective

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not yet applicable for 31 December 2024 reporting period and have not been early adopted by the Company.

- Amendments to IAS 21 'Foreign currencies' ("IAS 21") - Lack of exchangeability;
- Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 'Financial instruments' ("IFRS 9") and IFRS 7;
- Annual improvements to International Financial Reporting Standards - Volume 11;
- IFRS 18 'Presentation and Disclosure in Financial Statements' ("IFRS 18"); and
- IFRS 19 'Subsidiaries without Public Accountability: Disclosures' ("IFRS 19").

Management is in the process of assessing the impact of such new standards and interpretations on its financial statements.

2.2 Cash and cash equivalents

Cash and cash equivalents include cash in hand and at banks including short-term highly liquid investments, with original maturities up to three months, that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

UNITED COMPANY FOR FINANCIAL SERVICES
(A Saudi Closed Joint Stock Company)
Notes to the financial statements for the year ended 31 December 2024
(All amounts in Saudi Riyals unless otherwise stated)

2.3 Property and equipment

Property and equipment principally includes furniture, fixtures, office equipment and computers etc. which are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any, except capital work-in-progress which are carried at cost. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on property and equipment so as to allocate its cost, less estimated residual value, on a straight-line basis over the estimated useful lives of the assets. Depreciation is charged to profit or loss.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each annual reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gains or losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

2.4 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses, if any. The useful lives of intangible assets are assessed to be either finite or indefinite. Subsequent expenditures are capitalised only if future economic benefits that are attributable to the asset are expected to flow to the entity and the costs can be measured reliably.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite useful lives is recognized in the profit or loss in the expense category consistent with the function of the intangible asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and carrying amount of the asset and are recognized in the profit or loss when the asset is derecognized.

2.5 Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that a non-financial asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

Impairment losses are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

UNITED COMPANY FOR FINANCIAL SERVICES
(A Saudi Closed Joint Stock Company)
Notes to the financial statements for the year ended 31 December 2024
(All amounts in Saudi Riyals unless otherwise stated)

For non-financial assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.6 Borrowings

Borrowings are initially recognized at the fair value (being proceeds received), net of eligible transaction costs incurred, if any. Subsequent to initial recognition, borrowings are measured at amortized cost using the effective profit rate method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective profit rate method.

Borrowings are derecognised from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as other income or finance costs.

2.7 Employee benefit obligations

The level of benefit is based on the terms and conditions of the labor laws applicable to the Company on termination of their employment contracts.

The employment benefits plans are not funded. Accordingly, valuations of the obligations under the plans are carried out by an independent actuary based on the projected unit credit method. The costs relating to such plans primarily consists of the present value of the benefits attributed on an equal basis to each year of service and the interest on this obligation in respect of employee service in previous years.

Current and past service costs related to employment benefits are recognized immediately in profit or loss while unwinding of the liability at discount rates used are recorded in profit or loss. Any changes in net liability due to actuarial valuations and changes in assumptions are taken as re-measurement in the other comprehensive income.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized directly in other comprehensive income and transferred to actuarial reserve in the statement of changes in equity in the period in which they occur.

Changes in the present value of defined benefit obligations resulting from the plan amendments or curtailments are recognized immediately in profit or loss as past service costs. The Company has no further payment obligations once the contributions have been paid.

UNITED COMPANY FOR FINANCIAL SERVICES
(A Saudi Closed Joint Stock Company)
Notes to the financial statements for the year ended 31 December 2024
(All amounts in Saudi Riyals unless otherwise stated)

2.8 Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and airfare allowance etc., that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period, and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented under trade and other payables in the statement of financial position.

2.9 Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest rate method.

2.10 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Income from Islamic financing contracts is recognized in profit or loss using the effective yield method, by applying the Effective Profit Rate ("EPR"), on the outstanding balance over the term of the contract.

The effective profit rate is the rate that exactly discounts estimated future cash receipts through the expected life of the investment in Islamic financing contracts to their gross carrying amounts.

The calculation of EPR includes transaction costs and processing fees income received that represent an integral part of the EPR. Transaction costs include incremental costs that are directly attributable to the acquisition of the financial assets, such as costs pertaining to evaluation of customers' credit worthiness, sales commission etc. Processing fees is charged in respect of processing of Islamic financing contracts.

2.11 Zakat

The Company is subject to zakat in accordance with the regulations of the Zakat, Tax and Customs Authority ("ZATCA"). Additional amounts, if any, are accounted for when determined to be required for payment.

The Company withholds taxes on certain transactions with non-resident parties in the Kingdom of Saudi Arabia as required under Saudi Arabian Income Tax Law.

2.12 Expenses

Expenses are presented in the statement of profit or loss and other comprehensive income by nature, as permitted under the applicable financial reporting framework. Also see Note 21.

UNITED COMPANY FOR FINANCIAL SERVICES
(A Saudi Closed Joint Stock Company)
Notes to the financial statements for the year ended 31 December 2024
(All amounts in Saudi Riyals unless otherwise stated)

2.13 Financial Instruments

2.13.1 Financial Assets

a) Classification

Classification and subsequent measurement of debt instruments depend on:

- The company's business model for managing the asset; and
- The contractual cash flow characteristics of the asset.

Business model: The business model reflects how the Company manages the assets in order to generate cash flows. That is, whether the Company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at Fair Value Through Profit or Loss ("FVTPL").

SPPP: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments' cash flows represent solely payment of principal and profit (the "SPPP" test). In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. profit includes only consideration for the time value of resources, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement, including the impact of prepayment and early termination features of the contract. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

This classification is based on the business model of the Company for managing the financial assets, and contractual cash flow characteristics.

The Company measures financial asset at amortised cost when it is within the business model to hold assets in order to collect contractual cash flows, and contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

The Company's financial assets are classified and measured at amortised cost as such assets are held for collection of contractual cash flows where those cash flows represent solely payments of principal and profit ("SPPP").

b) Recognition and measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

Subsequent measurement of Company's financial assets are at amortised cost. Financial income from these financial assets is included in finance income using the effective profit rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Instances of modifications to the terms of the Company's financial assets are rare, considering that the acceptance of modification request from the customers is at the discretion of the Company, except for cases as mandated by SAMA regulations. Modifications to the investment in Islamic financing contracts have an immaterial impact on the accompanying financial statements. Also see Note 20.

UNITED COMPANY FOR FINANCIAL SERVICES
(A Saudi Closed Joint Stock Company)
Notes to the financial statements for the year ended 31 December 2024
(All amounts in Saudi Riyals unless otherwise stated)

c) De-recognition of financial assets

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

d) Impairment

The Company assesses on a forward-looking basis the expected credit losses associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Company applies the three-stage model for impairment of Investment in Islamic financing contracts, based on changes in credit quality since initial recognition.

Stage 1 (“Performing”) includes financial assets that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date. For these financial assets, 12-month expected credit losses (“ECL”) are recognised and financial income is calculated on the gross carrying amount of the asset (that is, without deduction for credit allowance). A 12-month ECL is the ECL that results from default events that are possible within 12-months after the reporting date. It is not the expected cash shortfalls over the 12-month period but the entire credit loss on an asset, weighted by the probability that the loss will occur in the next 12-months.

Stage 2 (“Under-performing”) includes financial assets that have had a significant increase in credit risk since initial recognition, but do not have objective evidence of impairment. A significant increase in credit risk is presumed if a receivable is 30 or more days past due. For these financial assets, lifetime ECL are recognised, but financial income is still calculated on the gross carrying amount of the asset. Lifetime ECL is the ECL that results from all possible default events over the maximum contractual period during which the Company is exposed to credit risk. ECL is the weighted average credit losses, with the respective risks of a default occurring as the weights.

Stage 3 (“Non-performing”) includes financial assets that have objective evidence of impairment at the reporting date. A default on a financial asset is when the counterparty fails to make contractual payments within 90 days of when they fall due, which is fully aligned with the definition of credit-impaired under IFRS 9. For these financial assets, lifetime ECL are recognised and financial income is calculated on the net carrying amount (that is, net of credit allowance).

The Company, when determining whether the credit risk on a financial asset has increased significantly since the initial recognition of the financial asset, considers the ‘days past due’ analysis of each exposure and certain other qualitative factors such as monitoring the forward-looking information about financial difficulties faced by private sector employers of the customers and nationalization targets for specific industry groups etc. Management considers such analysis to be an effective and efficient measure of monitoring significant increase in credit risk, without undue cost and effort, as it enters into Islamic Financing Contracts with individual customers only.

Financial assets are written-off only when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include amongst others, customers’ failure to make contractual payments for a period of greater than 365 days past default, in accordance with SAMA’s rules and regulations, and or engage with the Company’s collection team. In any case, the Company ensures that all write-offs are only made upon exhaustion of reasonable collection efforts by management. Furthermore, all outstanding exposures from deceased customers are written off immediately.

UNITED COMPANY FOR FINANCIAL SERVICES
(A Saudi Closed Joint Stock Company)
Notes to the financial statements for the year ended 31 December 2024
(All amounts in Saudi Riyals unless otherwise stated)

Where financial assets are written-off, the Company continues to engage enforcement activities to attempt to recover the receivable due, except for balances written off for deceased customers, which are immaterial. Recoveries made, after write-off, are recognized in 'Net impairment losses on financial assets' in profit or loss.

Impairment losses on financial assets are presented separately on the statement of profit or loss and other comprehensive income. For details regarding credit risk management, refer Note 20.

2.13.2 Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are recognised initially at fair value less any directly attributable transaction cost. Subsequent to initial recognition, these are measured at amortised cost using the effective interest rate method.

A financial liability is derecognised when the obligation is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in profit or loss.

2.13.3 Offsetting financial assets and liabilities

Financial assets and liabilities are offset and net amounts are reported in the financial statements, when the Company has a legally enforceable right, which is not contingent on anything, to set off the recognised amounts and intends either to settle on a net basis, or to realize the assets and liabilities simultaneously.

2.14 Investment in Islamic financing contracts

2.14.1 Tawarruq financing contracts

Tawarruq is an agreement wherein the Company sells a product to its customer which the Company has purchased and subsequently to such sale, arranges to sell the underlying asset and pay out the sale proceeds to the customer. The selling price comprises the cost plus an agreed profit margin. Gross amounts due under the Tawarruq sale contracts include the total sale payments on the Tawarruq agreement ("Tawarruq financing contracts"). The difference between the Tawarruq financing contracts and the cost of the product sold, is recorded as unearned Tawarruq profit and for presentation purposes, is deducted from the gross amounts due under the reconciliation of gross and net investment amount under Tawarruq financing contracts.

2.14.2 Murabaha financing contracts

Murabaha is an Islamic form of financing wherein, the Company based on request from its customers, purchases specific commodities and sells them to the customers at a price equal to the Company's cost-plus profit, payable on deferred basis in installments. The difference between the Murabaha sale contracts receivable and the cost of the sold asset, is recorded as unearned Murabaha profit and for presentation purposes, is deducted from the gross amounts due under the reconciliation of gross and net investment amount under the Murabaha financing contracts.

2.14.3 Islamic credit card receivables

Islamic credit card receivables are initially measured at the fair value-which is the cash consideration to originate the receivable including transaction costs. Following initial recognition, the receivables are stated at amortized cost.

UNITED COMPANY FOR FINANCIAL SERVICES
(A Saudi Closed Joint Stock Company)
Notes to the financial statements for the year ended 31 December 2024
(All amounts in Saudi Riyals unless otherwise stated)

2.15 Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on liquidity. However, an asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- That the entity expects to settle in its normal operating cycle
- Held primarily for the purpose of trading
- Due to be settled within 12 months after the reporting period, or
- Whose settlement the entity does not have the right at the end of the reporting period to defer for at least 12 months after the reporting period

All other liabilities are classified as non-current.

3 Critical accounting estimates and judgments

The preparation of financial statements in conformity with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by SOCPA, requires the use of certain critical estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The management makes estimates and judgments concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and judgments that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve-month period are discussed below:

a) Critical accounting estimate

(i) Measurement of ECL allowance on investment in Islamic financing contracts

Measurement of ECL allowance on investment in Islamic financing contracts is an estimate that has a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year. During the year ended 31 December 2024, there were certain changes made to the underlying dataset of collection patterns, default trends, macroeconomic factors and related probability scenario weightings used for computation of such ECL allowance on investment in Islamic financing contracts. A detailed analysis of the assumptions used in computation of ECL allowance, including updates made during the year has been included in Note 20. Also see Note 6.

UNITED COMPANY FOR FINANCIAL SERVICES
(A Saudi Closed Joint Stock Company)
Notes to the financial statements for the year ended 31 December 2024
(All amounts in Saudi Riyals unless otherwise stated)

b) Critical accounting judgements

(i) *Lease term*

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended. Management has exercised judgement in determining that its lease agreements for office space and other kiosks etc. are short term in nature considering expected expansion of workforce, insignificant leasehold improvements, analysis of utility of the kiosks and expectation of no significant business disruption. Accordingly, all rental expenses for such short-term leases have been charged to statement of profit or loss and other comprehensive income.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

(ii) *SPPP Test:*

Management has assessed the prepayment and early termination features of the contract which require the customers to pay certain compensation in addition to the outstanding principal and accrued profit. However, management believes that such additional amounts represent 'reasonable compensation' for the reinvestment costs.

Furthermore, the contractual provisions also stipulate that in the event of default of payment of two consecutive installments by the customer, the entire contract amount becomes payable upon demand by the Company at its discretion. However, the Company pursues legal action to recover its outstanding dues only upon meeting certain additional requirements as set out in the applicable SAMA regulations and the amounts to be recovered from the customer, representing the outstanding principal and profit is determined by the outcome of the legal action. Accordingly, management believes that the contractual cashflows of investment in Islamic financing contracts meet the SPPP test.

4 Cash and cash equivalents

	2024	2023
Cash in hand	14,900	9,360
Cash at bank	20,084,030	22,113,137
	20,098,930	22,122,497

5 Prepayments and other receivables

	Note	2024	2023
Advances to suppliers		16,259,986	917,178
Prepaid expenses		15,122,043	10,996,193
Due from related parties	15	1,698,297	290,886
Advances to employees		863,589	763,489
Other receivables		2,814,002	1,491,870
		36,757,917	14,459,616

UNITED COMPANY FOR FINANCIAL SERVICES
(A Saudi Closed Joint Stock Company)
Notes to the financial statements for the year ended 31 December 2024
(All amounts in Saudi Riyals unless otherwise stated)

Classification of prepayments and other receivables is presented below:

	<u>2024</u>	<u>2023</u>
Due within 12 months	35,351,246	12,965,243
Due after 12 months	1,406,671	1,494,373
	<u>36,757,917</u>	<u>14,459,616</u>

Also see Note 15.1 and Note 20.

6 Investment in Islamic financing contracts

	<u>2024</u>	<u>2023</u>
Investment in Tawarruq financing contracts, net	1,883,590,052	1,531,316,342
Investment in Murabaha financing contracts, net	65,871,349	272,873,307
Investment in Islamic credit cards, net	457,681,898	63,195,708
	<u>2,407,143,299</u>	<u>1,867,385,357</u>
Less: Due after 12 months	<u>(1,212,167,352)</u>	<u>(1,028,152,040)</u>
Due within 12 months	<u>1,194,975,947</u>	<u>839,233,317</u>

UNITED COMPANY FOR FINANCIAL SERVICES
(A Saudi Closed Joint Stock Company)
Notes to the financial statements for the year ended 31 December 2024
(All amounts in Saudi Riyals unless otherwise stated)

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

	Tawarruq finance		Murabaha finance		Islamic credit card		Total	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Gross investment in Islamic financing contracts	2,863,543,920	2,317,297,899	80,772,680	362,169,051	551,925,203	65,726,549	3,496,241,803	2,745,193,499
Unearned finance and processing fee income	(924,498,812)	(736,619,032)	(12,173,366)	(77,646,235)	(79,843,884)	-	(1,016,516,062)	(814,265,267)
Present value of investment in Islamic financing contracts ("P.V. of I.F.C.")	1,939,045,108	1,580,678,867	68,599,314	284,522,816	472,081,319	65,726,549	2,479,725,741	1,930,928,232
Allowance for ECL/net impairment on financial assets	(55,455,056)	(49,362,525)	(2,727,965)	(11,649,509)	(14,399,421)	(2,530,841)	(72,582,442)	(63,542,875)
Net investment in Islamic financing contracts ("Net investment in I.F.C.")	1,883,590,052	1,531,316,342	65,871,349	272,873,307	457,681,898	63,195,708	2,407,143,299	1,867,385,357
Net investment in I.F.C. - Due after 12 months	(1,202,280,870)	(957,962,987)	(9,886,482)	(70,189,053)	-	-	(1,212,167,352)	(1,028,152,040)
Net investment in I.F.C. - Due within 12 months	681,309,182	573,353,355	55,984,867	202,684,254	457,681,898	63,195,708	1,194,975,947	839,233,317

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

	Tawarruq finance		Murabaha finance		Islamic credit card		Total	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Opening balance	49,362,525	40,064,024	11,649,509	6,325,964	2,530,841	364,939	63,542,875	46,754,927
Charge for the year	85,784,391	52,655,193	17,536,269	16,583,715	17,349,812	2,721,177	120,670,472	71,960,085
Amounts written-off	(79,691,860)	(43,356,692)	(26,457,813)	(11,260,170)	(5,481,232)	(555,275)	(111,630,905)	(55,172,137)
Closing 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

UNITED COMPANY FOR FINANCIAL SERVICES
(A Saudi Closed Joint Stock Company)
Notes to the financial statements for the year ended 31 December 2024
(All amounts in Saudi Riyals unless otherwise stated)

6.2.1 Net impairment losses on financial assets:

	Tawarruq finance		Murabaha finance		Islamic credit card		Total	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Charge for the year	85,784,391	52,655,193	17,536,269	16,583,715	17,349,812	2,721,177	120,670,472	71,960,085
Recoveries amount of previously written off	(18,797,652)	(7,745,163)	(6,816,389)	(3,623,854)	(150,180)	-	(25,764,221)	(11,369,017)
Net impairment losses on financial assets	66,986,739	44,910,030	10,719,880	12,959,861	17,199,632	2,721,177	94,906,251	60,591,068

UNITED COMPANY FOR FINANCIAL SERVICES
(A Saudi Closed Joint Stock Company)
Notes to the financial statements for the year ended 31 December 2024
(All amounts in Saudi Riyals unless otherwise stated)

6.3 Stage-wise analysis of Islamic financing contracts and the respective allowance for ECL/impairment are as follows:

31 December 2024	Tawarruq finance			Murabaha finance			Islamic credit card			Total		
	P.V. of I.F.C.	Allowance for ECL	Net	P.V. of I.F.C.	Allowance for ECL	Net	P.V. of I.F.C.	Allowance for ECL	Net	P.V. of I.F.C.	Allowance for ECL	Net
			investment in I.F.C.			investmen t in I.F.C.			investment in I.F.C.			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

31 December 2023	Tawarruq finance			Murabaha finance			Islamic credit card			Total		
	P.V. of I.F.C.	Allowance for ECL	Net	P.V. of I.F.C.	Allowance for ECL	Net	P.V. of I.F.C.	Allowance for ECL	Net	P.V. of I.F.C.	Allowance for ECL	Net
			investment in I.F.C.			investmen t in I.F.C.			investment in I.F.C.			investment in I.F.C.
Performing (Stage 1)	1,363,519,192	(12,795,904)	1,350,723,288	231,558,510	(1,145,853)	230,412,657	56,654,129	(734,894)	55,919,235	1,651,731,831	(14,676,651)	1,637,055,181
Under- performing (Stage 2)	94,488,537	(7,281,868)	87,206,669	13,124,454	(812,779)	12,311,675	3,111,317	(299,851)	2,811,466	110,724,308	(8,394,498)	102,329,810
Non- performing (Stage 3)	122,671,138	(29,284,753)	93,386,385	39,839,852	(9,690,877)	30,148,975	5,961,103	(1,496,096)	4,465,007	168,472,093	(40,471,726)	128,000,366
	1,580,678,867	(49,362,525)	1,531,316,342	284,522,816	(11,649,509)	272,873,307	65,726,549	(2,530,841)	63,195,708	1,930,928,232	(63,542,875)	1,867,385,357

UNITED COMPANY FOR FINANCIAL SERVICES
(A Saudi Closed Joint Stock Company)
Notes to the financial statements for the year ended 31 December 2024
(All amounts in Saudi Riyals unless otherwise stated)

6.4 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
2024				
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
	Performing (Stage 1)	Under- performing (Stage 2)	Non- Performing (Stage 3)	Total
2023				
1 January 2023	11,954,258	3,182,552	31,618,117	46,754,927
Individual financial assets transferred to under-performing (lifetime expected credit losses)	(5,269,553)	8,233,965	(633,024)	2,331,388
Individual financial assets transferred to non-performing (credit-impaired financial assets)	(16,973,642)	(1,927,646)	38,214,127	19,312,839
Individual financial assets transferred to performing (12-month expected credit losses)	41,654	(475,552)	(2,299,296)	(2,733,194)
New financial assets originated	28,620,255	-	-	28,620,255
Amounts written-off	(1,499,529)	(267,396)	(53,405,212)	(55,172,137)
Other changes	(2,196,792)	(351,425)	26,977,014	24,428,797
31 December 2023	14,676,651	8,394,498	40,471,726	63,542,875

UNITED COMPANY FOR FINANCIAL SERVICES
(A Saudi Closed Joint Stock Company)
Notes to the financial statements for the year ended 31 December 2024
(All amounts in Saudi Riyals unless otherwise stated)

6.5 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)
2024												
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

UNITED COMPANY FOR FINANCIAL SERVICES
(A Saudi Closed Joint Stock Company)
Notes to the financial statements for the year ended 31 December 2024
(All amounts in Saudi Riyals unless otherwise stated)

	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)
2023												
At 1 January	10,499,979	2,889,861	26,674,184	1,407,515	196,462	4,721,987	46,764	96,229	221,946	11,954,258	3,182,552	31,618,117
Individual financial assets transferred to												
- Stage 1	39,352	(445,905)	(2,185,825)	1,614	(25,155)	(87,381)	688	(4,492)	(26,090)	41,654	(475,552)	(2,299,296)
- Stage 2	(4,472,683)	7,133,158	(583,276)	(508,040)	802,392	(49,748)	(288,830)	298,415	-	(5,269,553)	8,233,965	(633,024)
- Stage 3	(11,369,903)	(1,741,561)	27,348,710	(4,476,191)	(109,322)	9,369,321	(1,127,548)	(76,763)	1,496,096	(16,973,642)	(1,927,646)	38,214,127
New financial assets originated	21,149,451	-	-	5,383,182	-	-	2,087,622	-	-	28,620,255	-	-
Amounts written-off	(1,372,987)	(250,833)	(41,732,872)	(126,542)	(16,563)	(11,117,066)	-	-	(555,274)	(1,499,529)	(267,396)	(53,405,212)
Other changes	(1,677,305)	(302,852)	19,763,832	(535,685)	(35,035)	6,853,764	16,198	(13,538)	359,418	(2,196,792)	(351,425)	26,977,014
At 31 December	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

Following factors contributed to the change in the ECL allowance during the year ended 31 December 2024:

- 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 year.
- During the year ended 31 December 2024, as part of an annual exercise, management has updated the underlying dataset of collection patterns, default trends, macroeconomic factors and related probability scenario weightings for computation of such ECL allowance. A detailed analysis of the assumptions used in computation of ECL allowance, including updates made during the year has been included in Note 20;
- Financial assets written off; and
- 'Other changes' in Stage 3 principally represent net impact of additional allowance for ECL recognized upon write-offs.

UNITED COMPANY FOR FINANCIAL SERVICES
(A Saudi Closed Joint Stock Company)
Notes to the financial statements for the year ended 31 December 2024
(All amounts in Saudi Riyals unless otherwise stated)

6.6 Category-wise movement in stage-wise gross carrying amounts of net investment in Islamic financing contracts 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)
2024												
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

UNITED COMPANY FOR FINANCIAL SERVICES
(A Saudi Closed Joint Stock Company)
Notes to the financial statements for the year ended 31 December 2024
(All amounts in Saudi Riyals unless otherwise stated)

	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)
2023												
At 1 January	1,102,246,076	18,729,566	68,925,900	378,862,108	4,759,049	21,023,374	5,839,977	496,110	495,541	1,486,948,161	23,984,725	90,444,815
Individual financial assets transferred to												
- Stage 1	8,258,699	(2,977,463)	(5,281,236)	6,483,793	(516,755)	(5,967,038)	560,237	(82,174)	(478,063)	15,302,729	(3,576,392)	(11,726,337)
- Stage 2	(105,939,794)	107,377,995	(1,438,201)	(19,287,063)	19,498,243	(211,180)	(3,277,445)	3,277,445	-	(128,504,302)	130,153,683	(1,649,381)
- Stage 3	(104,820,476)	(10,514,776)	115,335,252	(37,908,327)	(2,177,175)	40,085,502	(4,664,061)	(371,584)	5,035,645	(147,392,864)	(13,063,535)	160,456,399
New financial assets originated	887,520,986	-	-	164,443,855	-	-	64,413,772	-	-	1,116,378,613	-	-
Amounts written-off	(1,372,987)	(250,833)	(41,732,872)	(126,542)	(16,563)	(11,117,066)	-	-	(555,274)	(1,499,529)	(267,396)	(53,405,212)
Collections and other changes	(422,373,312)	(17,875,952)	(13,137,705)	(260,909,314)	(8,422,345)	(3,973,740)	(6,218,351)	(208,480)	1,463,254	(689,500,977)	(26,506,777)	(15,648,191)
At 31 December	<u>1,363,519,192</u>	<u>94,488,537</u>	<u>122,671,138</u>	<u>231,558,510</u>	<u>13,124,454</u>	<u>39,839,852</u>	<u>56,654,129</u>	<u>3,111,317</u>	<u>5,961,103</u>	<u>1,651,731,831</u>	<u>110,724,308</u>	<u>168,472,093</u>

**UNITED COMPANY FOR FINANCIAL SERVICES
(A Saudi Closed Joint Stock Company)**

Notes to the financial statements for the year ended 31 December 2024
(All amounts in Saudi Riyals unless otherwise stated)

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

	<u>2024</u>	<u>2023</u>
Gross investment in Islamic financing contracts		
Within one year	1,477,540,582	1,034,366,835
From one to two years	922,557,910	808,227,507
From two to three years	557,563,334	479,714,718
From three to four years	376,033,518	295,255,542
Four to five years	162,546,459	127,628,897
	<u>3,496,241,803</u>	<u>2,745,193,499</u>
Present value of investment in Islamic financing contracts		
Within one year	1,240,297,157	870,366,971
From one to two years	588,174,376	550,792,884
From two to three years	353,346,496	301,094,317
From three to four years	213,495,654	150,008,190
Four to five years	84,412,058	58,665,870
	<u>2,479,725,741</u>	<u>1,930,928,232</u>

UNITED COMPANY FOR FINANCIAL SERVICES
(A Saudi Closed Joint Stock Company)
Notes to the financial statements for the year ended 31 December 2024
(All amounts in Saudi Riyals unless otherwise stated)

7 Property and equipment

	Furniture and fixtures	Office equipment	Computers	Leasehold improvements	Total
2024					
Cost					
1 January	3,573,555	933,979	4,993,990	308,989	9,810,513
Additions	933,013	-	673,166	-	1,606,179
Write-offs	(3,434)	-	-	-	(3,434)
31 December	4,503,134	933,979	5,667,156	308,989	11,413,258
Accumulated depreciation					
1 January	(2,307,271)	(398,442)	(2,993,336)	(105,683)	(5,804,732)
Additions	(811,015)	(183,232)	(940,527)	(22,002)	(1,956,776)
Write-offs	2,219	-	-	-	2,219
31 December	(3,116,067)	(581,674)	(3,933,863)	(127,685)	(7,759,289)
Net book value	1,387,067	352,305	1,733,293	181,304	3,653,969
2023					
Cost					
1 January	3,290,968	769,092	4,275,868	308,989	8,644,917
Additions	282,587	164,887	718,122	-	1,165,596
31 December	3,573,555	933,979	4,993,990	308,989	9,810,513
Accumulated depreciation					
1 January	(1,614,558)	(236,116)	(2,049,214)	(76,379)	(3,976,267)
Additions	(692,713)	(162,326)	(944,122)	(29,304)	(1,828,465)
31 December	(2,307,271)	(398,442)	(2,993,336)	(105,683)	(5,804,732)
Net book value	1,266,284	535,537	2,000,654	203,306	4,005,781

UNITED COMPANY FOR FINANCIAL SERVICES
(A Saudi Closed Joint Stock Company)
Notes to the financial statements for the year ended 31 December 2024
(All amounts in Saudi Riyals unless otherwise stated)

The estimated useful lives of assets are as follows:

	Number of years
• Furniture and fixtures	5
• Office equipment	5
• Computers	5
• Leasehold improvements	5

8 Intangible assets

	Computer software	Capital work-in-progress	Total
2024			
Cost			
1 January	25,935,892	428,396	26,364,288
Additions	1,384,549	1,427,725	2,812,274
Transfers	1,245,290	(1,245,290)	-
Write-offs	(19,875)	-	(19,875)
31 December	<u>28,545,856</u>	<u>610,831</u>	<u>29,156,687</u>
Accumulated amortisation			
1 January	(8,229,222)	-	(8,229,222)
Additions	(3,564,873)	-	(3,564,873)
Write-offs	5,058	-	5,058
31 December	<u>(11,789,037)</u>	<u>-</u>	<u>(11,789,037)</u>
Net book value	<u>16,756,819</u>	<u>610,831</u>	<u>17,367,650</u>
	Computer software	Capital work-in-progress	Total
2023			
Cost			
1 January	22,293,343	313,128	22,606,471
Additions	3,154,002	603,815	3,757,817
Transfers	488,547	(488,547)	-
31 December	<u>25,935,892</u>	<u>428,396</u>	<u>26,364,288</u>
Accumulated amortisation			
1 January	(5,244,530)	-	(5,244,530)
Additions	(2,984,692)	-	(2,984,692)
31 December	<u>(8,229,222)</u>	<u>-</u>	<u>(8,229,222)</u>
Net book value	<u>17,706,670</u>	<u>428,396</u>	<u>18,135,066</u>

Intangible assets, with finite useful lives, are amortized on a straight-line basis over their estimated useful lives of 5 - 10 years. The remaining useful lives of such intangible assets range from 2 - 10 years.

The Company's capital-work-in-progress as at 31 December 2024 principally comprises the costs incurred related to computer software which is expected to be completed by May 2025 with a total estimated cost of Saudi Riyals 1.5 million.

UNITED COMPANY FOR FINANCIAL SERVICES
(A Saudi Closed Joint Stock Company)
Notes to the financial statements for the year ended 31 December 2024
(All amounts in Saudi Riyals unless otherwise stated)

9 Share capital

The share capital of the Company as of 31 December 2024 and 2023 comprised 35 million shares stated at Saudi Riyals 10 per share, wholly owned by UIHC.

10 Statutory reserve

In accordance with the Company's By-laws and the Regulations for Companies in the Kingdom of Saudi Arabia, applicable until January 2023, the Company was required to transfer 10% of the net profit for the year to a statutory reserve until such reserve equals 30% of share capital. However, with the introduction of new Regulations for Companies in the Kingdom of Saudi Arabia, the requirement to maintain statutory reserve is no longer applicable.

Subsequent to the year ended 31 December 2024, the shareholder of the Company, in an extraordinary general meeting, held on 9 January 2025, resolved to amend the By-laws of the Company in accordance with the new Regulations for Companies. The legal formalities for amendments to the By-laws are in progress as of the date of authorization of issue of these financial statements.

11 Trade and other payables

	Note	2024	2023
Accrued expenses		21,511,856	9,213,172
Trade payables		12,386,999	15,249,186
Due to related parties	15	12,086,995	25,561,785
Accrued salaries and other benefits		9,757,679	8,997,816
Accrued Board of Directors' fee	15	2,315,437	2,479,778
Value added tax payable		807,065	541,309
Others		6,813,348	470,164
		65,679,379	62,513,210

Classification of trade and other payables is presented below:

Due within 12 months	59,494,379	62,513,210
Due after 12 months	6,185,000	-
	65,679,379	62,513,210

12 Zakat payable

12.1 The principal elements of the approximate zakat base are as follows:

	2024	2023
Equity at beginning of year	887,198,583	674,567,140
Non-current liabilities and borrowings	863,409,206	677,174,397
Total financing resources	1,750,607,789	1,351,741,537
Total assets	2,485,021,765	1,930,743,195
Zakat assets	1,233,188,971	880,450,308
Zakat assets / Total assets	50%	46%
Approximate zakat base	868,736,946	621,801,107

In accordance with the regulations of the ZATCA, zakat is payable at 2.577% of zakat base subject to a minimum and maximum capping / threshold of 4 times or 8 times, respectively of profit before zakat.

**UNITED COMPANY FOR FINANCIAL SERVICES
(A Saudi Closed Joint Stock Company)**

Notes to the financial statements for the year ended 31 December 2024

(All amounts in Saudi Riyals unless otherwise stated)

12.2 Provision for zakat

	2024	2023
1 January	24,423,377	22,183,669
Provisions		
- For current year	25,639,901	24,423,377
- Adjustments related to prior years	(9,909)	-
	25,629,992	24,423,377
Payments	(24,413,468)	(22,183,669)
31 December	25,639,901	24,423,377

12.3 Status of final assessments

The Company's zakat assessments since inception are currently under review by the ZATCA. The Company has obtained zakat certificates from ZATCA for the years through 2023.

13 Borrowings

	2024	2023
Long-term borrowings		
Murabaha facilities	1,267,450,000	939,536,250
Accrued finance cost	8,219,092	5,815,167
	1,275,669,092	945,351,417

Classification of borrowings is presented below:

Due within 12 months	426,612,842	280,613,917
Due after 12 months	849,056,250	664,737,500
	1,275,669,092	945,351,417

13.1 The movement in the Company's borrowings is as follows:

	2024	2023
As at 1 January	945,351,417	837,473,437
Proceeds from long-term borrowings	923,101,250	774,500,000
Repayment of long-term borrowings	(595,187,500)	(416,897,083)
Proceeds from short-term borrowings	-	5,000,000
Repayment of short-term borrowings	-	(255,000,000)
Finance cost accrued	79,888,826	63,243,271
Finance cost paid	(77,484,901)	(62,968,208)
As at 31 December	1,275,669,092	945,351,417

**UNITED COMPANY FOR FINANCIAL SERVICES
(A Saudi Closed Joint Stock Company)**

Notes to the financial statements for the year ended 31 December 2024

(All amounts in Saudi Riyals unless otherwise stated)

13.2 The maturities of the principal portion of the Company's borrowings are as follows:

	<u>2024</u>	<u>2023</u>
Less than 6 months	209,196,875	139,923,750
Between 6 to 12 months	209,196,875	134,875,000
Between 1 and 2 years	368,393,750	269,750,000
Between 2 and 5 years	480,662,500	394,987,500
	<u>1,267,450,000</u>	<u>939,536,250</u>

Maturity profile of borrowings, including finance cost component, is disclosed in Note 20.

13.3 The Company 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 Company'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	<u>2024</u>	<u>2023</u>
Long-term borrowings			
Murabaha IV	13.3.1	350,000,000	249,998,750
Murabaha VI	13.3.2	234,575,000	356,350,000
Murabaha VII	13.3.3	487,250,000	333,187,500
Murabaha VIII	13.3.4	195,625,000	-
		<u>1,267,450,000</u>	<u>939,536,250</u>
Accrued finance cost		<u>8,219,092</u>	<u>5,815,167</u>
		<u>1,275,669,092</u>	<u>945,351,417</u>

The financial charges incurred during the year increased on account of increase in amount of borrowings. Certain credit facility agreements contain financial covenants requiring maintenance of certain financial ratios and other matters, of which the Company was in compliance with at 31 December 2024.

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

13.3.1 Murabaha IV

Total amount available to the Company 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 Company has an outstanding loan balance of Saudi Riyals 350.0 million against this facility (31 December 2023: Saudi Riyals 250.0 million).

Under the terms of this borrowing facility, the Company 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 December 2024, the ratio of EBITDA to debt service was 4.2 (31 December 2023: 4.8), in compliance with the requirements of the minimum ratio as set out in such facility agreement. The Company is also required to monitor the aggregate amount of financing offered by the Company 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 December 2024, such ratio of investment in Islamic financing contracts to net equity was 2.2 (31 December 2023: 2.2), in compliance with the requirements of SAMA.

**UNITED COMPANY FOR FINANCIAL SERVICES
(A Saudi Closed Joint Stock Company)**

Notes to the financial statements for the year ended 31 December 2024

(All amounts in Saudi Riyals unless otherwise stated)

13.3.2 Murabaha VI

Total amount available to the Company under such facility is Saudi Riyals 430.0 million. Each tranche of facility utilization is repayable in 20 quarterly installments commencing 3 months after receipt of the borrowed amount. As at 31 December 2024, the Company has an outstanding loan balance of Saudi Riyals 234.6 million against this facility (31 December 2023: Saudi Riyals 356.4 million).

Under the terms of this borrowing facility, the Company is required to maintain a minimum current ratio of 1.05. As at 31 December 2024, the current ratio was 2.4 (31 December 2023: 2.4), in compliance with the requirements of the minimum ratio as set out in such facility agreement.

13.3.3 Murabaha VII

Total amount available to the Company 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 December 2024, the Company has an outstanding loan balance of Saudi Riyals 487.3 million against this facility (31 December 2023: Saudi Riyals 333.2 million).

Under the terms of this borrowing facility, the Company is required to maintain a minimum current ratio of 1.1. As at 31 December 2024, the current ratio was 2.4 (31 December 2023: 2.4), in compliance with the requirements of the minimum ratio as set out in such facility agreement. The Company is also required to maintain a minimum net equity balance of Saudi Riyals 480.0 million. As at 31 December 2024, the net equity for the Company was Saudi Riyals 1,110.0 million (31 December 2023: Saudi Riyals 887.2 million), in compliance with the requirements of the minimum balance as set out in such facility agreement.

13.3.4 Murabaha VIII

Total amount available to the Company 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 December 2024, the Company has an outstanding loan balance of Saudi Riyals 195.6 million against this facility (31 December 2023: Saudi Riyals Nil).

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

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

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

14 Employee benefit obligations

14.1 General description of the plan

The Company operates a defined benefit plan in line with the Labor Law requirements in the Kingdom of Saudi Arabia. The end of service benefit payments under the plan are based on the employees' final salaries and allowances and their cumulative years of service at the date of their termination of employment, as defined by the conditions stated in the Labor Law of the Kingdom of Saudi Arabia. Employees' end of service benefit plan is an unfunded plan and the benefit payment obligations are met when they fall due upon termination of or resignation from employment. The latest valuation of employee benefit obligations under the projected unit credit method was carried out by an independent actuary as of 31 December 2024.

UNITED COMPANY FOR FINANCIAL SERVICES
(A Saudi Closed Joint Stock Company)
Notes to the financial statements for the year ended 31 December 2024
(All amounts in Saudi Riyals unless otherwise stated)

14.2 Movement in net liability recognized in the statement of financial position

	2024	2023
As at 1 January	6,621,730	5,505,329
Current service cost	1,378,344	1,439,546
Interest cost	299,022	258,635
Remeasurements	426,394	(277,614)
Payments	(557,534)	(304,166)
As at 31 December	8,167,956	6,621,730

14.3 Amounts recognized in statement of profit or loss and other comprehensive income

	2024	2023
Current service cost	1,378,344	1,439,546
Interest cost	299,022	258,635
Total amount recognized in profit or loss	1,677,366	1,698,181

Remeasurements

(Gain) loss due to change in financial assumptions	(132,949)	10,837
Gain due to change in demographic assumptions	-	(518)
Loss (gain) due to change in experience adjustments	559,343	(287,933)
Total amount recognized in other comprehensive income	426,394	(277,614)

14.4 Key actuarial assumptions

	2024	2023
Discount rate	5.15%	4.65%
Salary growth rate	2.00%	2.00%
Retirement age	60 years	60 years

14.5 Sensitivity analysis for significant actuarial assumptions

2024	Change in assumption		Impact on employee benefit obligations	
	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.50%	0.50%	(128,492)	132,949
Salary growth rate	0.50%	0.50%	146,605	(142,897)

2023	Change in assumption		Impact on employee benefit obligations	
	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.50%	0.50%	(108,093)	111,957
Salary growth rate	0.50%	0.50%	119,840	(116,717)

**UNITED COMPANY FOR FINANCIAL SERVICES
(A Saudi Closed Joint Stock Company)**

Notes to the financial statements for the year ended 31 December 2024

(All amounts in Saudi Riyals unless otherwise stated)

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with projected unit credit method at the end of the reporting period) has been applied when calculating the employee termination.

The methods and assumptions used in preparing the sensitivity analysis for 2024 and 2023 presented above are consistent.

14.6 Expected maturity analysis

The weighted average duration of the defined benefit obligation is 4.0 years (2023: 3.32 years). The expected maturity analysis of employee benefit obligations is as follows:

	Less than a year	1 - 2 years	2 - 5 years	5 - 10 years	Total
31 December 2024	2,211,443	2,057,327	3,954,396	7,478,282	15,701,448
31 December 2023	1,765,061	1,705,868	4,642,160	5,227,971	13,341,060

15 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 Company'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.

15.1 Information about the related parties' balances as at 31 December and transactions in the ordinary course of business during the year were as follows:

Related party	Relationship
UEC	Ultimate Parent Company
UIHC	Parent Company
Procco Financial Services W.L.L ("Procco") - Fellow subsidiary of UIHC	Affiliated Company

Due to related parties

	2024	2023
UEC	5,531,879	20,058,297
Procco	6,555,116	5,503,488
	12,086,995	25,561,785

UNITED COMPANY FOR FINANCIAL SERVICES
(A Saudi Closed Joint Stock Company)
Notes to the financial statements for the year ended 31 December 2024
(All amounts in Saudi Riyals unless otherwise stated)

Movement in balances due to related parties are as follows:

	2024	2023
UEC		
As at 1 January	20,058,297	36,798,226
Customer purchases financed under Murabaha contracts	11,561,541	254,752,989
Payments to UEC	(44,393,467)	(286,020,363)
Collections made by UEC on behalf of the Company	(84,843)	(18,368)
Expenses incurred by UEC on behalf of the Company	13,144,405	9,385,894
Collections made by Company on behalf of UEC	-	48,985
Rent expense	4,025,803	3,975,803
Information Technology support charges	1,220,143	1,135,131
As at 31 December	5,531,879	20,058,297
Procco		
As at 1 January	5,503,488	3,109,263
Outsourced personnel expenses	32,483,266	24,228,099
Payments during the year	(30,243,428)	(24,248,524)
Information Technology support charges	-	1,718,700
Expenses incurred by Procco on behalf of the Company	(1,188,210)	695,950
As at 31 December	6,555,116	5,503,488

Due from related parties

	2024	2023
UIHC		
As at 1 January	290,886	-
Expenses incurred by UCFS on behalf of the UIHC	1,407,411	290,886
As at 31 December	1,698,297	290,886

Nature of transactions:

The transactions are based on terms agreed as per signed agreements between the Company 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.
- Expenses incurred by UEC on behalf of the Company include office rent, utilities and other expenses.
- Collections made by the Company on behalf of UEC represents collections for UEC's legacy financing portfolio.

Related party balances as at 31 December 2024 and 2023 bear no financial charges, are unsecured and are settled in cash. Further, the ECL allowance on such balances was immaterial.

15.2 Key management personnel compensation

	2024	2023
Short-term employee benefits	8,694,664	10,303,308
Employee benefit obligations	372,597	399,752
Board of Directors' fees	2,452,000	2,854,650
	11,519,261	13,557,710

**UNITED COMPANY FOR FINANCIAL SERVICES
(A Saudi Closed Joint Stock Company)**

Notes to the financial statements for the year ended 31 December 2024

(All amounts in Saudi Riyals unless otherwise stated)

Short-term employee benefits for the year ended 31 December 2024 also include special bonuses, amounting to Saudi Riyals 0.5 million, in relation to the successful completion of UIHC's IPO. The costs of such bonuses was borne by UEC.

Key management personnel include Chief Executive Officer and other department heads.

As at 31 December 2024, advances to employees includes outstanding loans and advances to key management personnel amounting to Saudi Riyals 0.1 million (31 December 2023: Saudi Riyals 0.3 million). Also see Note 5.

16 Income from Islamic financing contracts

	2024	2023
Income from Tawarruq finance activities, net	477,808,910	378,387,313
Income from Murabaha finance activities, net	56,684,799	140,317,015
Income from Islamic credit card activities, net	89,179,159	5,149,816
	623,672,868	523,854,144

17 Other operating expenses

	2024	2023 (Restated - Note 21)
Advertising	29,008,223	17,215,060
Fee and subscription	27,890,214	17,843,805
Information technology support	11,733,483	6,747,614
Technical support fees	7,502,837	2,023,298
Rent	4,410,010	4,450,202
Utilities, printing and stationery	3,488,576	3,095,320
Professional fees	3,306,313	2,432,630
Collection charges	2,861,579	8,546,298
Others	4,414,402	3,814,866
	94,615,637	66,169,093

18 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 year. As the Company does not have any dilutive potential shares, the diluted earnings per share is the same as the basic earnings per share.

	2024	2023
Profit for the year	223,093,248	212,353,829
Weighted average number of ordinary shares for basic and diluted earnings per share	35,000,000	35,000,000
Basic and diluted earnings per share	6.37	6.07

UNITED COMPANY FOR FINANCIAL SERVICES
(A Saudi Closed Joint Stock Company)
Notes to the financial statements for the year ended 31 December 2024
(All amounts in Saudi Riyals unless otherwise stated)

19 Financial instruments

As at 31 December 2024 and 2023, all financial assets and financial liabilities of the Company are categorized as held at amortized cost. Management believes that the fair values of the Company's financial assets and liabilities as at 31 December 2024 and 2023 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 year ended 31 December 2024, there have been no significant market developments which might indicate towards a potential change in fair value of the Company's financial instruments.

20 Financial risk management

The Company's activities expose it to a variety of financial risks: credit risk, profit rate risk and liquidity risk. The Company's overall risk management program, which is carried out by senior management under policies reviewed by the Risk and Credit Management Committee and approved by the 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 Company's risk management framework. The Risk and Credit Management Committee and the Board of Directors are responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, 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 Company's activities. The Company, 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 Company and their respective mitigating strategies are summarized below:

20.1 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 Company. The maximum exposure to credit risk is equal to the carrying amount of financial assets. As at 31 December 2024, the Company has maintained an ECL allowance of Saudi Riyals 72.6 million (31 December 2023: Saudi Riyals 63.5 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:

20.1.1 Investment in Islamic financing contracts

Investment in Tawarruq, Murabaha and credit card finance contracts is generally exposed to significant credit risk. Therefore, the Company 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.

UNITED COMPANY FOR FINANCIAL SERVICES

(A Saudi Closed Joint Stock Company)

Notes to the financial statements for the year ended 31 December 2024

(All amounts in Saudi Riyals unless otherwise stated)

The Company 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 Company generally receives repayments through variable channels such as regular and virtual bank transfers and SADAD. The Company 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 Company 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.

UNITED COMPANY FOR FINANCIAL SERVICES
(A Saudi Closed Joint Stock Company)
Notes to the financial statements for the year ended 31 December 2024
(All amounts in Saudi Riyals unless otherwise stated)

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 as at 31 December, 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 December 2024				
<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
	Performing (Stage 1)	Under- performing (Stage 2)	Non- performing (Stage 3)	Total
31 December 2023				
<i>Internal credit risk ratings</i>				
Low risk	888,086,845	32,479,258	43,996,434	964,562,537
Medium risk	725,723,756	51,529,863	78,637,899	855,891,518
High risk	737,399,490	74,474,932	112,865,022	924,739,444
	2,351,210,091	158,484,053	235,499,355	2,745,193,499

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

UNITED COMPANY FOR FINANCIAL SERVICES
(A Saudi Closed Joint Stock Company)
Notes to the financial statements for the year ended 31 December 2024
(All amounts in Saudi Riyals unless otherwise stated)

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	
	2024	2023	2024	2023	2024	2023	2024	2023
Not past due	1,645,459,253	1,366,065,772	52,292,641	231,442,987	419,859,733	56,562,085	2,117,611,627	1,654,070,844
Past due 1-30 days	78,525,983	65,242,345	2,496,329	8,654,776	11,249,893	1,504,307	92,272,205	75,401,428
Past due 31-90 days	59,231,366	26,946,879	2,902,372	4,707,969	13,256,397	1,763,127	75,390,135	33,417,975
Past due 91-180 days	38,846,251	43,430,069	1,906,766	10,167,007	10,416,706	3,348,127	51,169,723	56,945,203
Past due 181-364 days	96,896,105	64,677,283	6,787,285	25,562,003	14,013,904	1,561,416	117,697,294	91,800,702
Over 365 days	20,086,150	14,316,519	2,213,921	3,988,074	3,284,686	987,487	25,584,757	19,292,080
	1,939,045,108	1,580,678,867	68,599,314	284,522,816	472,081,319	65,726,549	2,479,725,741	1,930,928,232
Less: Impairment for Islamic financing contracts	(55,455,056)	(49,362,525)	(2,727,965)	(11,649,509)	(14,399,421)	(2,530,841)	(72,582,442)	(63,542,875)
Net investment in Islamic financing contracts	1,883,590,052	1,531,316,342	65,871,349	272,873,307	457,681,898	63,195,708	2,407,143,299	1,867,385,357

UNITED COMPANY FOR FINANCIAL SERVICES
(A Saudi Closed Joint Stock Company)
Notes to the financial statements for the year ended 31 December 2024
(All amounts in Saudi Riyals unless otherwise stated)

20.1.2 Measurement of ECL

The Company 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 Company 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 Company 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 Company 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 Company has used each contract's effective profit rate.

a) Generating the term structure of PD

PD measures the estimated likelihood of default over a time period. 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. Refer Section (d) below for further details regarding the methodology and changes made during the year.

b) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, management considers the 'days past due' analysis of each exposure and certain other qualitative factors such as monitoring the forward-looking information about financial difficulties faced by private sector employers of the customers and nationalization targets for specific industry groups etc. Management considers such analysis to be an effective and efficient measure of monitoring significant increase in credit risk, without undue cost and effort, as it enters into Islamic Financing Contracts with individual customers only.

c) Incorporation of forward-looking information

The Company incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Refer Section (d) below for further details regarding the methodology and changes made during the year.

d) Changes in assumptions upon updates to source data

During the year ended 31 December 2024, there have been no significant changes to the underlying methodology used for determination of ECL from those that were used for the purpose of determining the ECL allowance as at the year ended 31 December 2023, however, management, as part of an annual exercise, have updated the data interval used to assess the historical collection, default and recovery trends for computation of PD and LGD, to cover the contracts entered from 1 September 2019 to 30 June 2023 (31 December 2023: 1 September 2019 to 30 June 2022), for which the performance was observed until 30 June 2024. Furthermore, the macroeconomic factors and related scenario weightings, used to convert 'Through-the-Cycle' PD/LGD estimates to 'Point-in-time' PD/LGD rates, have been updated in line with latest available information. The summary of the key updates made, along with their impact as at 31 December 2024, is as follows:

UNITED COMPANY FOR FINANCIAL SERVICES
(A Saudi Closed Joint Stock Company)
Notes to the financial statements for the year ended 31 December 2024
(All amounts in Saudi Riyals unless otherwise stated)

- **Probability of default (PD):**

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 (see below) using the Vasicek framework.

During the year ended 31 December 2024, 'Through-the-Cycle' estimates were recalculated based on updated collection and default trends for contracts entered from 1 September 2019 to 30 June 2023 (31 December 2023: 1 September 2019 to 30 June 2022).

Such change in PD inputs resulted in an increase of Saudi Riyals 5.4 million, in the ECL allowance as at 31 December 2024. The stage-wise analysis is as follows:

	Impact of change in PD
Performing (Stage 1)	(1,593,219)
Under-performing (Stage 2)	7,031,428
Non-performing (Stage 3)	-
	<u>5,438,209</u>

- **Loss given default (LGD):**

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

During the year ended 31 December 2024, LGD inputs have been recalculated based on historical collection and default trends of both Murabaha and Tawarruq portfolios for contracts entered from 1 September 2019 to 30 June 2023 (31 December 2023: 1 September 2019 to 30 June 2022).

Accordingly, the updated overall LGD rate was determined to be 22.78% (2023: 28.11%), based on updated cure rate for both Murabaha and Tawarruq financing contracts which share similar customer characteristics. Management believes the historical information is insufficient to compute the credit card specific cure rates as this business has just started growing this year.

The recovery rate used to compute the LGD continues to be in accordance with the Basel guidelines considering that the Company has insufficient historical information in relation to the subsequent recovery trends and hence, this will be reassessed in the future reporting periods. Basel prescribed floor of LGD for credit cards is different, causing the overall LGD for such portfolio to be 25.31%.

Such change in LGD inputs resulted in a decrease of Saudi Riyals 16.5 million in the ECL allowance as at 31 December 2024. The stage-wise analysis is as follows:

	Impact of change in LGD
Performing (Stage 1)	(5,725,328)
Under-performing (Stage 2)	(1,223,072)
Non-performing (Stage 3)	(9,578,559)
	<u>(16,526,959)</u>

**UNITED COMPANY FOR FINANCIAL SERVICES
(A Saudi Closed Joint Stock Company)**

Notes to the financial statements for the year ended 31 December 2024

(All amounts in Saudi Riyals unless otherwise stated)

- Macroeconomic factors:

The Company incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. During the year ended 31 December 2024, macroeconomic data containing 300 macroeconomic variables (including previously used 'Real gross domestic product' and 'Government consumption') were analysed from Economic Intelligence Unit (EIU) and weighted average default rates were calculated from the historical data to determine appropriate predictive variables.

Based on such analysis carried out by the management and as a result of more experience with the portfolio, the following were identified as the most appropriate macroeconomic factors with the highest correlation to the historical collection and default trends.

- Exports of goods and services (% change per annum): Annual percentage change in a country's exports of goods and services, adjusted for inflation;
- Crude petroleum (% change per annum): Annual percentage change in production, export, and global price of unrefined oil.
- Foreign-exchange reserves (% change per annum): Annual percentage change in a country's reserves of foreign currencies.

A drop in the aforementioned macroeconomic factors can lead to financial stress, thereby leading to increase in default rates.

The Company 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 (31 December 2023: 32.95%, 34.1% and 32.95% respectively) which are computed through statistical methodologies.

As at 31 December 2024, the afore-mentioned macroeconomic factors 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%)

As at 31 December 2023, the macroeconomic factors used were the real gross domestic product (% change per annum) and government consumption (% change per annum) which when incorporated in the upturn, baseline and downturn scenarios were as follows:

	Upturn	Baseline	Downturn
Real gross domestic product (% change per annum)	10.6%	7.2%	3.8%
Government consumption (% change per annum)	10.1%	3.1%	(3.9%)

Such changes in macroeconomic factors, scenario weightings and certain other factors resulted in an increase of Saudi Riyals 1.3 million, in the ECL allowance as at 31 December 2024.

UNITED COMPANY FOR FINANCIAL SERVICES
(A Saudi Closed Joint Stock Company)
Notes to the financial statements for the year ended 31 December 2024
(All amounts in Saudi Riyals unless otherwise stated)

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 statement of profit or loss and other comprehensive income for the year ended 31 December 2024 (in millions)
Key assumptions	
<i>Macroeconomic factors (Exports of Goods and Services, Crude petroleum and Foreign-exchange reserves)</i>	
Increase by 10%	(1.8)
Decrease by 10%	1.8
<i>PD and LGD</i>	
Increase by 10%	(11.0)
Decrease by 10%	9.9
<i>Scenario weightings</i>	
100% weightage assigned to base scenarios	1.4
100% weightage assigned to downside scenarios	(26.1)

20.1.3 Cash and cash equivalents and other receivables

The Company 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 December 2024 and 2023, 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 December 2024 and 2023, the ECL allowance on other financial assets was immaterial.

20.2 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 Company’s Islamic financing activities and long-term borrowings. As at the statement of financial position date, the Company has profit bearing financial assets of Saudi Riyals 2,407.1 million (31 December 2023: Saudi Riyals 1,867.3 million). Further, the Company also has variable profit bearing financial liabilities of Saudi Riyals 1,275.7 million (31 December 2023: Saudi Riyals 945.3 million) and had the profit rate varied by 1% with all the other variables held constant, total comprehensive income / loss for the year would have been approximately Saudi Riyals 25.6 million (31 December 2023: Saudi Riyals 18.2 million) higher / lower, as a result of lower / higher finance cost on variable rate borrowings.

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

UNITED COMPANY FOR FINANCIAL SERVICES
(A Saudi Closed Joint Stock Company)
Notes to the financial statements for the year ended 31 December 2024
(All amounts in Saudi Riyals unless otherwise stated)

20.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company'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 Company's reputation.

Typically, the Company 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 Company as at 31 December 2024 were approximately Saudi Riyals 737.6 million (31 December 2023: Saudi Riyals 1,311.0 million).

Cash flow forecasting is performed by the management which monitors rolling forecasts of the Company'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 Company does not breach borrowing limits on any of its borrowing facilities. Such cash flow forecasts consider, among other items, that the Company 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 Company, during the year ended 31 December 2024, 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.

UNITED COMPANY FOR FINANCIAL SERVICES
(A Saudi Closed Joint Stock Company)
Notes to the financial statements for the year ended 31 December 2024
(All amounts in Saudi Riyals unless otherwise stated)

The tables below summarises the Company'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.

2024	Nature	Up to 3 months	More than 3 months and up to one year	1 to 3 years	More than three 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	3,927,240	1,448,648	-	-	5,375,888
Cash and cash equivalents	Non-profit bearing	20,098,930	-	-	-	20,098,930
		<u>767,199,091</u>	<u>735,816,309</u>	<u>1,480,121,244</u>	<u>538,579,977</u>	<u>3,521,716,621</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	58,166,418	-	6,185,000	-	64,351,418
		<u>184,393,890</u>	<u>368,696,186</u>	<u>731,630,511</u>	<u>203,603,792</u>	<u>1,488,324,379</u>
Net financial assets		<u>582,805,201</u>	<u>367,120,123</u>	<u>748,490,733</u>	<u>334,976,185</u>	<u>2,033,392,242</u>

UNITED COMPANY FOR FINANCIAL SERVICES
(A Saudi Closed Joint Stock Company)
Notes to the financial statements for the year ended 31 December 2024
(All amounts in Saudi Riyals unless otherwise stated)

2023	Nature	Up to 3 months	More than 3 months and up to one year	1 to 3 years	More than three years	Total
Financial assets						
Gross investment in Islamic financing contracts	Profit bearing	400,070,165	840,288,472	1,156,423,978	348,410,884	2,745,193,499
Prepayments and other receivables	Non-profit bearing	2,266,308	279,937	-	-	2,546,245
Cash and cash equivalents	Non-profit bearing	22,122,497	-	-	-	22,122,497
		<u>424,458,970</u>	<u>840,568,409</u>	<u>1,156,423,978</u>	<u>348,410,884</u>	<u>2,769,862,241</u>
Financial liabilities						
Borrowings	Profit bearing	163,487,642	154,472,732	543,224,444	181,739,604	1,042,924,422
Trade and other payables	Non-profit bearing	61,501,737	-	-	-	61,501,737
		<u>224,989,379</u>	<u>154,472,732</u>	<u>543,224,444</u>	<u>181,739,604</u>	<u>1,104,426,159</u>
Net financial assets		<u>199,469,591</u>	<u>686,095,677</u>	<u>613,199,534</u>	<u>166,671,280</u>	<u>1,665,436,082</u>

UNITED COMPANY FOR FINANCIAL SERVICES
(A Saudi Closed Joint Stock Company)
Notes to the financial statements for the year ended 31 December 2024
(All amounts in Saudi Riyals unless otherwise stated)

20.4 Net debt reconciliation

The net debt of the Company is as follows:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	20,098,930	22,122,497
Borrowings	(1,275,669,092)	(945,351,417)
Total	<u>(1,255,570,162)</u>	<u>(923,228,920)</u>

The Company's net debt reconciliation is as follows:

	<u>1 January</u>	<u>Cash inflows</u>	<u>Cash outflows</u>	<u>Others</u>	<u>31 December</u>
2024					
Cash and cash equivalents	22,122,497	1,375,424,360	(1,377,447,927)	-	20,098,930
Borrowings	(945,351,417)	923,101,250	(672,672,401)	(79,888,826)	(1,275,669,092)
Net debt	<u>(923,228,920)</u>				<u>(1,255,570,162)</u>
2023					
Cash and cash equivalents	21,132,397	1,161,379,704	(1,160,389,604)	-	22,122,497
Borrowings	<u>(837,473,437)</u>	<u>779,500,000</u>	<u>(734,865,291)</u>	<u>(63,243,271)</u>	<u>(945,351,417)</u>
Net debt	<u>(816,341,040)</u>				<u>(923,228,920)</u>

20.5 Capital risk management

The Company's objectives when managing capital are to:

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders; and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as borrowings divided by total capital. Total capital is calculated as 'equity' as shown in the statement of financial position plus borrowings, which is analysed as follows:

	<u>2024</u>	<u>2023</u>
Total equity	1,109,865,437	887,198,583
Borrowings	1,275,669,092	945,351,417
Total	<u>2,385,534,529</u>	<u>1,832,550,000</u>
Gearing ratio	53.5%	51.6%

UNITED COMPANY FOR FINANCIAL SERVICES
(A Saudi Closed Joint Stock Company)
Notes to the financial statements for the year ended 31 December 2024
(All amounts in Saudi Riyals unless otherwise stated)

Further, the Company monitors aggregate amount of financing offered by the Company 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.

	<u>2024</u>	<u>2023</u>
Net investment in Islamic financing contracts	2,407,143,299	1,867,385,357
Total equity	1,109,865,437	887,198,583
Aggregate financing to capital ratio	2.2	2.1

Under the terms of certain borrowing facilities, in addition to compliance with SAMA's requirements, the Company is required to comply with certain financial covenants, which are disclosed in detail in Note 13.

21 Restatements

For all years up to 31 December 2023, the Company opted to present its expenses 'by function' in the 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 has re-evaluated the classification of expenses in the statement of profit or loss and other comprehensive income and has changed the presentation to present its expenses 'by nature' instead of 'by function'.

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 Company 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 statement of profit or loss and other comprehensive income, for the year ended 31 December 2023, is summarized below:

	<u>Amount previously reported</u>	<u>Restatement</u>	<u>Restated amounts</u>
2023			
Statement of profit or loss and other comprehensive income			
General and administrative expenses	(58,216,169)	58,216,169	-
Selling and marketing expenses	(106,823,740)	106,823,740	-
Salaries and other benefits	-	(94,057,659)	(94,057,659)
Depreciation and amortization	-	(4,813,157)	(4,813,157)
Other operating expenses	-	(66,169,093)	(66,169,093)
	<u>(165,039,909)</u>	<u>-</u>	<u>(165,039,909)</u>

The effect of the afore-mentioned change in presentation on the statement of profit or loss and other comprehensive income for the year ended 31 December 2022, is as follows:

UNITED COMPANY FOR FINANCIAL SERVICES**(A Saudi Closed Joint Stock Company)****Notes to the financial statements for the year ended 31 December 2024**

(All amounts in Saudi Riyals unless otherwise stated)

	Amount previously reported	Impact of change in presentation	Adjusted amounts
2022			
Statement of profit or loss and other comprehensive income			
General and administrative expenses	(49,595,184)	49,595,184	-
Selling and marketing expenses	(87,826,026)	87,826,026	-
Salaries and other benefits	-	(82,214,236)	(82,214,236)
Depreciation and amortisation	-	(3,997,262)	(3,997,262)
Other operating expenses	-	(51,209,712)	(51,209,712)
	<u>(137,421,210)</u>	<u>-</u>	<u>(137,421,210)</u>

The above change has had no impact on the Company's statement of financial position as at 31 December 2023 and 1 January 2023 and the statements of changes in equity and cash flows, profit for the year or the basic and diluted earnings per share for the years ended 31 December 2023 and 31 December 2022.

22 Date of authorization for issue

The accompanying financial statements were authorized for issue by the Company's Board of Directors on 9 February 2025.