

**UNITED INTERNATIONAL HOLDING COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
AND INDEPENDENT AUDITOR'S REPORT**

**UNITED INTERNATIONAL HOLDING COMPANY
(A Saudi Joint Stock Company)
Consolidated financial statements
For the year ended 31 December 2025**

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Independent auditor's report to the shareholders of United International Holding Company

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of United International Holding Company (the "Company") and its subsidiaries (together the "Group") as at 31 December 2025, and its consolidated financial performance and its consolidated 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 Organization for Chartered and Professional Accountants (SOCPA).

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2025;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated 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 Consolidated 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 Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), endorsed in the Kingdom of Saudi Arabia (the "Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code's requirements.

Our audit approach

Overview

Key audit matters	Expected credit loss allowance against investment in Islamic financing contracts
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As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

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Independent auditor's report to the shareholders of United International Holding Company (continued)

Our audit approach (continued)

Overview (continued)

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the Key audit matter
<p><i>Expected credit loss allowance against investment in Islamic financing contracts</i></p> <p>As at 31 December 2025, the Group's net investment in Islamic financing contracts was Saudi Riyals 3,149.7 million against which an expected credit loss ("ECL") allowance of Saudi Riyals 103.4 million was maintained.</p> <p>The determination of ECL involves significant management judgement. The key areas of judgement used by management to calculate the ECL include:</p> <ul style="list-style-type: none"> • Categorisation of receivables into stages 1, 2 or 3 based on the identification of: <ul style="list-style-type: none"> (i) exposures with a significant increase in credit risk ("SICR") since their origination; and (ii) individually impaired / defaulted exposures. • Determining assumptions used in the ECL model for probability of default ("PD"), loss given default ("LGD") and exposures at default ("EAD") including but not limited to the expected future cash flows, based on historic data as well as developing and incorporating forward looking information (such as macroeconomic factors, the associated scenarios and probability scenario weightings) in line with the requirements of International Financial Reporting Standard 9 'Financial Instruments' ("IFRS 9"). 	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Assessed the accounting policies adopted and the underlying methodology and assumptions applied by management in the ECL model to determine the ECL allowance for investment in Islamic financing contracts and compared them against the requirements of IFRS 9. • Evaluated and tested the design, implementation and the operating effectiveness of key controls over the ECL model including: <ul style="list-style-type: none"> (i) governance and approval of key assumptions used; (ii) classification of exposures into stages 1, 2 or 3, criteria for identification of SICR and the determination of individually impaired / defaulted exposures; and (iii) integrity of data inputs into the ECL model. • We tested the completeness and accuracy of data supporting the ECL calculations as at 31 December 2025.

*Independent auditor's report to the shareholders of
United International Holding Company (continued)*

Our audit approach (continued)

Overview (continued)

Key audit matter	How our audit addressed the Key audit matter
<p>We considered ECL against investment in Islamic financing contracts as of 31 December 2025 as a key audit matter in view of the significant judgements and estimates involved around the ECL calculations.</p> <p>Refer to the material accounting policies in Note 2.18 for the impairment of financing contracts; Note 3 which contains the disclosure of critical accounting judgements, estimates and assumptions relating to impairment losses; and Note 7 and 23 which contain the disclosures of impairment losses, impairment allowance assessment methodology, credit quality analysis, key assumptions and factors considered in determination of ECL.</p>	<ul style="list-style-type: none"> Assessed, for a selected sample of Islamic financing contracts, the appropriateness of the staging classification and management's computation of the ECL allowance. Involved our experts to assist us in reviewing model calculations, evaluating interrelated inputs and assessing the reasonableness of assumptions used in the ECL model, including those used to determine PD, LGD and EAD including but not limited to actual past performance, changes from assumptions used in the prior year, macroeconomic variables, associated scenarios and probability scenario weightings. Assessed the adequacy of disclosures in the consolidated financial statements.

Other information

Management is responsible for the other information. The other information comprises information included in the Group's 2025 Annual Report but does not include the consolidated financial statements and our auditor's report thereon, which is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Group's 2025 Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Independent auditor's report to the shareholders of United International Holding Company (continued)

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

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group 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 Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.



Independent auditor's report to the shareholders of United International Holding Company (continued)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers



Ali A. Alotaibi
License Number 379

15 February 2026

UNITED INTERNATIONAL HOLDING COMPANY
(A Saudi Joint Stock Company)
Consolidated statement of financial position
For the year ended 31 December 2025
(All amounts in Saudi Riyals unless otherwise stated)

		As at 31 December	
	Note	2025	2024
Assets			
Cash and cash equivalents	4	49,464,705	23,791,908
Short-term deposits	5	30,000,000	-
Prepayments and other receivables	6	17,814,091	36,784,345
Investment in payroll advances	19.1	4,719,115	-
Investment in Islamic financing contracts	7	3,046,238,050	2,407,143,299
Right-of-use assets	8	5,738,902	2,061,814
Property and equipment	9	4,719,436	4,392,275
Intangible assets	10	38,662,418	17,846,424
Goodwill		528,692	528,692
Total assets		3,197,885,409	2,492,548,757
Equity and liabilities			
Equity			
Share capital	11	250,000,000	250,000,000
Statutory reserve	12	43,929,503	43,929,503
Retained earnings ¹	24	1,085,049,301	818,740,661
Other reserves		17,969,094	(22,373)
Equity attributable to the owners of United International Holding Company		1,396,947,898	1,112,647,791
Non-controlling interests	1, 13	5,848,204	-
Net equity		1,402,796,102	1,112,647,791
Liabilities			
Trade and other payables	14	90,942,919	66,920,773
Zakat and income tax payable	15	34,636,377	25,639,901
Lease liabilities	8	5,874,790	2,238,159
Borrowings	16	1,651,946,202	1,275,669,092
Employee benefit obligations	17	11,689,019	9,433,041
Total liabilities		1,795,089,307	1,379,900,966
Total equity and liabilities		3,197,885,409	2,492,548,757

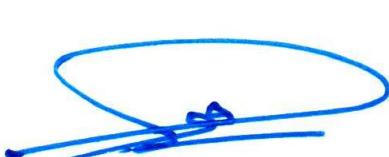
The accompanying notes are an integral part of these consolidated financial statements.

¹ Refer Note 24 for reclassification of comparative amounts

UNITED INTERNATIONAL HOLDING COMPANY
(A Saudi Joint Stock Company)
Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2025
 (All amounts in Saudi Riyals unless otherwise stated)

	Note	For the year ended 31 December	
		2025	2024
Income from Islamic financing contracts	19	768,361,171	623,672,868
Income from payroll advances	19.1	1,110,439	-
Finance costs	16	(96,821,926)	(79,888,826)
Net income from Islamic financing contracts and payroll advances		672,649,684	543,784,042
Salaries and other benefits		(118,290,534)	(95,781,471)
Net impairment losses on financial assets	7	(124,828,196)	(94,906,251)
Depreciation and amortization	8, 9, 10	(6,988,544)	(6,383,346)
Other operating expenses	20	(115,973,972)	(98,173,200)
Finance costs on lease liabilities	8	(233,340)	(165,911)
Finance income		983,583	-
Other gains (losses) - net		(134,688)	(359,516)
Profit before zakat and income tax		307,183,993	248,014,347
Zakat expense	15	(34,858,601)	(25,629,992)
Income tax expense	15	(168,548)	-
Profit for the year		272,156,844	222,384,355
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss:</i>			
Remeasurements of employee benefit obligations	17	(1,351,878)	(426,394)
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations		21,339	14,280
Other comprehensive loss for the year		(1,330,539)	(412,114)
Total comprehensive income for the year		270,826,305	221,972,241
Net profit (loss) for the year is attributable to:			
Owners of United International Holding Company		273,639,142	222,384,355
Non-controlling interests	13	(1,482,298)	-
Total comprehensive income (loss) for the year is attributable to:		272,156,844	222,384,355
Owners of United International Holding Company		272,308,603	221,972,241
Non-controlling interests	13	(1,482,298)	-
Earnings per share		270,826,305	221,972,241
Basic and diluted	21	10.9	8.9

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





UNITED INTERNATIONAL HOLDING COMPANY
 (A Saudi Joint Stock Company)
Consolidated statement of changes in equity
For the year ended 31 December 2025
 (All amounts in Saudi Riyals unless otherwise stated)

	Share capital	Statutory reserve	Retained earnings ¹	Foreign currency translation reserve	Actuarial reserve	(Notes 1 and 10)	Total other reserves	Non-controlling interests	Equity attributable to the Owners of United International (Notes 1 and 13)	Net Equity
At 1 January 2024	250,000,000	43,929,503	596,356,306 ¹	(219,869)	609,610	-	389,741	890,675,550	-	890,675,550
Profit for the year	-	-	222,384,355	-	-	-	-	222,384,355	-	222,384,355
Other comprehensive income (loss) for the year	-	-	-	14,280	(426,394)	-	(412,114)	(412,114)	-	(412,114)
Total comprehensive income (loss) for the year	-	-	222,384,355	14,280	(426,394)	-	(412,114)	(412,114)	-	(412,114)
At 31 December 2024	250,000,000	43,929,503	818,740,661¹	(205,589)	183,216	-	(22,373)	1,112,647,791	-	1,112,647,791
Profit (loss) for the year	-	-	273,639,142	-	-	-	-	273,639,142	(1,482,298)	272,156,844
Other comprehensive income (loss) for the year	-	-	-	21,339	(1,351,878)	-	(1,330,539)	(1,330,539)	-	(1,330,539)
Total comprehensive income (loss) for the year	-	-	273,639,142	21,339	(1,351,878)	-	(1,330,539)	(1,330,539)	-	(1,330,539)
Transactions with non-controlling interests (Notes 1 and 13)	-	-	(7,330,502)	-	-	19,322,006	19,322,006	11,991,505	7,330,502	19,322,006
At 31 December 2025	250,000,000	43,929,503	1,085,049,301	(184,250)	(1,168,662)	19,322,006	17,969,094	1,396,947,898	5,848,204	1,402,796,102

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

¹ Refer Note 24 for reclassification of comparative amounts.

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UNITED INTERNATIONAL HOLDING COMPANY
(A Saudi Joint Stock Company)
Consolidated statement of cash flows
For the year ended 31 December 2025
 (All amounts in Saudi Riyals unless otherwise stated)

	Note	For the year ended 31 December	
		2025	2024
Cash flows from operating activities			
Profit before zakat and income tax		307,183,993	248,014,347
<u>Adjustments for:</u>			
Depreciation and amortization	9, 10	6,114,069	6,383,346
Depreciation on right-of-use assets	8	896,077	513,042
Finance costs	8, 16	97,055,266	80,054,737
Finance income		(983,583)	-
Property and equipment written off	9	-	1,215
Intangible assets written off	10	-	14,817
Net impairment losses on financial assets	7	124,828,197	94,906,251
Employee benefit obligations	17	2,402,273	1,745,695
<u>Changes in working capital:</u>			
Decrease (increase) in prepayments and other receivables		18,970,254	(17,895,362)
Increase in investment in payroll advances		(4,719,115)	-
Increase in investment in Islamic financing contracts		(763,922,949)	(634,664,193)
Decrease in trade and other payables		24,043,485	337,734
Cash utilized in operations		(188,132,033)	(220,588,371)
Finance costs paid		(90,284,886)	(77,650,812)
Zakat and income tax paid	15	(26,030,673)	(24,413,468)
Employee benefit obligations paid	17	(1,498,173)	(557,534)
Net cash outflow from operating activities		(305,945,765)	(323,210,185)
Cash flows from investing activities			
Payments for purchases of property and equipment	9	(2,708,962)	(2,400,311)
Payments for additions to intangible assets	10	(5,226,256)	(2,962,557)
Placement in short-term deposits	5	(70,000,000)	-
Redemption of short-term deposits	5	40,000,000	-
Finance income received		983,583	-
Net cash outflow from investing activities		(36,951,635)	(5,362,868)
Cash flows from financing activities			
Proceeds from long-term borrowings	16	1,220,000,000	923,101,250
Repayment of long-term borrowings	16	(850,493,269)	(595,187,500)
Principal elements of lease payments	8	(936,534)	(336,697)
Net cash inflow from financing activities		368,570,197	327,577,053
Net change in cash and cash equivalents		25,672,797	(996,000)
Cash and cash equivalents at beginning of the year		23,791,908	24,787,908
Cash and cash equivalents at end of the year	4	49,464,705	23,791,908
Supplemental non-cash information:			
Transactions with non-controlling interests	1, 13	19,322,006	-
Right-of-use assets recorded against lease liabilities	8	4,573,165	-

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

UNITED INTERNATIONAL HOLDING COMPANY
(A Saudi Joint Stock Company)
Notes to consolidated financial statements for the year ended 31 December 2025
 (All amounts in Saudi Riyals unless otherwise stated)

1 Legal status and operations

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

The Company's shares started trading on Saudi Exchange as of 3 December 2024. During the year ended 31 December 2025, the Company's shareholders in an extraordinary general assembly meeting (“EOGM”) held on 19 October 2025, approved the update to the Company's By-laws, to reflect the change in the Company's legal status from a closed joint stock company to a joint stock company. The remaining legal formalities, including the updates to the CR, were completed during the year.

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

During year ended 31 December 2025, there were no significant changes in the terms of the financing arrangements offered by the Group such as profit rates, tenures of the financing contracts, criterion for finance amounts disbursed etc. In accordance with the approved business plan, the Murabaha portfolio has continued to downsize whereas steady growth has been noted in the Islamic credit card product offerings and Tawarruq portfolio, consistent with prior year. 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 2024. During the year ended 31 December 2025, as part of an annual exercise, management has updated the underlying dataset of collection/recovery patterns and default trends for computation of such ECL allowance. A detailed analysis of the ECL allowance computation has been included in Notes 7 and 23.

The accompanying consolidated financial statements include accounts of the Company and its following subsidiaries:

Subsidiaries	Country of incorporation	Ownership percentage	
		2025	2024
United Company for Financial Services (“UCFS”)	Kingdom of Saudi Arabia	100%	100%
Procco Services W.L.L. (formerly known as “Procco Financial Services W.L.L.”) (“Procco”)	Kingdom of Bahrain	100%	100%
NowAccess Company (“NowAccess”) - Note 1.1	Kingdom of Saudi Arabia	75%	-

Legal status and operations of subsidiaries

UCFS:

UCFS 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). UCFS's head office is located in Al-Khobar, Kingdom of Saudi Arabia.

UNITED INTERNATIONAL HOLDING COMPANY

(A Saudi Joint Stock Company)

Notes to consolidated financial statements for the year ended 31 December 2025

(All amounts in Saudi Riyals unless otherwise stated)

The principal business activities of UCFS 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. UCFS 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, online payment channels and SADAD. UCFS’s investment in Islamic financing contracts comprises individually immaterial balances due from a large customer base and accordingly, UCFS 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.

Procco:

Procco is a limited liability company registered and incorporated in the Kingdom of Bahrain on 12 September 2006 under Commercial Registration (CR) number 62406. Procco’s registered head office is situated at Flat 401, Building 2504, Road 2832, Block 428, Al-Seef, Kingdom of Bahrain.

Procco was granted an ancillary services license under volume 5 by the Central Bank of Bahrain (“CBB”), authorizing it to provide remote processing and support services, data backup services, credit card payment services, and technical services to financial institutions and other companies. During the year ended 31 December 2025, Procco submitted a formal request to the CBB for the cessation of the license in relation to these regulated activities. The legal formalities for the cessation of the license were completed during the year.

Procco is currently engaged in providing call centre services, application processing and information technology support services to UCFS.

1.1 NowAccess

During the year ended 31 December 2025, the Company has incorporated a new subsidiary, NowAccess, with a total paid-up share capital of Saudi Riyals 10.0 million. The Company holds 75% equity interest in the new entity, whereas the remaining 25% equity interest is held by Nowpay Corp Fintech Company (“NowPay”), a company incorporated in Cayman Islands. NowAccess will be engaged in the providing payroll administration and related processing services in the Kingdom of Saudi Arabia.

Under the terms of the shareholders’ agreement between the Company and NowPay, the total share capital of NowAccess shall be upto Saudi Riyals 75.0 million, to be injected based on business requirements, which will entirely be contributed by the Company. This is in consideration for the transfer of NowPay’s existing intellectual property rights and technical know-how to NowAccess, pursuant to an Intellectual Property Transfer and License Agreement.

During 2025, NowPay completed the transfer of intellectual property rights and technical know-how to NowAccess, which has commenced commercial operations. Also see Note 10.1.

1.2 Proposed increase in share capital

During the year ended 31 December 2025, the Board of Directors, on 23 March 2025, resolved to recommend to the shareholders to increase the share capital of the Company from Saudi Riyals 250 million to Saudi Riyals 750 million, through issuance of 50 million bonus shares. Subsequent to the year ended 31 December 2025, the Board of Directors resolved, on 22 January 2026, to amend the nature and value of the reserves to be utilized for the proposed increase in share capital, such that the proposed increase is expected to be through transfers from statutory reserve, and the remaining balance from retained earnings. The proposed increase in share capital remains subject to obtaining the necessary shareholders’ and regulatory approvals, which are expected to be obtained during 2026.

UNITED INTERNATIONAL HOLDING COMPANY

(A Saudi Joint Stock Company)

Notes to consolidated financial statements for the year ended 31 December 2025

(All amounts in Saudi Riyals unless otherwise stated)

2 Material accounting policy information

Material accounting policies applied in the preparation of these consolidated 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 consolidated financial statements of the Group 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”).

b) Historical cost convention

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

c) Basis of presentation

The Group's consolidated 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, right-of-use assets, investment in payroll advances and employee benefit obligations. As at 31 December 2025 and 2024, the balances which are of mixed in nature i.e., include both current and non-current portions include lease liabilities, prepayment and other receivables, investment in Islamic financing contracts, trade and other payables and borrowings. See Notes 6, 7, 14 and 16 for breakdown for the current/non-current classification for such balances.

d) New standards and amendment to standards and interpretations

There were no new standards or amendments to standards and interpretations that become applicable for the current reporting period, except for the amendment to IAS 21 'The Effects of Changes in Foreign Exchange Rates'. This amendment is applicable when an entity has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. The transactions in foreign currencies entered by the Group in the normal course of its operations are not exposed to lack of exchangeability and consequently, the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting this amendment.

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 2025 reporting period and have not been early adopted by the Group.

- Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 'Financial instruments' ("IFRS 9") and IFRS 7, effective for annual periods beginning on or after 1 January 2026;
- Annual improvements to International Financial Reporting Standards - Volume 11, effective for annual periods beginning on or after 1 January 2026;
- Amendment to IAS 21 - Translation to a Hyperinflationary Presentation Currency, effective for annual periods beginning on or after 1 January 2027;
- IFRS 18 'Presentation and Disclosure in Financial Statements' ("IFRS 18"), effective for annual periods beginning on or after 1 January 2027; and
- IFRS 19 'Subsidiaries without Public Accountability: Disclosures' ("IFRS 19"), effective for annual periods beginning on or after 1 January 2027.

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

2.2 Foreign currencies

a) Functional and presentation currency

The accompanying consolidated financial statements are presented in Saudi Riyals which is functional currency and presentation currency of the Group. Each subsidiary in the Group determines its own functional currency (which is the currency of the primary economic environment in which the subsidiary operates), and as a result, items included in the financial statements of each subsidiary are measured using that functional currency.

b) Transactions and balances

Foreign currency transactions are translated into Saudi Riyals using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies other than Saudi Riyals are recognized in the profit or loss.

c) Group entities

The results and financial position of foreign subsidiaries having reporting currencies other than Saudi riyals are translated into Saudi Riyals as follows:

- i.* Assets and liabilities for each of financial position presented are translated at the closing exchange rate at the date of that statement of financial position.
- ii.* Income and expenses for each profit or loss are translated at average exchange rates and
- iii.* Components of the equity accounts are translated at exchange rates in effect at the dates the related items originated

2.3 Predecessor value method

Transactions involving entities under common control are accounted for using the predecessor method of accounting where such transactions do not have any economic substance.

The transfer of subsidiaries to UIHC represented a business combination under common control and was accounted for using the predecessor method of accounting. Since UIHC chose to apply the predecessor method retrospectively, an acquirer was not required to be identified.

Under the predecessor accounting method:

- The acquired entity's results and statement of financial position are incorporated as if both entities (acquirer and acquiree) had always been combined.
- Assets and liabilities of the acquired entity are stated at predecessor carrying values. Fair value measurement is not required.
- No new goodwill arises in predecessor accounting.
- Any difference between the consideration given and the aggregate carrying value of the assets and liabilities of the acquired entity at the date of the transaction is included in equity in retained earnings.

A number of factors are considered in determining the above accounting policy for accounting of transactions under common control. These factors relate to:

- Non-existence of non-controlling interest;
- Consideration of the transfer was determined based at book values; and
- The entities were under the same management before and after the combination.

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2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of UIHC and its subsidiaries over which it has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has ability to affect those returns through its power over the investee. Specifically, the group control an investee if and only if the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangement; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of the subsidiary acquired or disposed of during the period are included in the consolidated financial statements from the date the Group gains control gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this result in the non-controlling interest having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interests;
- Derecognises the cumulative transaction differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be if the group had directly disposed of the relates assets or liabilities.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transaction, are eliminated in preparing the consolidated financial statements, unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2.5 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.

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2.6 Short-term deposits

Short-term deposits include placements with banks and other short term highly liquid investments, with original maturities of more than three months but not more than one year from the placement date.

2.7 Leases

Lease liabilities

The lease liability is initially measured at the net present value of the lease payments that are not paid at the commencement date. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the individual lessee, which does not have recent third-party financing, and
- makes adjustments specific to the lease, for example term, country, currency and security.

Lease liabilities include the net present value of the following lease payments:

- fixed lease payments, less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease liability is presented as a separate line in the consolidated statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest rate method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right of use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is re-measured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due); and
- a lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate.

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Right-of-use assets (RoU)

The RoU comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37 “Provisions, contingent liabilities and contingent assets”.

2.8 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.

2.9 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 derecognised.

2.10 Impairment of non-financial assets

The Group 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 Group 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.

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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.

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 Group 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.

2.11 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.

2.12 Employee benefit obligations

The Group provides end-of-service benefits to its employees based on the terms and conditions of the labor laws applicable to the Company and its subsidiaries, 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 Group has no further payment obligations once the contributions have been paid.

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2.13 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.

2.14 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group 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.

2.15 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group 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.

2.16 Zakat and taxes

The Group 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 Group withholds taxes on certain transactions with non-resident parties in the Kingdom of Saudi Arabia as required under Saudi Arabian Income Tax Law. Income tax for foreign entities is provided for in accordance with the relevant income tax regulations of the countries where the entities operate and generate taxable income.

2.17 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.

2.18 Financial Instruments

2.18.1 Financial assets

a) Classification

Classification and subsequent measurement of debt instruments depend on:

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

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Business model: The business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group'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 Group assesses whether the financial instruments' cash flows represent solely payment of principal and profit (the "SPPP" test). In making this assessment, the Group 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 Group for managing the financial assets, and contractual cash flow characteristics.

The Group 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 Group'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 Group 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 Group'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 Group's financial assets are rare, considering that the acceptance of modification request from the customers is at the discretion of the Group, except for cases as mandated by SAMA regulations. Modifications to the investment in Islamic financing contracts have an immaterial impact on the accompanying consolidated financial statements. Also see Note 23.

c) De-recognition of financial assets

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group 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 Group has transferred substantially all the risks and rewards of ownership.

d) Impairment

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

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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 Group 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 Group, 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 Group’s collection team. In any case, the Group 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.

Where financial assets are written-off, the Group 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 23.

2.18.2 Financial liabilities

All financial liabilities are recognised at the time when the Group 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, 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.

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2.18.3 Offsetting financial assets and liabilities

Financial assets and liabilities are offset and net amounts are reported in the consolidated financial statements, when the Group 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.

2.19 Investment in Islamic financing contracts

2.19.1 Tawarruq financing contracts

Tawarruq is an agreement wherein the Group sells a product to its customer which the Group 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.

2.19.2 Murabaha financing contracts

Murabaha is an Islamic form of financing wherein, the Group based on request from its customers, purchases specific commodities and sells them to the customers at a price equal to the Group'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.

2.19.3 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.

2.20 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. Reportable segments are those operating segments, or aggregations of operating segments, for which segment information is separately reported. While the Board of Directors of the Group, considered as Chief Operating Decision Maker, review the internal management reports by type of products, however, these are not considered as separately identifiable reportable segments as discrete financial information is not available for such products. The net results of the Group are reported to the Board of Directors as a whole. Furthermore, the Group operates in one geographical area i.e. Kingdom of Saudi Arabia, and caters to individual customers only (for Islamic financing contracts) and corporates (for payroll advances). Accordingly, management has concluded that there are no reportable segments. However, the Group has disclosed income from Islamic financing contracts and payroll advances and investment in Islamic financing contracts by type of consumer and product finance services. Refer Notes 7 and 23.

2.21 Current versus non-current classification

The Group 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.

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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 consolidated 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. There are no significant changes in critical accounting estimates and judgements used by management in the preparation of the consolidated financial statements from those that were applied and disclosed in the annual consolidated financial statements for the year ended 31 December 2024, except for certain changes made, during the year ended 31 December 2025, to the underlying dataset of collection/recovery patterns and default trends 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 23. Also see Note 7.

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 kiosks are short term in nature considering 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 Group 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.

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(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 Group at its discretion. However, the Group 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

	2025	2024
Cash at banks	45,419,798	23,772,479
Cash in hand	44,907	19,429
Time deposit	4,000,000	-
	49,464,705	23,791,908

As at 31 December 2025, time deposit (Islamic) was placed with a local bank with original maturity of less than three months from the date of placement. The deposits during the year yielded finance income ranging from 5.75% to 5.80% per annum.

5 Short-term deposits

Short-term deposit (Islamic), amounting to Saudi Riyals 30.0 million (31 December 2024: Saudi Riyals Nil), is placed with a local bank with an original maturity of more than three months but less than or equal to twelve months from the date of placement. The deposits during the year yielded finance income at 5.95% per annum.

6 Prepayments and other receivables

	Note	2025	2024
Prepaid expenses		14,158,490	16,240,557
Advances to employees		894,424	915,193
Advances to suppliers		286,581	16,259,986
Due from a related party	18	36,186	50,257
Other receivables		2,438,410	3,318,352
		17,814,091	36,784,345

Classification of prepayments and other receivables is presented below:

	2025	2024
Due within 12 months	15,994,218	35,377,674
Due after 12 months	1,819,873	1,406,671
	17,814,091	36,784,345

Also see Note 18.2 and Note 23.

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7 Investment in Islamic financing contracts

	2025	2024
Investment in Tawarruq financing contracts, net	2,329,827,004	1,883,590,052
Investment in Murabaha financing contracts, net	10,780,676	65,871,349
Investment in Islamic credit cards, net	705,630,370	457,681,898
	3,046,238,050	2,407,143,299
Less: Due after 12 months	(1,382,732,813)	(1,212,167,352)
Due within 12 months	1,663,505,237	1,194,975,947

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

	Tawarruq finance		Murabaha finance		Islamic credit card		Total	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Gross investment in Islamic financing contracts	3,514,669,813	2,863,543,920	12,513,290	80,772,680	820,259,016	551,925,203	4,347,442,119	3,496,241,803
Unearned finance and processing fee income	(1,109,492,258)	(924,498,812)	(1,055,627)	(12,173,366)	(87,232,179)	(79,843,884)	(1,197,780,064)	(1,016,516,062)
Present value of investment in Islamic financing contracts ("P.V. of I.F.C.")	2,405,177,555	1,939,045,108	11,457,663	68,599,314	733,026,837	472,081,319	3,149,662,055	2,479,725,741
Allowance for ECL/net impairment on financial assets	(75,350,551)	(55,455,056)	(676,987)	(2,727,965)	(27,396,467)	(14,399,421)	(103,424,005)	(72,582,442)
Net investment in Islamic financing contracts ("Net investment in I.F.C.")	2,329,827,004	1,883,590,052	10,780,676	65,871,349	705,630,370	457,681,898	3,046,238,050	2,407,143,299
Net investment in I.F.C. - Due after 12 months	(1,382,457,997)	(1,202,280,870)	(274,816)	(9,886,482)	-	-	(1,382,732,813)	(1,212,167,352)
Net investment in I.F.C. - Due within 12 months	947,369,007	681,309,182	10,505,860	55,984,867	705,630,370	457,681,898	1,663,505,237	1,194,975,947

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

	Tawarruq finance		Murabaha finance		Islamic credit card		Total	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Opening balance	55,455,056	49,362,525	2,727,965	11,649,509	14,399,421	2,530,841	72,582,442	63,542,875
Charge for the year	132,296,291	85,784,391	4,145,561	17,536,269	37,663,884	17,349,812	174,105,736	120,670,472
Amounts written-off	(112,400,796)	(79,691,860)	(6,196,539)	(26,457,813)	(24,666,838)	(5,481,232)	(143,264,173)	(111,630,905)
Closing balance	75,350,551	55,455,056	676,987	2,727,965	27,396,467	14,399,421	103,424,005	72,582,442

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7.2.1 Net impairment losses on financial assets:

	Tawarruq finance		Murabaha finance		Islamic credit card		Total	
	31 December 2025	31 December 2024						
Charge for the year	132,296,291	85,784,391	4,145,561	17,536,269	37,663,884	17,349,812	174,105,736	120,670,472
Recoveries amount of previously written off	(38,155,822)	(18,797,652)	(8,375,211)	(6,816,389)	(2,746,507)	(150,180)	(49,277,540)	(25,764,221)
Net impairment losses on financial assets	94,140,469	66,986,739	(4,229,650)	10,719,880	34,917,377	17,199,632	124,828,196	94,906,251

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

31 December 2025	Tawarruq finance			Murabaha finance			Islamic credit card			Total		
	Net			Net			Net			Net		
	P.V. of I.F.C.	Allowance for ECL	investment in I.F.C.	P.V. of I.F.C.	Allowance for ECL	investment in I.F.C.	P.V. of I.F.C.	Allowance for ECL	investment in I.F.C.	P.V. of I.F.C.	Allowance for ECL	investment in I.F.C.
Performing (Stage 1)	2,087,011,527	(16,082,345)	2,070,929,182	7,746,778	(36,851)	7,709,927	623,493,742	(4,060,726)	619,433,016	2,718,252,047	(20,179,922)	2,698,072,125
Under- performing (Stage 2)	93,554,735	(14,235,345)	79,319,390	785,892	(53,340)	732,552	25,908,495	(4,092,953)	21,815,542	120,249,122	(18,381,638)	101,867,484
Non- performing (Stage 3)	224,611,293	(45,032,861)	179,578,432	2,924,993	(586,796)	2,338,197	83,624,600	(19,242,788)	64,381,812	311,160,886	(64,862,445)	246,298,441
	<u>2,405,177,555</u>	<u>(75,350,551)</u>	<u>2,329,827,004</u>	<u>11,457,663</u>	<u>(676,987)</u>	<u>10,780,676</u>	<u>733,026,837</u>	<u>(27,396,467)</u>	<u>705,630,370</u>	<u>3,149,662,055</u>	<u>(103,424,005)</u>	<u>3,046,238,050</u>
31 December 2024	Tawarruq finance			Murabaha finance			Islamic credit card			Total		
	Net			Net			Net			Net		
	P.V. of I.F.C.	Allowance for ECL	investment in I.F.C.	P.V. of I.F.C.	Allowance for ECL	investment in I.F.C.	P.V. of I.F.C.	Allowance for ECL	investment in I.F.C.	P.V. of I.F.C.	Allowance for ECL	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
	<u>1,939,045,108</u>	<u>(55,455,056)</u>	<u>1,883,590,052</u>	<u>68,599,314</u>	<u>(2,727,965)</u>	<u>65,871,349</u>	<u>472,081,319</u>	<u>(14,399,421)</u>	<u>457,681,898</u>	<u>2,479,725,741</u>	<u>(72,582,442)</u>	<u>2,407,143,299</u>

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7.4 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
2025				
1 January 2025	19,166,097	12,312,317	41,104,028	72,582,442
Individual financial assets transferred to under-performing (lifetime expected credit losses)	(10,914,820)	17,987,035	(515,485)	6,556,730
Individual financial assets transferred to non-performing (credit-impaired financial assets)	(21,498,521)	(5,396,164)	62,307,537	35,412,852
Individual financial assets transferred to performing (12-month expected credit losses)	189,587	(1,642,550)	(1,444,846)	(2,897,809)
New financial assets originated	39,339,563	-	-	39,339,563
Amounts written-off	-	-	(143,264,173)	(143,264,173)
Other changes	(6,101,984)	(4,879,000)	106,675,384	95,694,400
31 December 2025	20,179,922	18,381,638	64,862,445	103,424,005
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

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

2025	Tawarruq finance			Murabaha finance			Islamic Credit Card			Total		
	Under-	Non-	Under-	Non-	Under-	Non-	Under-	Non-	Under-	Non-	Under-	Non-
	Performing	performing	performing	Performing	performing	Performing	performing	Performing	performing	Performing	performing	performing
At 1 January	14,387,459	9,115,750	31,951,847	200,770	249,187	2,278,008	4,577,868	2,947,380	6,874,173	19,166,097	12,312,317	41,104,028
Individual financial assets transferred to												
- Stage 1	163,522	(1,225,404)	(1,113,581)	374	(12,816)	(24,878)	25,691	(404,330)	(306,387)	189,587	(1,642,550)	(1,444,846)
- Stage 2	(8,379,308)	13,876,479	(413,886)	(14,366)	50,703	(10,879)	(2,521,146)	4,059,853	(90,720)	(10,914,820)	17,987,035	(515,485)
- Stage 3	(13,604,177)	(4,272,647)	42,744,410	(34,900)	(92,605)	485,593	(7,859,444)	(1,030,912)	19,077,534	(21,498,521)	(5,396,164)	62,307,537
New financial assets originated	27,773,357	-	-	420	-	-	11,565,786	-	-	39,339,563	-	-
Amounts written-off	-	-	(111,649,290)	-	-	(6,196,539)	-	-	(25,418,344)	-	-	(143,264,173)
Other changes	(4,258,508)	(3,258,833)	83,513,361	(115,447)	(141,129)	4,055,491	(1,728,029)	(1,479,038)	19,106,532	(6,101,984)	(4,879,000)	106,675,384
At 31 December	16,082,345	14,235,345	45,032,861	36,851	53,340	586,796	4,060,726	4,092,953	19,242,788	20,179,922	18,381,638	64,862,445

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2024	Tawarruq finance			Murabaha finance			Islamic Credit Card			Total		
	Under-		Non-	Under-		Non-	Under-		Non-	Under-		Non-
	Performing	performing	performing	Performing	performing	performing	Performing	performing	Performing	Performing	performing	Non-
	(Stage 1)	(Stage 2)	(Stage 3)	(Stage 1)	(Stage 2)	(Stage 3)	(Stage 1)	(Stage 2)	(Stage 3)	(Stage 1)	(Stage 2)	(Stage 3)
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

Following factors contributed to the change in the ECL allowance during the year ended 31 December 2025:

- Transfers between Stage 1, 2 and 3, due to balances experiencing significant increases (or decreases on account of impact of enhanced collection strategies and efforts) in credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and lifetime ECL;
- Additional allowances for new financial assets recognised during the year;
- During the year ended 31 December 2025, as part of an annual exercise, management has updated the underlying dataset of collection/recovery patterns and default trends 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 23;
- Financial assets written off; and
- 'Other changes' in Stage 3 principally represent net impact of additional allowance for ECL recognized upon write-offs.

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

2025	Tawarruq finance			Murabaha finance			Islamic Credit Card			Total		
	Under-	Non-										
	Performing (Stage 1)	performing (Stage 2)	performing (Stage 3)	Performing (Stage 1)	performing (Stage 2)	performing (Stage 3)	Performing (Stage 1)	performing (Stage 2)	performing (Stage 3)	Performing (Stage 1)	performing (Stage 2)	performing (Stage 3)
At 1 January	1,723,985,236	59,231,366	155,828,506	54,788,970	2,902,372	10,907,972	431,109,626	13,256,397	27,715,296	2,209,883,832	75,390,135	194,451,774
Individual financial assets transferred to												
- Stage 1	165,643,214	(27,275,958)	(138,367,256)	11,519,078	(1,727,188)	(9,791,890)	34,412,682	(7,925,002)	(26,487,680)	211,574,974	(36,928,148)	(174,646,826)
- Stage 2	(97,627,661)	99,615,040	(1,987,379)	(1,459,143)	1,512,212	(53,069)	(25,619,113)	25,963,960	(344,847)	(124,705,917)	127,091,212	(2,385,295)
- Stage 3	(333,485,616)	(26,148,414)	359,634,030	(7,732,294)	(943,726)	8,676,020	(103,568,919)	(6,990,993)	110,559,912	(444,786,829)	(34,083,133)	478,869,962
New financial assets originated	1,341,212,658	-	-	44,527	-	-	398,712,617	-	-	1,739,969,802	-	-
Amounts written-off	-	-	(111,649,290)	-	-	(6,196,539)	-	-	(25,418,344)	-	-	(143,264,173)
Collections and other changes	(712,716,304)	(11,867,299)	(38,847,318)	(49,414,360)	(957,778)	(617,501)	(111,553,151)	1,604,133	(2,399,737)	(873,683,815)	(11,220,944)	(41,864,556)
At 31 December	2,087,011,527	93,554,735	224,611,293	7,746,778	785,892	2,924,993	623,493,742	25,908,495	83,624,600	2,718,252,047	120,249,122	311,160,886

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

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

	2025	2024
Gross investment in Islamic financing contracts		
Within one year	2,193,820,925	1,477,540,582
From one to two years	952,998,807	922,557,910
From two to three years	634,735,603	557,563,334
From three to four years	406,846,333	376,033,518
Four to five years	159,040,451	162,546,459
	4,347,442,119	3,496,241,803
Present value of investment in Islamic financing contracts		
Within one year	1,723,627,823	1,240,297,157
From one to two years	662,203,204	588,174,376
From two to three years	414,319,264	353,346,496
From three to four years	254,337,111	213,495,654
Four to five years	95,174,653	84,412,058
	3,149,662,055	2,479,725,741

8 Right-of-use assets and lease liabilities

a) Amounts recognised in the consolidated statement of financial position

During the year ended 31 December 2025, the Group has recognized right-of-use asset and corresponding lease liability in respect of a lease arrangement for its office premises.

The consolidated statement of financial position shows the following amounts relating to leases:

	2025	2024
Right-of-use assets		
At the beginning of the year	2,061,814	2,574,856
Additions during the year	4,573,165	-
Depreciation for the year	(896,077)	(513,042)
Net book value	5,738,902	2,061,814

Lease liabilities

Commitments in relation to lease obligations are payable as follows:

	2025	2024
Within one year	1,700,137	649,334
Later than one year but not later than five years	4,976,364	1,934,253
Future finance costs	6,676,501	2,583,587
Total lease liabilities	(801,711)	(345,428)
	5,874,790	2,238,159
Current	1,294,235	797,170
Non-current	4,580,555	1,440,989
	5,874,790	2,238,159

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Movement in lease liabilities is as follows:

	2025	2024
At the beginning of the year	2,238,159	2,574,856
Addition during the year	4,573,165	-
Finance costs on lease liabilities	233,340	123,448
	7,044,664	2,698,304
Payments during the year	(1,169,874)	(336,697)
At the end of the year	5,874,790	2,238,159

The total cash outflow for the year ended 31 December 2025 amounts to Saudi Riyals 5.8 million (31 December 2024: Saudi Riyals 4.3 million).

b) *Amounts recognised in the consolidated statement of profit or loss and other comprehensive income:*

Total finance costs recognised in the consolidated statement of profit or loss and other comprehensive income pertaining to lease liability amounted to Saudi Riyals 0.2 million for the year ended 31 December 2025 (31 December 2024: Saudi Riyals 0.1 million). Expenses relating to short-term leases amounted to Saudi Riyals 4.0 million for the year ended 31 December 2025 (31 December 2024: Saudi Riyals 4.4 million).

c) *Details for leasing activities of the Group*

The Group leases office premises in the Kingdom of Saudi Arabia and Kingdom of Bahrain. Rental contracts are made for a period ranging from four to five years but have extension options. The weighted average incremental borrowing rate applied to the lease liabilities are ranging from 6.37% - 7.50%.

The lease agreements do not impose any covenants and the underlying leased assets are not used as security for borrowing purposes.

9 Property and equipment

	Furniture, fixtures and office equipment	Leasehold improvements	Total
<u>31 December 2025</u>			
Cost			
1 January	24,987,958	2,179,391	27,167,349
Additions	2,694,515	14,447	2,708,962
31 December	27,682,473	2,193,838	29,876,311
Accumulated depreciation			
1 January	(20,796,435)	(1,978,639)	(22,775,074)
Additions	(2,353,962)	(27,839)	(2,381,801)
31 December	(23,150,397)	(2,006,478)	(25,156,875)
Net book value	4,532,076	187,360	4,719,436

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	Furniture, fixtures and office equipment	Leasehold improvements	Total
31 December 2024			
Cost			
1 January	22,600,921	2,169,551	24,770,472
Additions	2,390,471	9,840	2,400,311
Write-offs	(3,434)	-	(3,434)
31 December	<u>24,987,958</u>	<u>2,179,391</u>	<u>27,167,349</u>
Accumulated depreciation			
1 January	(18,495,889)	(1,857,478)	(20,353,367)
Additions	(2,302,765)	(121,161)	(2,423,926)
Write-offs	2,219	-	2,219
31 December	<u>(20,796,435)</u>	<u>(1,978,639)</u>	<u>(22,775,074)</u>
Net book value			
	<u>4,191,523</u>	<u>200,752</u>	<u>4,392,275</u>

The estimated useful lives of assets are as follows:

	Number of years
• Furniture, fixtures and office equipment	2 - 5
• Leasehold improvements	3 - 5

10 Intangible assets

	Computer software	Intellectual property rights	Capital work- in-progress	Total
2025				
Cost				
1 January	41,881,005	-	761,863	42,642,868
Additions	789,848	-	4,436,408	5,226,256
Transfer of intellectual property rights (Note 10.1)	-	19,322,006	-	19,322,006
31 December	42,670,853	19,322,006	5,198,271	67,191,130
Accumulated amortisation				
1 January	(24,796,444)	-	-	(24,796,444)
Additions	(3,732,268)	-	-	(3,732,268)
31 December	(28,528,712)	-	-	(28,528,712)
Net book value				
	33,464,147	19,322,006	5,198,271	38,662,418

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	Computer software	Capital work- in-progress	Total
2024			
Cost			
1 January	39,271,790	428,396	39,700,186
Additions	1,383,800	1,578,757	2,962,557
Transfers	1,245,290	(1,245,290)	-
Write-offs	(19,875)	-	(19,875)
31 December	<u>41,881,005</u>	<u>761,863</u>	<u>42,642,868</u>
Accumulated amortisation			
1 January	(20,842,082)	-	(20,842,082)
Additions	(3,959,420)	-	(3,959,420)
Write-offs	5,058	-	5,058
31 December	<u>(24,796,444)</u>	<u>-</u>	<u>(24,796,444)</u>
Net book value			
	<u>17,084,561</u>	<u>761,863</u>	<u>17,846,424</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 Group's capital-work-in-progress as at 31 December 2025 principally comprises the costs incurred related to computer software, and mobile applications which is expected to be completed by May 2026 with a total estimated cost of Saudi Riyals 5.2 million.

10.1 As mentioned in Note 1.1, NowPay holds 25% shareholding, in consideration of transfer of NowPay's existing intellectual property and technical know-how to NowAccess under an Intellectual Property Transfer and License Agreement. In accordance with the applicable financial reporting framework, an intangible asset was recognized at the fair value of the intellectual property and technical know-how transferred, with a corresponding entry to the share-based payment reserve. The fair value was determined by management's independent valuation experts using two valuation approaches:

- **Multi-Period Excess Earnings Method (MEEM):** MEEM has been applied as the primary valuation approach, as the transferred software platform represents the principal value-generating asset of NowAccess. The platform is fully developed, operational, and integral to delivering payroll advance services and payroll-linked fintech services. The fair value under MEEM is calculated as the present value of the incremental after-tax cash flows (excess earnings) attributable solely to this intangible asset over its remaining useful life, from a market participant's perspective.

The key assumptions used under the MEEM are as follows:

Key assumptions	Notes	Value
Discount rate	Reflective of the risk profile of the intangible asset	36.4%
Contributory asset charge - Workforce (as a percentage of revenue)	Cost attributed to workforce considered in the valuation	4.5%
Obsolescence factor	Reflecting expected technological and market obsolescence	14.3%
Compounded annual revenue growth rate	Forecasted growth rate from commencement of operations, over the valuation horizon	90%

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- **Post Money Valuation ("PMV") method:** This method provides a direct, market-based indication of the fair value of NowPay's intellectual property, based on the post-money capitalization of NowAccess at Saudi Riyals 75.0 million (being the maximum initial committed share capital), of which 25% equity was issued to NowPay as consideration. This implies a value of Saudi Riyals 18.75 million attributable to NowPay's intellectual property.

Equal weights were assigned to the values derived from MEEM and the PMV method to determine the final fair value of the intangible asset.

The Group assesses the useful life of the intangible asset based on the expected period over which the asset will generate economic benefits. The intangible asset is amortized on a straight-line basis over its estimated useful life of 10 years, commencing from the date on which the asset is available for use.

11 Share capital

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

12 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.

During the year ended 31 December 2024, the By-laws of the Company were updated in accordance with the new Regulations for Companies and accordingly, no new transfer has been reflected in the statutory reserve as at 31 December 2025. Also see Note 1.

13 Subsidiaries with Non-Controlling Interest ("NCI")

Summarised financial information of NowAccess, which is a subsidiary with a material NCI, before intercompany eliminations, is as follows:

	2025
As at 31 December	
Current assets	7,168,530
Current liabilities	(3,139,933)
Net current assets	4,028,597
Non-current assets	19,368,649
Non-current liabilities	(4,432)
Net non-current assets	19,364,217
Net assets	23,392,813
Accumulated NCI	5,848,204
Asset attributable to the equity holders	17,544,609
	2025
For the year ended 31 December	
Revenue	1,110,439
Loss for the period	(5,929,193)
Other comprehensive income for the period	-
Total comprehensive loss for the period	(5,929,193)
Loss for the period allocated to NCI	(1,482,298)
Other comprehensive income allocated to NCI	-

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Also see Notes 1.1 and 10.1. The total share capital of NowAccess amounting to Saudi Riyals 10.0 million was contributed by the Company, and NowPay transferred intellectual property rights as an in-kind contribution. In accordance with the applicable financial reporting framework, these shareholder contributions were allocated proportionately based on their respective ownership interests. This allocation resulted in the recognition of an NCI with a corresponding adjustment to retained earnings of the Company.

14 Trade and other payables

	Note	2025	2024
Accrued expenses		30,614,904	24,795,104
Due to a related party	18	16,419,269	6,084,405
Trade payables		18,002,721	14,237,631
Accrued salaries and other benefits		14,996,642	9,821,821
Accrued Board of Directors' fee	18	5,614,066	4,395,437
Value added tax payable		991,563	732,599
Others		4,303,754	6,853,776
		90,942,919	66,920,773

Classification of trade and other payables is presented below:

	2025	2024
Due within 12 months	87,187,919	60,735,773
Due after 12 months	3,755,000	6,185,000
	90,942,919	66,920,773

15 Zakat and income tax payable

In accordance with the regulations of the ZATCA, zakat is payable at 2.578% on all components of the zakat base, subject to minimum and maximum limits. UIHC will file a consolidated zakat return for 2025, including Procco, while UCFS will file a separate zakat return on a stand-alone basis since 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.

15.1 Components of approximate zakat base

The significant components of the zakat base under the applicable zakat regulations principally comprise shareholders' equity, provisions, non-current liabilities and the adjustments to net profit, less deduction of property and equipment, intangible assets, investments and certain other items.

15.2 Status of final assessments

The Company has obtained zakat certificates from Zakat, Tax and Customs Authority ("ZATCA") for the years through 2024. During the year, the ZATCA has finalized the Company's zakat assessment for 2024.

UCFS has also obtained zakat certificates from ZATCA for the years through 2024, which are currently under review by ZATCA.

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15.3 Income tax payable

- **Procco**

On 1 September 2024, the Kingdom of Bahrain issued the Decree Law (11) of 2024 which introduces a Domestic Minimum Top-Up Tax (“DMTT”) for Multinational Enterprises (“MNEs”) (hereinafter referred to as the “DMTT Law”), with an effective date of 1 January 2025.

DMTT Law is largely in line with the OECD Global Anti-Base Erosion Pillar Two Model Rules ('GloBE rules') and applies a 15% effective tax rate to Bahrain profits of MNEs with global consolidated revenues of at least EUR 750 million in at least two of the previous four fiscal years. This includes MNEs headquartered in Bahrain as well as foreign MNEs with operations in Bahrain.

The Group has made an assessment and has concluded that Procco is within the scope of DMTT Law based on the revenue threshold and its operations with multiple jurisdictions and accordingly, recorded an income tax provision of Saudi Riyals 0.2 million during the year ended 31 December 2025.

- **NowAccess**

Furthermore, as disclosed in Note 1.1, the Company's subsidiary, NowAccess (owned 25% by NowPay, an entity based outside of the Kingdom of Saudi Arabia), is subject to income tax. However, due to its adjusted net loss position, no income tax provision has been recognized as of 31 December 2025.

15.4 Zakat and income tax payable

	Zakat	Income tax	Total
1 January 2025	25,639,901	-	25,639,901
Provisions			
- Current period	34,553,081	168,695	34,721,776
- Prior year adjustment	305,520	-	305,520
Payments	34,858,601	168,695	35,027,296
	(26,030,820)	-	(26,030,820)
31 December 2025	34,467,682	168,695	34,636,377
 1 January 2024	 24,423,377	 -	 24,423,377
Provisions			
- Current period	25,639,901	-	25,639,901
- Prior year adjustment	(9,909)	-	(9,909)
Payments	25,629,992	-	25,629,992
	(24,413,468)	-	(24,413,468)
31 December 2024	25,639,901	-	25,639,901

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16 Borrowings

	2025	2024
Long-term borrowings		
Murabaha facilities	1,636,956,731	1,267,450,000
Accrued finance costs	14,989,471	8,219,092
	1,651,946,202	1,275,669,092

Classification of borrowings is presented below:

Due within 12 months	560,739,001	426,612,842
Due after 12 months	1,091,207,201	849,056,250
	1,651,946,202	1,275,669,092

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

	2025	2024
As at 1 January	1,275,669,092	945,351,417
Proceeds from long-term borrowings	1,220,000,000	923,101,250
Repayment of long-term borrowings	(850,493,269)	(595,187,500)
Finance costs accrued	96,821,926	79,888,826
Finance costs paid	(90,051,547)	(77,484,901)
As at 31 December	1,651,946,202	1,275,669,092

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

	2025	2024
Less than 6 months	297,666,082	209,196,875
Between 6 to 12 months	248,083,448	209,196,875
Between 1 and 2 years	465,473,456	368,393,750
Between 2 and 5 years	625,733,745	480,662,500
	1,636,956,731	1,267,450,000

Maturity profile of borrowings, including finance costs component, is disclosed in Note 23.

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

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

	Note	2025	2024
Long-term borrowings			
Murabaha I	16.3.1	700,000,000	350,000,000
Murabaha II	16.3.2	270,000,000	234,575,000
Murabaha III	16.3.3	418,687,500	487,250,000
Murabaha IV	16.3.4	238,269,231	195,625,000
Murabaha V	16.3.5	10,000,000	-
		1,636,956,731	1,267,450,000
Accrued finance costs		14,989,471	8,219,092
		1,651,946,202	1,275,669,092

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 Group was in compliance with at 31 December 2025.

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

16.3.1 Murabaha I

Total amount available to the Group under such facility is Saudi Riyals 925.0 million. Each tranche of facility utilization is repayable in 16 quarterly installments commencing 9 months after receipt of the borrowed amount. As at 31 December 2025, the Group has an outstanding loan balance of Saudi Riyals 700.0 million against this facility (31 December 2024: Saudi Riyals 350.0 million).

16.3.2 Murabaha II

Total amount available to the Group under such facility is Saudi Riyals 800.0 million. Each tranche of facility utilization is repayable in 20 quarterly installments commencing 3 months after receipt of the borrowed amount. As at 31 December 2025, the Group has an outstanding loan balance of Saudi Riyals 270.0 million against this facility (31 December 2024: Saudi Riyals 234.6 million).

16.3.3 Murabaha III

Total amount available to the Group under such facility is Saudi Riyals 700.0 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 2025, the Group has an outstanding loan balance of Saudi Riyals 418.7 million against this facility (31 December 2024: Saudi Riyals 487.3 million).

16.3.4 Murabaha IV

Total amount available to the Group under such facility is Saudi Riyals 300.0 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 2025, the Group has an outstanding loan balance of Saudi Riyals 238.3 million against this facility (31 December 2024: Saudi Riyals 195.6 million).

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16.3.5 Murabaha V

Total amount available to the Group under such facility is Saudi Riyals 150.0 million. Each tranche of facility utilization is repayable in 17 quarterly installments commencing 3 months after receipt of the borrowed amount. As at 31 December 2025, the Group has an outstanding loan balance of Saudi Riyals 10.0 million against this facility (31 December 2024: Saudi Riyals Nil).

17 Employee benefit obligations

17.1 General description of the plan

The Group operates defined benefit plans in line with the labor law requirements in the Kingdom of Saudi Arabia (“KSA”) and the Kingdom of Bahrain (“Bahrain”). The end of service benefit payments under the plans 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 laws of KSA and Bahrain. Employees' end of service benefit plans are unfunded plans and the benefit payment obligations are met when they fall due upon employee's termination of employment. The latest valuation of employee benefit obligations under the projected unit credit method was carried out by an independent actuary as at 31 December 2025.

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

	2025	2024
Opening balance	9,433,041	7,818,486
Current service costs	1,995,776	1,446,673
Interest costs	406,497	299,022
Remeasurements	1,351,878	426,394
Payments	(1,498,173)	(557,534)
Closing balance	11,689,019	9,433,041

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

	2025	2024
Current service costs	1,995,776	1,446,673
Interest costs	406,497	299,022
Total amount recognized in profit or loss	2,402,273	1,745,695

Remeasurements

Loss (gain) due to change in financial assumptions	312,676	(132,949)
Loss due to change in experience adjustments	1,039,202	559,343
Total amount recognized in other comprehensive income	1,351,878	426,394

17.4 Key actuarial assumptions

	2025	2024
Discount rate	4.25%	5.15%
Salary growth rate	2.00%	2.00%
Retirement age	60 years	60 years

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17.5 Sensitivity analysis for significant actuarial assumptions

31 December 2025	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%	(180,135)	176,082
Salary growth rate	0.50%	0.50%	159,930	(197,351)
31 December 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%	(148,012)	158,950
Salary growth rate	0.50%	0.50%	175,528	(165,457)

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 2025 presented above are consistent.

17.6 Expected maturity analysis

The weighted average duration of the defined benefit obligation is 3.75 years (2024: 4 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 2025	2,751,008	2,851,816	6,644,809	6,465,080	18,712,713
31 December 2024	2,689,123	2,416,463	4,429,696	8,045,234	17,580,516

18 Related party transactions and balances

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

18.1 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	Shareholder
United Electronics Company - Extra W.L.L. ("eXtra Bahrain")	Shareholder

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Following are the significant transactions entered into by the Group:

Nature of transactions	Relationship	2025	2024
Purchases to be financed to consumers	Shareholder	32,128,896	11,561,541
Shared services costs	Shareholder	5,250,809	4,195,143
Rent	Shareholder	1,050,803	1,050,803
Expenses incurred by UEC on behalf of the Group	Shareholder	8,021,181	4,499,235

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

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

a) *Due from related parties*

	2025	2024
eXtra Bahrain	36,186	50,257

b) *Due to related parties*

	2025	2024
UEC	16,419,269	6,084,405

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

18.2 Key management personnel compensation

	2025	2024
Short-term employee benefits	7,262,176	13,164,664
Employee benefit obligations	679,289	372,597
Board of Directors' fees	5,093,118	3,275,635
	13,034,583	16,812,896

Short-term employee benefits for the year ended 31 December 2024 also include special bonuses, amounting to Saudi Riyals 5.0 million, in relation to the successful completion of the Company's IPO.

Key management personnel include Chief Executive Officer and other department heads of the Company and UCFS. As at 31 December 2025, advances to employees includes outstanding loans and advances to key management personnel amounting to Saudi Riyals 0.1 million (31 December 2024: Saudi Riyals 0.1 million). Also see Note 5.

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19 Income from Islamic financing contracts

	2025	2024
Income from Tawarruq finance activities, net	556,606,673	477,808,910
Income from Murabaha finance activities, net	8,088,485	56,684,799
Income from Islamic credit card activities, net	203,666,013	89,179,159
	768,361,171	623,672,868

19.1 Income from payroll advances relates to income earned by NowAccess from payroll advances extended to employees of certain corporate companies under contractual arrangements. Such advances are repayable over the repayment term selected by the respective employees. At 31 December 2025, the ECL allowance on investment in payroll advances was immaterial.

20 Other operating expenses

	Note	2025	2024
Advertising		31,608,084	29,008,223
Fee and subscription		25,302,029	27,890,214
Technical support fees		18,382,868	7,502,837
Information technology support		12,443,321	12,594,495
Collection charges		6,894,447	2,861,579
Professional fees	20.1	5,195,151	4,159,947
Utilities, printing and stationery		4,359,786	3,953,594
Rent		4,031,585	4,410,010
Others		7,756,701	5,792,301
		115,973,972	98,173,200

20.1 Auditor's remuneration

Auditor's remuneration for the statutory audits and review services for the year ended 31 December 2025 amounted to Saudi Riyals 1.0 million (2024: Saudi Riyals 0.7 million). Auditor's fee for other statutory services amounting to Saudi Riyals 0.1 million (2024: Saudi Riyals 0.9 million) which principally represent zakat and tax compliance and certain other services.

21 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.

	2025	2024
Profit for the year attributable to owners of the Company	273,639,142	222,384,355
Weighted average number of ordinary shares for basic and diluted earnings per share	25,000,000	25,000,000
Basic and diluted earnings per share	10.9	8.9

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22 Financial instruments

As at 31 December 2025 and 31 December 2024, all financial assets and financial liabilities of the Group are categorized as held at amortized cost.

The fair value of investment in Islamic financing contracts was determined to be approximately Saudi Riyals 3,210.5 million as at 31 December 2025 (against the present value of investment in Islamic financing contracts of Saudi Riyals 3,149.7 million), based on discounted cash flows using the current market rates.

Management believes that the fair values of the Group's financial assets and liabilities, except for investment in Islamic financing contracts, as at 31 December 2025 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.

23 Financial risk management

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

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

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

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

23.1 Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation and cause a financial loss to the Group. The maximum exposure to credit risk is equal to the carrying amount of financial assets. As at 31 December 2025, the Group has maintained an ECL allowance of Saudi Riyals 103.4 million (31 December 2024: Saudi Riyals 72.6 million), which is considered adequate to provide for any losses which may be sustained on realization of financial assets.

The management analyses credit risk into the following categories:

23.1.1 Investment in Islamic financing contracts

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

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

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

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

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

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

a. *Stage-wise analysis of gross investment in Islamic financing contracts 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 2025				
<i>Internal credit risk ratings</i>				
Low risk	1,378,592,913	36,248,682	85,122,455	1,499,964,050
Medium risk	1,232,461,853	58,618,524	139,904,735	1,430,985,112
High risk	1,174,961,255	69,803,482	171,728,220	1,416,492,957
	3,786,016,021	164,670,688	396,755,410	4,347,442,119
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

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

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

	Tawarruq finance		Murabaha finance		Islamic Credit Card		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
Not past due	1,994,172,341	1,645,459,253	6,758,544	52,292,641	604,440,537	419,859,733	2,605,371,422	2,117,611,627
Past due 1-30 days	92,839,186	78,525,983	988,234	2,496,329	19,053,205	11,249,893	112,880,625	92,272,205
Past due 31-90 days	93,554,735	59,231,366	785,892	2,902,372	25,908,495	13,256,397	120,249,122	75,390,135
Past due 91-180 days	59,307,251	38,846,251	623,273	1,906,766	21,100,571	10,416,706	81,031,095	51,169,723
Past due 181-364 days	135,438,189	96,896,105	1,697,348	6,787,285	51,892,545	14,013,904	189,028,082	117,697,294
Over 365 days	29,865,853	20,086,150	604,372	2,213,921	10,631,484	3,284,686	41,101,709	25,584,757
	2,405,177,555	1,939,045,108	11,457,663	68,599,314	733,026,837	472,081,319	3,149,662,055	2,479,725,741
Less: Impairment for Islamic financing contracts	(75,350,551)	(55,455,056)	(676,987)	(2,727,965)	(27,396,467)	(14,399,421)	(103,424,005)	(72,582,442)
Net investment in Islamic financing contracts	2,329,827,004	1,883,590,052	10,780,676	65,871,349	705,630,370	457,681,898	3,046,238,050	2,407,143,299

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23.1.2 Measurement of ECL

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

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

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 used.

b) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group 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 Group 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 used.

d) Changes in assumptions upon updates to source data

During the year ended 31 December 2025, 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 2024, however, management, as part of an annual exercise, has updated the underlying dataset of collection/recovery patterns and default trends, during the year ended 31 December 2025, for computation of such ECL allowance.

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The summary of the key updates made as at 31 December 2025, is as follows:

- **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.

During the year ended 31 December 2025, 'Through-the-Cycle' estimates were recalculated based on the updated collection and default trends for contracts entered from 1 September 2019 to 30 June 2024 (31 December 2024: 1 September 2019 to 30 June 2023), for which the performance is observed until 30 June 2025.

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.

- **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 2025, the cure rates forming part of the LGD calculation have been recalculated based on historical collection and default trends for contracts entered from 1 September 2019 to 30 June 2024 (31 December 2024: 1 September 2019 to 30 June 2023), for which the performance is observed until 30 June 2025.

Furthermore, the recovery rate, also forming part of the LGD calculation, is calculated based on historical recovery patterns for contracts entered from 1 September 2019 to 30 June 2023, for which the performance was observed until 30 June 2025 considering the historical recovery windows observed (previously referenced to the Basel guidelines on account of insufficient historical information).

Based on the above, the updated overall LGD rate was determined to be 22.35%, for both Murabaha and Tawarruq financing contracts which share similar customer characteristics (31 December 2024: LGD rate: 22.78%).

Management believes the historical information is insufficient to compute credit card specific cure rates. Accordingly, the recovery rate used to compute the LGD for investment in credit cards continues to be in accordance with the Basel guidelines and was determined to be 24.86%. (31 December 2024: LGD rate 25.31%).

- **Macroeconomic factors:**

The Group 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 2025, macroeconomic data containing 300 macroeconomic variables were analysed from Economic Intelligence Unit (EIU) and weighted average default rates were calculated from the historical data to determine appropriate predictive variables.

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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 (consistent with the year ended 31 December 2024).

- 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 Group measures the ECL as either a probability-weighted 12-month ECL (Stage 1) or a probability-weighted lifetime ECL (Stage 2 and 3). These probability weighted ECLs are determined by running each scenario through the relevant ECL model and multiplying it by the appropriate scenario weightings of 15%, 70% and 15% for "upturn", "baseline" and "downturn" scenarios respectively (consistent with the year ended 31 December 2024) which are computed through statistical methodologies.

As at 31 December 2025, the afore-mentioned macroeconomic factors incorporated in the upturn, baseline and downturn scenarios were as follows:

	Upturn (15% weightage)	Baseline (70% weightage)	Downturn (15% weightage)
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%)

The resultant impact, of the afore-mentioned updates, on ECL allowance was determined to be immaterial as at 31 December 2025.

e) 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 2025 (in millions)
Key assumptions	
<i>Macroeconomic factors (Exports of Goods and Services, Crude petroleum and Foreign-exchange reserves)</i>	
Increase by 10%	2.1
Decrease by 10%	(2.2)
<i>PD and LGD</i>	
Increase by 10%	(15.0)
Decrease by 10%	10.3
<i>Scenario weightings</i>	
100% weightage assigned to base scenarios	1.9
100% weightage assigned to downside scenarios	(31.1)

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23.1.3 Cash and cash equivalents, term deposits and other receivables

The Group uses “lower credit risk” practical expedient for the cash and cash equivalents and term deposits 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 and term deposits 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 2025 and 2024, the ECL allowance on cash at bank and term deposits 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 2025 and 2024, the ECL allowance on other financial assets was immaterial.

23.2 Profit rate risk

Profit rate risk is the uncertainty of future earnings and expenses resulting from fluctuations in profit rates. The risk arises when there is a mismatch in the assets and liabilities which are subject to profit rate adjustment within a specified period. The most important source of such risk is the Group's Islamic financing activities and long-term borrowings. As at the statement of financial position date, the Group has profit bearing financial assets of Saudi Riyals 3,046.2 million (31 December 2024: Saudi Riyals 2,407.1 million).

Further, the Group also has variable profit bearing financial liabilities of Saudi Riyals 1,651.9 million (31 December 2024: Saudi Riyals 1,275.7 million) and had the profit rate varied by 1% with all the other variables held constant, total comprehensive income / loss for the year would have been approximately Saudi Riyals 26.5 million (31 December 2024: Saudi Riyals 25.6 million) higher / lower, as a result of lower / higher finance costs on variable rate borrowings.

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

23.3 Liquidity risk

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

Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations. Total unused credit facilities available to the Group as at 31 December 2025 were approximately Saudi Riyals 990.0 million (31 December 2024: Saudi Riyals 737.6 million).

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

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

2025	Nature	Up to 3 months		More than 3 months and up to one year		1 to 3 years	More than three years	Total
		months	up to one year					
Financial assets								
Gross investment in Islamic financing contracts	Profit bearing	1,013,876,533	1,179,944,392	1,587,734,410	565,886,784	4,347,442,119		
Prepayments and other receivables	Non-profit bearing	1,732,813	1,419,221	185,600	31,386	3,369,020		
Investment in payroll advances	Profit bearing	1,195,363	4,395,509				5,590,872	
Cash and cash equivalents	Non-profit bearing	49,464,705						49,464,705
		1,065,074,051	1,185,759,122	1,587,920,010	565,918,170	4,400,275,844		
Financial liabilities								
Borrowings	Profit bearing	177,099,446	465,414,966	937,505,980	247,697,422	1,827,717,814		
Trade and other payables	Non-profit bearing	81,892,623		3,755,000			85,647,623	
Lease liabilities	Profit bearing	687,735	1,012,402	4,451,079	525,402	6,676,618		
		259,679,804	466,427,368	945,712,059	248,222,824	1,920,042,055		
Net financial assets		805,394,247	719,331,754	642,207,951	317,695,346	2,480,233,789		

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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	2,835,154		1,448,648	-	-		4,283,802
Cash and cash equivalents	Non-profit bearing	23,791,908		-	-	-		23,791,908
		<u>769,799,983</u>		<u>735,816,309</u>	<u>1,480,121,244</u>	<u>538,579,977</u>		<u>3,524,317,513</u>
Financial liabilities								
Borrowings	Profit bearing	126,227,472		368,696,186	725,445,511	203,603,792		1,423,972,961
Trade and other payables	Non-profit bearing	59,460,017		-	6,185,000	-		65,645,017
Lease liabilities	Profit bearing	200,925		588,930	1,460,989	664,913		2,915,757
		<u>185,888,414</u>		<u>369,285,116</u>	<u>733,091,500</u>	<u>204,268,705</u>		<u>1,492,533,735</u>
Net financial assets		583,911,569		366,531,193	747,029,744	334,311,272		2,031,783,778

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23.4 Net debt reconciliation

The net debt of the Group is as follows:

	2025	2024
Cash and cash equivalents	49,464,705	23,791,908
Lease liabilities	(5,874,790)	(2,238,159)
Borrowings	(1,651,946,202)	(1,275,669,092)
Total	(1,608,356,287)	(1,254,115,343)

The Group's net debt reconciliation is as follows:

	1 January	Cash inflows	Cash outflows	Others	31 December
2025					
Cash and cash equivalents	23,791,908	1,837,758,081	(1,812,085,284)	-	49,464,705
Lease liabilities	(2,238,159)	-	(936,534)	(2,700,097)	(5,874,790)
Borrowings	(1,275,669,092)	1,220,000,000	(1,499,455,184)	(96,821,926)	(1,651,946,202)
Net debt	(1,254,115,343)				(1,608,356,287)
2024					
Cash and cash equivalents	24,787,908	1,355,086,162	(1,356,082,162)	-	23,791,908
Lease liabilities	(2,574,856)	-	(336,697)	(1,901,462)	(2,238,159)
Borrowings	(945,351,417)	923,101,250	(672,672,401)	(79,888,826)	(1,275,669,092)
Net debt	(923,138,365)				(1,254,115,343)

23.5 Capital risk management

The Group'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 Group 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 Group 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:

	2025	2024
Total equity	1,404,746,594	1,112,647,791
Borrowings	1,651,946,202	1,275,669,092
Total	3,056,692,796	2,388,316,883
 Gearing ratio	 54.0%	 53.4%

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Further, the Group monitors aggregate amount of financing offered by the Group in line with the regulatory requirements of SAMA, which requires companies engaged in financing other than real estate, not to exceed aggregate financing to capital ratio of three times, which is calculated by dividing net investment in Islamic financing contracts by total equity.

	2025	2024
Net investment in Islamic financing contracts	3,046,238,050	2,407,143,299
Total equity of UCFS	1,339,627,187	1,109,865,437
Aggregate financing to capital ratio	2.3	2.2

24 Reclassification of comparative amounts

Effective 1 November 2021, UEC transferred the ownership of two subsidiaries namely UCFS and Procco including all their assets, rights, liabilities and obligations to UIHC which were previously directly controlled by UEC. The transfer of subsidiaries to UIHC represented a business combination under common control and was accounted for using the predecessor method of accounting. The consideration for transfer of the above net assets was by means of settlement in cash amounting to Saudi Riyals 250.0 million, while the excess consideration over the book value of assets acquired of Saudi Riyals 201.0 million was recognized as an additional capital contribution from UEC.

During the year ended 31 December 2025, management has determined that as this additional capital contribution balance has no distinct rights, obligations, and restrictions separate from retained earnings, presentation as a distinct disaggregated column did not provide relevant information to users of the financial statements. In order to more clearly align with SOCOPA requirements, management has amended the presentation of this component of equity as a retrospective change.

The effect of this reclassification on the consolidated statement of financial position and changes in equity, as at 31 December 2024, is summarized below:

	Amount previously reported	Reclassified Reclassification	Reclassified amounts
As at 31 December 2024			
Consolidated statement of financial position and changes in equity			
Additional capital contribution	200,990,787	(200,990,787)	-
Retained earnings	617,749,874	200,990,787	818,740,661

The effect of the afore-mentioned reclassification on the consolidated statement of financial position and changes in equity, as at 1 January 2024 (beginning of the preceding period), is summarized below:

	Amount previously reported	Reclassified Reclassification	Reclassified amounts
As at 1 January 2024			
Consolidated statement of financial position and changes in equity			
Additional capital contribution	200,990,787	(200,990,787)	-
Retained earnings	395,365,519	200,990,787	596,356,306

The above change has had no impact on the consolidated statements of profit or loss and comprehensive income or cash flows, profit for the year or the basic and diluted earnings per share for any earlier periods.

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25 Events after the reporting period

Except as disclosed in Note 1.2, no other subsequent events occurred between 31 December 2025 and the date of authorization of issue of these consolidated financial statements which may have a material impact on these consolidated financial statements.

26 Contingencies

At 31 December 2025, the Group was contingently liable for a letter of credit issued in the normal course of business amounting to Saudi Riyals 136.3 million (31 December 2024: Saudi Riyals Nil).

27 Date of authorization for issue

The accompanying consolidated financial statements were authorized for issue by the Board of Directors of the Company on 12 February 2026.