

**UNITED ELECTRONICS COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**CONDENSED CONSOLIDATED INTERIM
FINANCIAL INFORMATION (UNAUDITED)
FOR THE THREE-MONTH AND NINE-
MONTH PERIODS ENDED 30 SEPTEMBER
2023
AND REPORT ON REVIEW OF INTERIM
FINANCIAL INFORMATION**

UNITED ELECTRONICS COMPANY
(A Saudi Joint Stock Company)
Condensed consolidated interim financial information (Unaudited)
For the three-month and nine-month periods ended 30 September 2023

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Report on review of Condensed Consolidated Interim Financial Information

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

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of United Electronics Company (the "Company") and its subsidiaries (the "Group") as of 30 September 2023 and the related condensed consolidated statement of profit or loss and other comprehensive income for the three-month and nine-month periods then ended and the condensed consolidated interim statements of changes in equity and cash flows for the nine-month period ended 30 September 2023 and other explanatory notes. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34 - "Interim Financial Reporting" (IAS 34), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity", as endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, as endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

PricewaterhouseCoopers

Ali A. Alotaibi
License number 379

29 October 2023



UNITED ELECTRONICS COMPANY
(A Saudi Joint Stock Company)

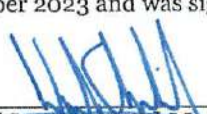
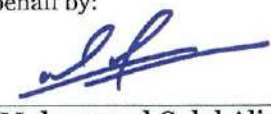
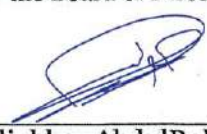
Condensed consolidated interim statement of profit or loss and other comprehensive income

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	For the three-month period ended 30 September		For the nine-month period ended 30 September	
		2023	2022 (Restated - Note 18)	2023	2022 (Restated - Note 18)
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Sales and services		1,318,689	1,264,809	4,256,714	4,182,281
Income from Islamic financing contracts		133,489	107,903	384,314	302,823
Total revenue	5	1,452,178	1,372,712	4,641,028	4,485,104
Cost of revenues	1	(1,117,973)	(1,072,498)	(3,651,932)	(3,573,824)
Gross profit		334,205	300,214	989,096	911,280
Selling and distribution expenses		(135,026)	(140,265)	(426,496)	(417,663)
General and administrative expenses	1	(47,504)	(44,765)	(176,400)	(129,715)
Net impairment losses on financial assets	6, 14	(9,027)	(12,307)	(38,308)	(23,164)
Other expenses	1	(221)	(1,246)	(13,140)	(2,327)
Other income	17	698	15,391	3,799	37,298
Finance charges		(15,908)	(12,684)	(46,871)	(34,113)
Profit before zakat and income tax		127,217	104,338	291,680	341,596
Zakat expense		(8,650)	(10,179)	(26,032)	(26,221)
Income tax (expense) credit		(301)	-	(1,266)	3,411
Net profit for the period		118,266	94,159	264,382	318,786
Other comprehensive income					
<i>Items that may be reclassified to profit or loss:</i>					
Exchange differences on translation of foreign operations		(109)	(4)	(3,588)	126
Total comprehensive income for the period		118,157	94,155	260,794	318,912
Earnings per share					
Basic earnings per share	12	1.55	1.25	3.47	4.24
Diluted earnings per share	12	1.48	1.18	3.30	3.98

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

The condensed consolidated interim financial information was approved by the Board of Directors on 29 October 2023 and was signed on their behalf by:

		
Wael Mohammed Mohammed Khalil Chief Financial Officer	Mohammed Galal Ali Fahmy Chief Executive Officer	Abduljabbar AbdulRahman Mohammed AlAbduljabbar Chairman

UNITED ELECTRONICS COMPANY
(A Saudi Joint Stock Company)
Condensed consolidated interim statement of financial position
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	As at 30 September 2023 (Unaudited)	As at 31 December 2022 (Audited)
Assets			
Non-current assets			
Property and equipment		485,389	495,134
Right-of-use assets		463,635	451,185
Net investment in finance lease		45,455	46,908
Intangible assets		55,216	54,565
Goodwill		529	529
Trade and other receivables		9,849	6,395
Investment in Islamic financing contracts	6	1,014,743	894,032
Total non-current assets		2,074,816	1,948,748
Current assets			
Inventories		1,087,499	1,079,632
Trade and other receivables		135,408	129,794
Net investment in finance lease		5,200	2,095
Investment in Islamic financing contracts	6	779,145	663,162
Cash and cash equivalents	7	211,110	146,669
Total current assets		2,218,362	2,021,352
Assets held for sale		2,548	-
Total assets		4,295,726	3,970,100
Equity and liabilities			
Equity			
Share capital		800,000	800,000
Statutory reserve		90,596	64,158
Other reserves		(5,621)	3,657
Retained earnings		298,437	327,136
Treasury shares		(45,461)	(55,651)
Net equity		1,137,951	1,139,300
Liabilities			
Non-current liabilities			
Deferred revenue from extended warranty program		136,004	126,433
Lease liabilities		595,962	573,319
Borrowings	8	681,134	401,667
Employee benefit obligations		86,178	79,090
Total non-current liabilities		1,499,278	1,180,509

(Continued)




UNITED ELECTRONICS COMPANY**(A Saudi Joint Stock Company)****Condensed consolidated interim statement of financial position (continued)**

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	As at 30 September 2023 (Unaudited)	As at 31 December 2022 (Audited)
Current liabilities			
Trade and other payables	9	973,130	690,155
Deferred revenue from extended warranty program		129,572	113,297
Lease liabilities		25,185	28,255
Borrowings	8	481,912	777,384
Zakat and income tax		37,439	41,200
		1,647,238	1,650,291
Liabilities directly associated with assets classified as held for sale		11,259	-
Total current liabilities		1,658,497	1,650,291
Total liabilities		3,157,775	2,830,800
Total equity and liabilities		4,295,726	3,970,100

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

The condensed consolidated interim financial information was approved by the Board of Directors on 29 October 2023 and was signed on their behalf by:

		
Wael Mohammed Mohammed Khalil Chief Financial Officer	Mohammed Galal Ali Fahmy Chief Executive Officer	Abduljabbar AbdulRahman Mohammed AlAbduljabbar Chairman

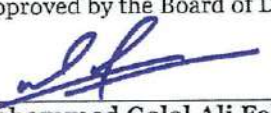
UNITED ELECTRONICS COMPANY
(A Saudi Joint Stock Company)
Condensed consolidated interim statement of changes in equity
(All amounts in Saudi Riyals thousands unless otherwise stated)

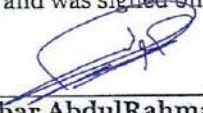
Note	Share capital	Statutory reserve	Share based payment reserve	Other reserves		Total other reserves	Retained earnings	Treasury shares	Total equity
				Foreign currency translation reserve	Actuarial reserve				
At 1 January 2022 (Audited)	600,000	69,481	21,851	(271)	(6,176)	15,404	339,672	(32,000)	992,557
Profit for the period	-	-	-	-	-	-	318,786	-	318,786
Other comprehensive income for the period	-	-	-	126	-	126	-	-	126
Total comprehensive income for the period	-	-	-	126	-	126	318,786	-	318,912
Transfer to statutory reserve	-	31,879	-	-	-	-	(31,879)	-	-
Dividends	15	-	-	-	-	-	(293,567)	-	(293,567)
Treasury shares	16	-	(11,883)	-	-	(11,883)	-	11,883	-
Employee share schemes - value of employee services	-	-	4,501	-	-	4,501	-	-	4,501
At 30 September 2022 (Unaudited)	600,000	101,360	14,469	(145)	(6,176)	8,148	333,012	(20,117)	1,022,403
At 1 January 2023 (Audited)	800,000	64,158	9,968	(212)	(6,099)	3,657	327,136	(55,651)	1,139,300
Profit for the period	-	-	-	-	-	-	264,382	-	264,382
Other comprehensive income for the period	-	-	-	(3,588)	-	(3,588)	-	-	(3,588)
Total comprehensive income for the period	-	-	-	(3,588)	-	(3,588)	264,382	-	260,794
Transfer to statutory reserve	-	26,438	-	-	-	-	(26,438)	-	-
Dividends	15	-	-	-	-	-	(266,643)	-	(266,643)
Treasury shares	16	-	4,500	-	-	4,500	-	-	4,500
Employee share schemes - value of employee services	-	-	(10,190)	-	-	(10,190)	-	10,190	-
At 30 September 2023 (Unaudited)	800,000	90,596	4,278	(3,800)	(6,099)	(5,621)	298,437	(45,461)	1,137,951

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

The condensed consolidated interim financial information was approved by the Board of Directors on 29 October 2023 and was signed on their behalf by:


Wael Mohammed Mohammed Khalil
 Chief Financial Officer


Mohammed Galal Ali Fahmy
 Chief Executive Officer


Abduljabbar AbdulRahman Mohammed AlAbduljabbar
 Chairman

UNITED ELECTRONICS COMPANY
(A Saudi Joint Stock Company)
Condensed consolidated interim statement of cash flows
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	For the nine-month period ended 30 September	
		2023 (Unaudited)	2022 (Unaudited)
Cash flows from operating activities			
Profit before zakat and income tax		291,680	341,596
<u>Adjustments for:</u>			
Depreciation of property and equipment		37,141	34,154
Property and equipment written off		8,123	361
Loss on disposal of property and equipment		850	760
Amorisation of extended warranty program		(107,571)	(82,765)
Amortization of intangible assets		10,386	10,373
Depreciation of right-of-use assets		38,689	41,338
Gain on recognition of net investment in finance lease		-	(13,635)
Employee share schemes - value of employee services		4,500	4,501
Finance income from net investment in finance lease		(2,152)	(1,662)
Net impairment losses on financial assets	6	38,308	23,164
Gain on termination of a lease		(578)	(6,502)
Finance charges		92,810	50,636
Provision for employee benefit obligations		11,853	10,453
<u>Changes in operating assets and liabilities:</u>			
Increase in trade and other receivables		(9,068)	(14,334)
Increase in investment in Islamic financing contracts		(275,002)	(268,128)
Increase in inventories		(7,867)	(48,281)
Increase (decrease) in trade and other payables		290,776	(183,532)
Increase in extended warranty program		133,417	114,559
Cash generated from (utilized in) operations		556,295	13,056
Employee benefit obligations paid		(4,765)	(5,321)
Finance income received		500	1,008
Finance cost paid		(93,432)	(49,303)
Zakat and income tax paid		(31,059)	(26,808)
Net cash inflow (outflow) from operating activities		427,539	(67,368)
Cash flows from investing activities			
Payments for purchases of property and equipment		(40,930)	(67,749)
Payments for purchases of intangible assets		(6,692)	(4,294)
Proceeds from disposal of property and equipment		48	37
Net cash outflow from investing activities		(47,574)	(72,006)
Cash flows from financing activities			
Proceeds from long-term borrowings		704,500	545,000
Repayment of long-term borrowings		(358,883)	(451,229)
Proceeds from short-term borrowings		1,330,165	1,404,165
Repayment of short-term borrowings		(1,691,165)	(1,054,000)
Dividends paid to the Company's shareholders		(266,643)	(293,567)
Principal elements of lease payments		(31,117)	(36,374)
Net cash (outflow) inflow from financing activities		(313,143)	113,995

(Continued)

UNITED ELECTRONICS COMPANY

(A Saudi Joint Stock Company)

Condensed consolidated interim statement of cash flows (continued)

(All amounts in Saudi Riyals thousands unless otherwise stated)

		For the nine-month period ended 30 September	
		2023 (Unaudited)	2022 (Unaudited)
Net increase (decrease) in cash and cash equivalents		66,822	(25,379)
Cash and cash equivalents at beginning of period		146,669	173,158
Cash and cash equivalents at end of period	7	<u>213,491</u>	<u>147,779</u>
Non-cash investing and financing activities:			
Right-of-use assets recorded against lease liabilities		<u>61,163</u>	<u>39,639</u>
Transfer from capital work in progress to intangible assets		<u>4,345</u>	<u>-</u>
Reversal of right-of-use assets on termination of a lease and other adjustments		<u>-</u>	<u>41,327</u>
Recognition of net investment in finance lease		<u>-</u>	<u>36,385</u>
Reversal of lease liabilities on termination of a lease		<u>-</u>	<u>25,079</u>
Remeasurement of lease liability		<u>-</u>	<u>22,528</u>

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

The condensed consolidated interim financial information was approved by the Board of Directors on 29 October 2023 and was signed on their behalf by:

 Wael Mohammed Mohammed Khalil Chief Financial Officer	 Mohammed Galal Ali Fahmy Chief Executive Officer	 Abduljabbar AbdulRahman Mohammed AlAbduljabbar Chairman
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UNITED ELECTRONICS COMPANY**(A Saudi Joint Stock Company)****Notes to the condensed consolidated interim financial information (Unaudited)****For the three-month and nine-month periods ended 30 September 2023**

(All amounts in Saudi Riyals thousands unless otherwise stated)

1 General information

United Electronics Company (the "Company") is a Saudi Joint Stock Company registered in Al Khobar under Commercial Registration ("CR") number 2051029841 dated 10 Jumada II, 1425H (corresponding to 27 July 2004). The shares of the Company were listed on the Saudi Stock Exchange ("Saudi Exchange") on 24 December 2011.

The registered address of the Company is P.O. Box 76688 Al Khobar 31952, Kingdom of Saudi Arabia.

The principal activities of the Company and its subsidiaries (collectively referred to as the "Group") include the wholesale and retail trade in electric appliances, electronic gadgets, computers and their spare parts and accessories, furniture, office equipment and tools, maintenance and repair services, third-party marketing and consumer financing services.

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

Subsidiaries	Country of incorporation
United Company for Maintenance Services ("UCMS")	Kingdom of Saudi Arabia
United International Holding Company ("UIHC")	Kingdom of Saudi Arabia
United Company for Financial Services ("UCFS")	Kingdom of Saudi Arabia
Procco Financial Services W.L.L. ("Procco")	Kingdom of Bahrain
United Electronics Company Extra W.L.L. ("eXtra Bahrain")	Kingdom of Bahrain
United Electronics Company Extra L.L.C. ("eXtra Oman")	Sultanate of Oman
Extra Electronics Company ("eXtra Egypt")	Arab Republic of Egypt
Extra for Import ("eXtra Import")	Arab Republic of Egypt

As at 30 September 2023, the Group had a total of 53 branches (31 December 2022: 54 branches) out of which 48 branches are in the Kingdom of Saudi Arabia (31 December 2022: 48 branches in the Kingdom of Saudi Arabia).

Egypt operations

On 30 April 2023, the Board of Directors of the Group resolved to discontinue the Group's plans to expand in Egypt. The Group management has estimated the potential financial impact arising from such decision to be Saudi Riyals 38 million. During the nine month period ended 30 September 2023, the Group has recognized an impairment loss on property and equipment amounting to Saudi Riyals 8.1 million, loss on termination of lease agreements amounting to Saudi Riyals 0.6 million (included in other expenses), markdowns on the inventories amounting to Saudi Riyal 4.7 million (included under cost of revenue) and provision against future commitments principally representing salaries and related benefits for employees amounting to Saudi Riyals 24.6 million (included under general and administrative expenses). As of the date of approval of these condensed consolidated interim financial information, the Group is in the process of disposal of the underlying assets and settlement of associated liabilities.

Assets classified as held for sale

The following are the assts classified as held for sale in relation to the Egypt operations:

	As at 30 September 2023 (Unaudited)
Assets classified as held for sale	
Property and equipment	167
Cash and cash equivalent	2,381
	2,548
Liabilities directly associated with assets classified as held for sale	
Trade and other payables	11,259

UNITED ELECTRONICS COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial information (Unaudited)
For the three-month and nine-month periods ended 30 September 2023
(All amounts in Saudi Riyals thousands unless otherwise stated)

1 General information (continued)

The accompanying condensed consolidated interim financial information was approved by the Company's Board of Directors on 29 October 2023.

2 Accounting policies

The principal accounting policies applied in the preparation of the condensed consolidated interim financial information of the Group are consistent with those of the previous financial year and corresponding interim reporting periods.

2.1 Basis of preparation

(a) Statement of compliance

The condensed consolidated interim financial information of the Group has been prepared in compliance with IAS 34 "Interim Financial Reporting" ("IAS 34"), as endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

The condensed consolidated interim financial information does not include all the information and disclosures required in the annual consolidated financial statements. Accordingly, this condensed consolidated interim financial information is to be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2022.

(b) Historical cost convention

The condensed consolidated interim financial information is prepared under the historical cost convention, except as explained in the relevant accounting policies in the annual consolidated financial statements for the year ended 31 December 2022.

(c) New standards, amendments to standards and interpretations

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

- A number of narrow-scope amendments to IFRS 3 'Business combinations' ("IFRS 3"), IAS 16 'Property, plant and equipment' ("IAS 16"), IAS 37 'Provisions, contingent liabilities and contingent assets' ("IAS 37") and some annual improvements on IFRS 1 'First-time Adoption of IFRS' ("IFRS 1"), IFRS 9 'Financial instruments' ("IFRS 9"), IAS 41 'Agriculture' ("IAS 41") and IFRS 16 'Leases' ("IFRS 16");
- Lessor forgiveness of lease payments (IFRS 9 and IFRS 16);
- Amendment to IAS 12 - International tax reform - pillar two model rules; and
- IFRS 17 – Insurance contracts ("IFRS 17")

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

With respect to IFRS 17, pursuant to the regulations in Kingdom of Saudi Arabia, the Group is required to write-off exposures for deceased customers and accordingly there is an insurance risk under the Islamic financing contracts. Upon adoption of IFRS 17 effective from 1 January 2023, the Group has made a policy choice to continue to account for such exposures under IFRS 9 'Financial Instruments' instead of IFRS 17, given it meets the scope exemption under IFRS 17. Accordingly, based on management's assessment, there was no impact upon adoption of IFRS 17 and the impact of such exposure under IFRS 9 is immaterial considering limited history of deceased customers.

UNITED ELECTRONICS COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial information (Unaudited)
For the three-month and nine-month periods ended 30 September 2023
(All amounts in Saudi Riyals thousands unless otherwise stated)

2 Accounting policies (continued)

2.1 Basis of preparation (continued)

(d) Standards issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 30 September 2023 reporting periods and have not been early adopted by the Group.

- Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8;
- Amendment to IAS 12 - deferred tax related to assets and liabilities arising from a single transaction;
- Amendment to IFRS 16 – Leases on sale and leaseback;
- Amendments to IAS 1, Presentation of financial statements' – Non - current liabilities with covenants;
- Amendment to IAS 7 and IFRS 7 – Supplier finance; and
- Amendments to IAS 21 - Lack of Exchangeability.

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

3 Fair value of assets and liabilities

As at 30 September 2023 and 31 December 2022, all financial assets and financial liabilities of the Group are categorized as held at amortized cost. Management believes that the fair values of the Group's financial assets and liabilities as at 30 September 2023 and 31 December 2022 are not materially different from their carrying values since the financial instruments are short term in nature, carry profit rates which are based on prevailing market profit rates and are expected to be realized at their current carrying values within twelve months from the date of the statement of financial position. The fair values of the non-current financial instruments are estimated to approximate their carrying values as these carry profit rates which are based on prevailing market profit rates. During the nine month period ended 30 September 2023, there have been no significant market developments which might indicate towards a potential change in fair value of the Group's financial instruments.

4 Critical accounting estimates and judgements

The preparation of condensed consolidated interim financial information 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 judgements 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.

Certain changes made, during the three-month period ended 30 September 2023, to the underlying methodology and assumptions (choice of variable inputs and their interdependencies) in developing the model for computation of Expected Credit Loss ("ECL") on investment in Islamic financing contracts. A detailed analysis of such change in estimate and the underlying judgements has been included in Note 14. Also see Note 6.

UNITED ELECTRONICS COMPANY**(A Saudi Joint Stock Company)****Notes to the condensed consolidated interim financial information (Unaudited)****For the three-month and nine-month periods ended 30 September 2023****(All amounts in Saudi Riyals thousands unless otherwise stated)****5 Revenue**

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2023	2022	2023	2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Recognized at a point in time				
Retail	977,731	988,563	3,279,318	3,294,929
Wholesale	26,068	2,533	76,574	7,755
E-commerce	275,880	241,746	788,887	788,966
	1,279,679	1,232,842	4,144,779	4,091,650
Recognized over time				
Extended warranty program	38,177	30,793	109,966	88,114
Others	833	1,174	1,969	2,517
	39,010	31,967	111,935	90,631
Total sales and services	1,318,689	1,264,809	4,256,714	4,182,281
Income from Islamic financing contracts	133,489	107,903	384,314	302,823
	1,452,178	1,372,712	4,641,028	4,485,104

6 Investment in Islamic financing contracts

	30 September 2023	31 December 2022
	(Unaudited)	(Audited)
Instalment sales receivables, net	-	2,564
Investment in Tawarruq financing contracts, net	1,446,035	1,149,838
Investment in Murabaha financing contracts, net	310,466	398,324
Investment in Islamic credit cards, net	37,387	6,468
	1,793,888	1,557,194
Less: non- current portion	(1,014,743)	(894,032)
Current portion	779,145	663,162

UNITED ELECTRONICS COMPANY

(A Saudi Joint Stock Company)

Notes to the condensed consolidated interim financial information (Unaudited)

For the three-month and nine-month periods ended 30 September 2023

(All amounts in Saudi Riyals thousands unless otherwise stated)

6 Investment in Islamic financing contracts (continued)

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

	Installment sales		Tawarruq finance		Murabaha finance		Islamic credit card		Total	
	30 September 2023	31 December 2022	30 September 2023	31 December 2022	30 September 2023	31 December 2022	30 September 2023	31 December 2022	30 September 2023	31 December 2022
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Gross investment in Islamic financing contracts	32,799	36,888	2,186,782	1,756,430	414,783	531,820	38,975	6,833	2,673,339	2,331,971
Unearned finance and processing fee income	(7,436)	(8,534)	(695,017)	(566,528)	(92,785)	(127,170)	-	-	(795,238)	(702,232)
Present value of Islamic financing contracts' receivables ("P.V. of I.F.C.")	25,363	28,354	1,491,765	1,189,902	321,998	404,650	38,975	6,833	1,878,101	1,629,739
Allowance for ECL	(25,363)	(25,790)	(45,730)	(40,064)	(11,532)	(6,326)	(1,588)	(365)	(84,213)	(72,545)
Net investment in Islamic financing contracts ("Net investment in I.F.C.")	-	2,564	1,446,035	1,149,838	310,466	398,324	37,387	6,468	1,793,888	1,557,194
Net investment in I.F.C. - non-current portion	-	-	(929,334)	(773,390)	(85,409)	(120,642)	-	-	(1,014,743)	(894,032)
Net investment in I.F.C. - current portion	-	2,564	516,701	376,448	225,057	277,682	37,387	6,468	779,145	663,162

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6 Investment in Islamic financing contracts (continued)

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

	Installment sales		Tawarruq finance		Murabaha finance		Islamic credit card		Total	
	30 September 2023 (Unaudited)	31 December 2022 (Audited)	30 September 2023 (Unaudited)	31 December 2022 (Audited)	30 September 2023 (Unaudited)	31 December 2022 (Audited)	30 September 2023 (Unaudited)	31 December 2022 (Audited)	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Opening balance	25,790	25,790	40,064	23,933	6,326	9,431	365	-	72,545	59,154
Charge (reversal) for the period / year	(427)	-	30,804	42,044	13,627	5,451	1,223	365	45,227	47,860
Recoveries of amounts previously written - off	-	-	(4,628)	(4,692)	(2,291)	(2,413)	-	-	(6,919)	(7,105)
Net (reversal) charge for the period/year	(427)	-	26,176	37,352	11,336	3,038	1,223	365	38,308	40,755
Write-offs during the period / year	-	-	(20,510)	(21,221)	(6,130)	(6,143)	-	-	(26,640)	(27,364)
Closing balance	25,363	25,790	45,730	40,064	11,532	6,326	1,588	365	84,213	72,545

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6 Investment in Islamic financing contracts (continued)
6.3 Stage-wise analysis of Islamic financing contracts and the respective ECL are as follows:

30 September 2023 (Unaudited)	Instalment sales			Tawarruq finance			Murabaha finance			Islamic credit card			Total		
	P.V of I.F.C	Allowance for ECL	Net investment in I.F.C	P.V of I.F.C	Allowance for ECL	Net investment in I.F.C	P.V of I.F.C	Allowance for ECL	Net investment in I.F.C	P.V of I.F.C.	Allowance for ECL	Net investment in I.F.C	P.V of I.F.C	Allowance for ECL	Net investment in I.F.C
Performing (Stage 1)	-	-	-	1,349,072	(14,968)	1,334,104	274,539	(1,372)	273,167	32,636	(374)	32,262	1,656,247	(16,714)	1,639,533
Under- performing (Stage 2)	-	-	-	27,018	(3,187)	23,831	6,723	(644)	6,079	3,015	(446)	2,569	36,756	(4,277)	32,479
Non-performing (Stage 3)	25,363	(25,363)	-	115,675	(27,575)	88,100	40,736	(9,516)	31,220	3,324	(768)	2,556	185,098	(63,222)	121,876
	25,363	(25,363)	-	1,491,765	(45,730)	1,446,035	321,998	(11,532)	310,466	38,975	(1,588)	37,387	1,878,101	(84,213)	1,793,888

31 December 2022 (Audited)	Instalment sales			Tawarruq finance			Murabaha finance			Islamic credit card			Total		
	P.V of I.F.C.	Allowance for ECL	Net investment in I.F.C.	P.V of I.F.C.	Allowance for ECL	Net investment in I.F.C.	P.V of I.F.C.	Allowance for ECL	Net investment in I.F.C.	P.V of I.F.C.	Allowance for ECL	Net investment in I.F.C.	P.V of I.F.C.	Allowance for ECL	Net investment in I.F.C.
Performing (Stage 1)	41	(37)	4	1,102,246	(10,500)	1,091,746	378,868	(1,408)	377,460	5,841	(47)	5,794	1,486,996	(11,992)	1,475,004
Under- performing (Stage 2)	90	(82)	8	18,730	(2,890)	15,840	4,759	(196)	4,563	496	(96)	400	24,075	(3,264)	20,811
Non-performing (Stage 3)	28,223	(25,671)	2,552	68,926	(26,674)	42,252	21,023	(4,722)	16,301	496	(222)	274	118,668	(57,289)	61,379
	28,354	(25,790)	2,564	1,189,902	(40,064)	1,149,838	404,650	(6,326)	398,324	6,833	(365)	6,468	1,629,739	(72,545)	1,557,194

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6 Investment in Islamic financing contracts (continued)

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

2023

1 January 2023

Individual financial assets transferred to under-performing (lifetime expected credit losses)

Individual financial assets transferred to non -performing (credit-impaired financial assets)

Individual financial assets transferred to performing (12-month expected credit losses)

New financial assets originated

Amounts written-off

Other changes

30 September 2023

Performing (Stage 1)	Under- performing (Stage 2)	Non- performing (Stage 3)	Total
11,992	3,264	57,289	72,545
(2,368)	4,122	(287)	1,467
(10,096)	(2,048)	29,020	16,876
166	(662)	(2,558)	(3,054)
18,463	-	-	18,463
-	-	(26,640)	(26,640)
(1,443)	(399)	6,398	4,556
16,714	4,277	63,222	84,213

2022

1 January 2022

Individual financial assets transferred to under-performing (lifetime expected credit losses)

Individual financial assets transferred to non -performing (credit-impaired financial assets)

Individual financial assets transferred to performing (12-month expected credit losses)

New financial assets originated

Amounts written-off

Other changes

31 December 2022

Performing (Stage 1)	Under- performing (Stage 2)	Non- performing (Stage 3)	Total
8,442	3,409	47,303	59,154
(1,865)	3,135	(146)	1,124
(10,966)	(1,600)	30,267	17,701
40	(361)	(329)	(650)
19,074	-	-	19,074
(65)	(128)	(27,171)	(27,364)
(2,668)	(1,191)	7,365	3,506
11,992	3,264	57,289	72,545

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6 Investment in Islamic financing contracts (continued)

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

	Instalment sales			Tawarruq finance			Murabaha finance			Islamic credit card			Total		
	Performing	Under-	Non-	Performing	Under-	Non-	Performing	Under-	Non-	Performing	Under-	Non-	Performing	Under-	Non-
2023	(Stage 1)	performing	performing	(Stage 1)	performing	performing	(Stage 1)	performing	performing	(Stage 1)	performing	performing	(Stage 1)	performing	performing
At 1 January	37	82	25,671	10,500	2,890	26,674	1,408	196	4,722	47	96	222	11,992	3,264	57,289
Individual financial assets transferred to -under-performing (lifetime expected credit losses)	-	-	-	(1,539)	3,047	(247)	(406)	630	(35)	(423)	445	(5)	(2,368)	4,122	(287)
-non-performing (credit-impaired financial assets)	-	-	-	(6,646)	(1,853)	20,533	(3,183)	(118)	7,859	(267)	(77)	628	(10,096)	(2,048)	29,020
-performing (12-month expected credit losses)	-	-	-	157	(614)	(2,376)	9	(43)	(152)	-	(5)	(30)	166	(662)	(2,558)
New financial assets originated	-	-	-	13,416	-	-	4,041	-	-	1,006	-	-	18,463	-	-
Amounts written-off	-	-	-	-	-	(20,507)	-	-	(6,132)	-	-	(1)	-	-	(26,640)
Other changes	(37)	(82)	(308)	(920)	(283)	3,498	(497)	(21)	3,254	11	(13)	(46)	(1,443)	(399)	6,398
At 30 September	-	-	25,363	14,968	3,187	27,575	1,372	644	9,516	374	446	768	16,714	4,277	63,222

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6 Investment in Islamic financing contracts (continued)
6.5 Category-wise movement in stage-wise ECL allowance/impairment is as follows: (continued)

	Instalment sales			Tawarruq finance			Murabaha finance			Islamic credit card			Total		
	Performing (Stage 1)	Under- performing (Stage 2)	Non- performing (Stage 3)	Performing (Stage 1)	Under- performing (Stage 2)	Non- performing (Stage 3)	Performing (Stage 1)	Under- performing (Stage 2)	Non- performing (Stage 3)	Performing (Stage 1)	Under- performing (Stage 2)	Non- performing (Stage 3)	Performing (Stage 1)	Under- performing (Stage 2)	Non- performing (Stage 3)
2022															
At 1 January	703	768	24,319	6,019	2,067	15,847	1,720	574	7,137	-	-	-	8,442	3,409	47,303
Individual financial assets transferred to -under-performing (lifetime expected credit losses)	-	-	-	(1,597)	2,837	(136)	(172)	201	(9)	(96)	96	-	(1,865)	3,134	(145)
-non-performing (credit-impaired financial assets)	-	-	-	(8,827)	(1,312)	26,780	(1,917)	(287)	3,264	(222)	-	222	(10,966)	(1,599)	30,266
-performing (12-month expected credit losses)	-	-	-	37	(274)	(222)	3	(87)	(107)	-	-	-	40	(361)	(329)
New financial assets originated	-	-	-	15,753	-	-	2,979	-	-	342	-	-	19,074	-	-
Amounts written-off	-	-	-	(55)	(81)	(21,087)	(10)	(47)	(6,084)	-	-	-	(65)	(128)	(27,171)
Other changes	(666)	(686)	1,352	(830)	(347)	5,492	(1,195)	(158)	521	23	-	-	(2,668)	(1,191)	7,365
At 31 December	37	82	25,671	10,500	2,890	26,674	1,408	196	4,722	47	96	222	11,992	3,264	57,289

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6 Investment in Islamic financing contracts (continued)

6.5 Category-wise movement in stage-wise ECL allowance/impairment is as follows: (continued)

Following factors contributed to the change in the ECL allowance during the nine-month period ended 30 September 2023:

- Transfers between Stage 1, 2 and 3, due to balances experiencing significant increases (or decreases) in credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and lifetime ECL;
- During the three-month period ended 30 September 2023, there were certain changes made to the underlying methodology and assumptions (choice of variable inputs and their interdependencies) used by management in developing the model for computation of Expected Credit Loss (ECL) on investment in Islamic financing contracts. A detailed analysis of such change in estimate and the underlying judgements has been explained in Note 14;
- Additional allowances for new financial assets recognised during the year;
- Financial assets written off; and
- 'Other changes' in Stage 3 principally represent net impact of additional allowance for ECL recognized upon write-offs amounting to Saudi Riyals 16.8 million which has been partially offset by recoveries from previously written-off exposures amounting to Saudi Riyals 10.1 million.

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6 Investment in Islamic financing contracts (continued)
6.6 Category-wise movement in stage-wise gross investment in Islamic financing contracts is as follows:

	Instalment sales			Tawarruq finance			Murabaha finance			Islamic credit card			Total		
	Performing (Stage 1)	Under- performing (Stage 2)	Non- performing (Stage 3)	Performing (Stage 1)	Under- performing (Stage 2)	Non- performing (Stage 3)	Performing (Stage 1)	Under- performing (Stage 2)	Non- performing (Stage 3)	Performing (Stage 1)	Under- performing (Stage 2)	Non- performing (Stage 3)	Performing (Stage 1)	Under- performing (Stage 2)	Non- performing (Stage 3)
2023															
At 1 January	41	91	28,222	1,102,246	18,730	68,926	378,867	4,759	21,024	5,841	496	496	1,486,995	24,076	118,668
Individual financial assets transferred to															
- under-performing (lifetime expected credit losses)	-	-	-	(26,587)	25,314	(607)	(7,402)	6,421	(148)	(2,957)	3,009	(11)	(36,946)	34,744	(766)
- non-performing (credit-impaired financial assets)	-	-	-	(73,133)	(11,407)	84,485	(30,399)	(2,434)	32,869	(1,560)	(382)	2,843	(105,092)	(14,223)	120,197
- performing (12-month expected credit losses)	-	-	-	5,890	(4,205)	(5,714)	760	(877)	(663)	55	(41)	(71)	6,705	(5,123)	(6,448)
New financial assets originated	-	-	-	678,326	-	-	153,604	-	-	30,955	-	-	862,885	-	-
Amounts written-off	-	-	-	-	-	(20,507)	-	-	(6,131)	-	-	-	-	-	(26,638)
Collections and other changes	(41)	(91)	(2,859)	(337,670)	(1,414)	(10,908)	(220,891)	(1,146)	(6,215)	302	(67)	67	(558,300)	(2,718)	(19,915)
At 30 September	-	-	25,363	1,349,072	27,018	115,675	274,539	6,723	40,736	32,636	3,015	3,324	1,656,247	36,756	185,098

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6 Investment in Islamic financing contracts (continued)

6.6 Category-wise movement in stage-wise gross investment in Islamic financing contracts is as follows: (continued)

	Instalment sales			Tawarruq finance			Murabaha finance			Islamic credit card			Total		
	Performing (Stage 1)	Under- performing (Stage 2)	Non- performing (Stage 3)	Performing (Stage 1)	Under- performing (Stage 2)	Non- performing (Stage 3)	Performing (Stage 1)	Under- performing (Stage 2)	Non- performing (Stage 3)	Performing (Stage 1)	Under- performing (Stage 2)	Non- performing (Stage 3)	Performing (Stage 1)	Under- performing (Stage 2)	Non- performing (Stage 3)
2022															
At 1 January	10,949	3,865	37,943	812,453	9,814	34,309	341,693	5,149	16,005	-	-	-	1,165,095	18,828	88,257
Individual financial assets transferred to															
-under-performing (lifetime expected credit losses)	-	-	-	(19,832)	20,130	(298)	(5,499)	5,520	(21)	(496)	496	-	(25,827)	26,146	(319)
-non-performing (credit-impaired financial assets)	-	-	-	(61,526)	(6,107)	67,633	(18,880)	(2,380)	21,260	(496)	-	496	(80,902)	(8,487)	89,389
-performing (12-month expected credit losses)	-	-	-	1,783	(1,300)	(483)	930	(691)	(238)	-	-	-	2,713	(1,991)	(721)
New financial assets originated	-	-	-	666,017	-	-	283,447	-	-	6,833	-	-	956,297	-	-
Amounts written-off	-	-	-	(53)	(81)	(21,087)	(10)	(47)	(6,084)	-	-	-	(63)	(128)	(27,171)
Collections and other changes	(10,908)	(3,774)	(9,721)	(296,596)	(3,726)	(11,148)	(222,814)	(2,792)	(9,898)	-	-	-	(530,318)	(10,292)	(30,767)
At 31 December	41	91	28,222	1,102,246	18,730	68,926	378,867	4,759	21,024	5,841	496	496	1,486,995	24,076	118,668

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	30 September 2023	31 December 2022
Gross investment in Islamic financing contracts		
Within one year	1,007,111	1,060,276
From one to two years	791,200	648,086
From two to three years	460,499	369,007
From three to four years	274,628	186,002
Four to five years	139,901	68,600
	2,673,339	2,331,971
Present value of investment in Islamic financing contracts		
Within one year	783,709	789,601
From one to two years	544,439	445,960
From two to three years	298,339	239,064
From three to four years	169,765	114,980
Four to five years	81,849	40,134
	1,878,101	1,629,739

7 Cash and cash equivalents

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Cash at bank	197,095	132,207
Cash in hand	14,015	14,462
	211,110	146,669

For the purpose of the condensed consolidated interim statement of cash flows comprise the following:

	Note	30 September 2023 (Unaudited)	30 September 2022 (Unaudited)
Cash at bank		197,095	134,778
Cash in hand		14,015	13,001
Cash and cash equivalents attributable to discontinued operations	1	2,381	-
		213,491	147,779

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8 Borrowings

The Group has bank facilities from local banks for letters of credit, letters of guarantee, Murabaha and Tawarruq financings. These facilities are subject to Islamic Shariah principles. The loan facilities are denominated in Saudi Riyals and bear financial charges based on prevailing market rates. During the nine-month period ended 30 September 2023, the Group made early repayments of borrowings under certain facilities and entered into a new facility agreement (Murabaha VI and Murabaha VII) with another commercial bank on favourable terms agreed under a separate agreement. There was no gain or loss on the extinguishment of the borrowings upon early repayment.

	30 September 2023	31 December 2022
	(Unaudited)	(Audited)
Long-term borrowings		
Murabaha facilities	927,550	581,934
Short-term borrowings		
Murabaha facilities	229,165	590,165
	1,156,715	1,172,099
Accrued finance cost	6,331	6,952
	1,163,046	1,179,051
Classification of borrowings is presented below:		
Current portion (including short-term borrowings)	481,912	777,384
Non-current portion	681,134	401,667
	1,163,046	1,179,051

The long-term Murabaha borrowings outstanding relate to UCFS, which utilizes the facilities obtained by the Group. The various facilities and their respective utilization levels are as follows:

Murabaha I

Total amount allocated to UCFS under such facility is Saudi Riyals 300 million. Each tranche of facility utilization is repayable in 20 quarterly installments commencing 6 months after receipt of the borrowed amount. During 2023, UCFS made early repayment of borrowings in full amounting to Saudi Riyals 216.9 million (As at 31 December 2022, UCFS had an outstanding loan balance of Saudi Riyals 206.9 million against this facility).

Murabaha III

Total amount allocated to UCFS under such facility is Saudi Riyals 500 million. Each tranche of facility utilization is repayable in 48 monthly installments commencing 6 months from receipt of the borrowed amount. During 2023, UCFS made early repayment of borrowings in full amounting to Saudi Riyals 33.0 million (31 December 2022: early repayment amounting to Saudi Riyals 360.8 million).

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8 Borrowings (continued)

Murabaha IV

Total amount allocated to UCFS under such facility is Saudi Riyals 400.0 million. Each tranche of facility utilization is repayable in 16 quarterly installments commencing 6 months after receipt of the borrowed amount. As at 30 September 2023, UCFS has an outstanding loan balance of Saudi Riyals 275.0 million against this facility (31 December 2022: Saudi Riyals 350.0 million). Under the terms of this borrowing facility, UCFS is required to maintain a minimum ratio of 1.2 to 1 of earnings before interest, tax, depreciation and amortization ("EBITDA") to Debt Service. As at 30 September 2023, the ratio of EBITDA to debt service was 4.5 (31 December 2022: 1.6), in compliance with the requirements of the minimum ratio as set out in such facility agreement. UCFS is also required to monitor the aggregate amount of financing offered by UCFS in line with the regulatory requirements of SAMA, which requires companies engaged in financing other than real estate, not to exceed aggregate financing to capital ratio of three times, which is calculated by dividing net investment in Islamic financing contracts by total equity. As at 30 September 2023, such ratio of investment in Islamic financing contracts to net equity was 2.2 (31 December 2022: 2.3), in compliance with the requirements of SAMA.

Murabaha VI

Total amount allocated to UCFS under such facility is Saudi Riyals 400.0 million. Each tranche of facility utilization is repayable in 20 quarterly installments commencing 3 months after receipt of the borrowed amount. As at 30 September 2023, UCFS has an outstanding loan balance of Saudi Riyals 370.7 million against this facility (31 December 2022: Saudi Riyals Nil). Under the terms of this new borrowing facility availed in 2023, UCFS is required to maintain a minimum current ratio of 1.05. As at 30 September 2023, the current ratio was 2.4, in compliance with the requirements of the minimum ratio as set out in such facility agreement.

Murabaha VII

Total amount allocated to UCFS under such facility is Saudi Riyals 400.0 million. Each tranche of facility utilization is repayable in 20 quarterly installments commencing 3 months after receipt of the borrowed amount. As at 30 September 2023, UCFS has an outstanding loan balance of Saudi Riyals 281.9 million against this facility (31 December 2022: Saudi Riyals Nil). Under the terms of this new borrowing facility availed in 2023, UCFS is required to maintain a minimum current ratio of 1.1. As at 30 September 2023, the current ratio was 2.4, in compliance with the requirements of the minimum ratio as set out in such facility agreement.

All loan facilities above are denominated in Saudi Riyals and bear financial charges based on Saudi Arabian Interbank Offered Rate ("SAIBOR") ranging between SAIBOR plus 0.85% to 1.25% (31 December 2022: SAIBOR plus 1.1% to 1.4%). The Group's borrowings are carried at amortised cost and are periodically contractually repriced after every three months, in line with the terms of the borrowing arrangements. The financial charges incurred during the period increased on account of increase in amount of borrowings and increase in SAIBOR since the second half of 2022. 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 30 September 2023.

Short term borrowings (Murabaha)

During the period ended 30 September 2023, the Group has availed short term borrowing facilities with certain local commercial banks for working capital management. Total amount available to the Group under such facilities is Saudi Riyals 525 million. Each tranche of such borrowings is repayable between 30 to 90 days from receipt of the borrowed amount. As at 30 September 2023, the Group had an outstanding balance of Saudi Riyals 229.2 million against this facility (31 December 2022: Saudi Riyals 340.2 million).

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8 Borrowings (continued)

The contractual maturities of the borrowings are as follows:

	30 September 2023	31 December 2022
	(Unaudited)	(Audited)
Less than 6 months	355,290	692,799
Between 6 and 12 months	126,125	77,633
Between 1 and 2 years	252,250	155,267
Between 2 and 5 years	423,050	242,400
Above 5 years	-	4,000
	1,156,715	1,172,099

9 Trade and other payables

	Note	30 September 2023	31 December 2022
		(Unaudited)	(Audited)
Accounts payable		709,067	469,330
Advances from customers		99,596	37,504
Accruals for employees		36,599	47,986
Accrued expenses		68,964	56,013
Value added tax payable		29,628	45,773
Gift cards		20,618	22,129
Due to related parties	11	849	673
Others		7,809	10,747
		973,130	690,155

10 Segmental information

a) Operating segments

The Group is organized into business units based on factors including distribution method, targeted customers, products and geographic location.

The Group has two major operating segments namely, 'Sales and services' and 'Consumer finance'. The Board of Directors of the Group, considered as Chief Operating Decision Maker, review the internal management reports of each segment at least quarterly for the purpose of resources allocation and assessment of performance. All other operating segments that are not reportable are combined under "Others".

The following summary describes the operations of each reportable segment.

Reportable segment	Operation
Sales and services	Retail, wholesale, e-commerce, installation and repair services of electronic products, computers, smartphones and accessories, extended warranties, gift cards and installment sales.
Consumer finance	Consumer financing under Murabaha, Tawarruq and Islamic credit card financing arrangements (Tas'heel).

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10 Segmental information (continued)*a) Operating segments (continued)*

The segmental information was as follows:

As at and for the nine-month period ended 30 September 2023 (Unaudited)

	Sales and services	Consumer finance	Others	Intersegment eliminations	Total
Revenue					
- At a point in time	4,144,776	-	-	-	4,144,776
- Over time	115,985	383,215	16,111	(19,059)	496,252
	4,260,761	383,215	16,111	(19,059)	4,641,028
Net profit	107,560	157,191	(369)	-	264,382
Total assets	3,502,054	1,854,017	1,012,775	(2,073,119)	4,295,727
Total liabilities	2,172,005	1,022,267	215,405	(251,901)	3,157,776

For the nine-month period ended 30 September 2022 (Unaudited)

	Sales and services	Consumer finance	Others	Intersegment eliminations	Total
Revenue					
- At a point in time	4,091,650	-	-	-	4,091,650
- Over time	97,189	298,364	14,621	(16,720)	393,454
	4,188,839	298,364	14,621	(16,720)	4,485,104
Net profit	174,958	144,074	630	(876)	318,786

As at 31 December 2022 (Audited)

Total assets	3,132,672	1,612,664	697,868	(1,473,104)	3,970,100
Total liabilities	1,927,513	938,095	215,363	(250,171)	2,830,800

The group management uses segment revenue and net profit to measure performance being the most relevant in evaluating the results of segments.

b) Geographical segments

The geographical information below analyses the Group's revenue, net profit, total assets and total liabilities as follows:

As at and for the nine-month period ended 30 September 2023 (Unaudited)

	Kingdom of Saudi Arabia	Others	Intersegment eliminations	Total
Revenue				
- At a point in time	3,809,885	334,891	-	4,144,776
- Over time	493,078	22,233	(19,059)	496,252
	4,302,963	357,124	(19,059)	4,641,028
Net profit	894,070	(30,803)	(598,885)	264,382
Total assets	6,071,846	297,000	(2,073,119)	4,295,727
Total liabilities	3,145,586	264,091	(251,901)	3,157,776

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10 Segmental information (continued)*b) Geographical segments (continued)***For the nine-month period ended 30 September 2022 (Unaudited)**

	Kingdom of Saudi Arabia	Others	Intersegment eliminations	Total
Revenue				
- At a point in time	3,805,962	285,688	-	4,091,650
- Over time	390,184	19,990	(16,720)	393,454
	<u>4,196,146</u>	<u>305,678</u>	<u>(16,720)</u>	<u>4,485,104</u>
Net profit	608,384	(4,372)	(285,226)	318,786

As at 31 December 2022 (Audited)

	Kingdom of Saudi Arabia	Others	Intersegment eliminations	Total
Total assets	5,171,550	271,654	(1,473,104)	3,970,100
Total liabilities	2,877,080	203,891	(250,171)	2,830,800

11 Related party transactions and balances

Related parties comprise the shareholders, directors, associated companies (representing entities which are directly or indirectly controlled by or under the significant influence of the Company's shareholders), and key management personnel. Related parties also include business entities in which certain directors or senior management have an interest (other related parties). As at 30 September 2023, Al Fozan Holding Company is the major shareholder of the Company with a shareholding of 20.0% (31 December 2022: 23.7%).

(a) The following significant transactions were entered into by the Group with its related parties:

Nature of transaction	Relationship	For the three-month period ended 30 September		For the nine-month period ended 30 September	
		2023	2022	2023	2022
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Sales	Major shareholder	49	220	148	325
	Associated companies	-	95	99	2,099
Purchases	Associated Companies	391	317	961	950
Rental income	Associated companies	392	392	1,175	1,175
Acquisition of property and equipment	Associated Companies	-	-	-	21
Rent expense	Associated companies	512	512	1,535	1,535
Other expenses charged	Associated companies	100	137	251	328

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11 Related party transactions and balances (continued)(a) *The following significant transactions were entered into by the Group with its related parties:
(continued)*

The transactions are based on terms agreed as per the underlying agreements between the Group and the respective related parties.

(b) *Key management compensation*

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2023	2022	2023	2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Salaries and other employee benefits	2,394	2,386	8,101	7,928
Board of Directors' fees	32	65	108	236
	2,426	2,451	8,209	8,164

(c) *Due from related parties - associated companies and major shareholder*

	30 September 2023	31 December 2022
	(Unaudited)	(Audited)
United Homeware Company	2,997	1,167
Al Fozan Holding Company	6	31
Retal Urban Development Company	16	16
	3,019	1,214

(d) *Due to related parties - associated companies*

	30 September 2023	31 December 2022
	(Unaudited)	(Audited)
Madar Hardware Company	680	642
Madar Building Materials	138	-
Al Yassra Trading Co.	31	31
	849	673

The above balances are receivable/payable based on the terms agreed as per the signed agreements between the Group and the respective related parties and do not bear any financial charges.

12 Earnings per share

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2023	2022	2023	2022
Profit for the period attributable to the shareholders of the Company	118,266	94,159	264,382	318,786

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12 Earnings per share (continued)

The weighted average number of shares used as the denominator are as follows:

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2023	2022	2023	2022
Weighted average number of ordinary shares used in calculating basic earnings per share	76,192,487	75,184,219	76,192,487	75,184,219
Adjustment for treasury shares	3,807,513	4,815,781	3,807,513	4,815,781
Weighted average number of ordinary shares used in calculating diluted earnings per share	80,000,000	80,000,000	80,000,000	80,000,000

Earnings per share (Saudi Riyals)

Basic earnings per share	1.55	1.25	3.47	4.24
Diluted earnings per share	1.48	1.18	3.30	3.98

13 Contingencies and capital commitments

	30 September 2023 (Unaudited)	31 December 2022 (Unaudited)
Letters of credit and guarantee	648,439	1,022,943
Commitments for the acquisition of property and equipment	8,114	8,139

14 Financial risk management

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

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. Management 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:

14.1 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 30 September 2023, the Group has maintained an ECL allowance of Saudi Riyals 84.2 million (31 December 2022: Saudi Riyals 72.5 million), which is considered adequate to provide for any losses which may be sustained on realization of financial assets.

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14 Financial risk management (continued)

14.1 Credit risk (continued)

The management analyses credit risk into the following categories:

Investment in Islamic financing contracts

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

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

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

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

A significant number of customers are Government sector employees. The Group generally receives repayments through variable channels such as SADAD and bank transfers. 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.

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

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

	Performing (Stage 1)	Under- performing (Stage 2)	Non- performing (Stage 3)	Total
30 September 2023				
<i>Internal credit risk ratings</i>				
Low risk	906,066	9,099	43,993	959,158
Medium risk	731,151	16,261	72,489	819,901
High risk	766,538	24,288	103,454	894,280
	2,403,755	49,648	219,936	2,673,339
	Performing (Stage 1)	Under- performing (Stage 2)	Non- performing (Stage 3)	Total
31 December 2022				
<i>Internal credit risk ratings</i>				
Low risk	829,199	8,413	28,442	866,054
Medium risk	677,160	10,989	43,467	731,616
High risk	627,751	14,410	92,140	734,301
	2,134,110	33,812	164,049	2,331,971

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14 Financial risk management (continued)

14.1 Credit risk (continued)

Investment in Islamic financing contracts (continued)

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

	Installment sales receivable		Tawarruq finance		Murabaha finance		Islamic Credit Card		Total	
	30 September 2023	31 December 2022	30 September 2023	31 December 2022	30 September 2023	31 December 2022	30 September 2023	31 December 2022	30 September 2023	31 December 2022
Not past due	-	41	1,291,318	1,067,030	265,806	368,275	33,256	5,652	1,590,380	1,440,998
Past due 1-30 days	-	-	59,397	35,760	9,662	11,020	1,535	189	70,594	46,969
Past due 31-90 days	-	90	26,920	19,074	7,275	4,496	1,149	496	35,344	24,156
Past due 91-180 days	-	-	43,595	34,893	10,347	9,421	1,461	496	55,403	44,810
Past due 181-364 days	-	-	57,402	24,580	25,471	8,350	1,068	-	83,941	32,930
Over 365 days	25,363	28,223	13,133	8,565	3,437	3,088	506	-	42,439	39,876
	25,363	28,354	1,491,765	1,189,902	321,998	404,650	38,975	6,833	1,878,101	1,629,739
Less: Impairment for Islamic financing contracts	(25,363)	(25,790)	(45,730)	(40,064)	(11,532)	(6,326)	(1,588)	(365)	(84,213)	(72,545)
Net investment in Islamic financing contracts	-	2,564	1,446,035	1,149,838	310,466	398,324	37,387	6,468	1,793,888	1,557,194

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14 Financial risk management (continued)

14.1 Credit risk (continued)

Measurement of ECL

a) Changes in estimates and underlying judgements

During the three-month and nine-month periods ended 30 September 2023, there were certain changes made to the underlying methodology and assumptions used for determination of ECL against Investment in Islamic financing contracts. The previous ECL model was developed in the initial phase of the Group's business activities and historical collection and default trends from the ultimate parent company's murabaha portfolio were used, being the best available information at that time. The Group's portfolio has matured since then and the ECL models have now been updated, to better reflect the changes in historical data, macroeconomic indicators, industry trends, credit quality and diversification in the portfolio. The summary of key changes made, along with their impact as at 30 September 2023, is as follows:

- *Probability of default (PD):*

Probability of default is the likelihood that a borrower will default on their financial obligation. It is typically based on historical default rates and other forward looking information such as economic indicators or borrower-specific information. 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. During the three-month period ended 30 September 2023, 'Through-the-Cycle' estimates were recalculated based on updated collection and default trends (until 31 December 2022 "Such Through-the-Cycle" PD rates are later converted to 'Point-in-time' PD rates by incorporating forward-looking information (see below) using the Vasicek framework.

Since numerous contracts in Tawarruq portfolio have completed their life cycle/tenure, management has now used Tawarruq specific collection and default trends to compute the PDs whereas previously used loss rates for Tawarruq portfolio were driven from historical data of murabaha given that sufficient historical data was not available for Tawarruq portfolio. Given the availability of more default related information and experience, management has now transitioned to a more comprehensive approach with separate PDs being derived for each portfolio (i.e. Murabaha, Tawarruq and credit cards).

Such change in PD inputs resulted in an increase of Saudi Riyals 15.5 million, in the ECL allowance as at 30 September 2023.

- *Loss given default (LGD):*

Loss given default is the amount of financial loss that an entity would incur if a borrower defaulted on their financial obligation. It is typically expressed as a percentage of the outstanding principal amount of the financial asset. The LGD component estimates the expected loss if the borrower defaults, taking into account the recovery rate that could be achieved from any collateral or other sources of recovery. Previously, the Company had used present value of historical recoveries from loss accounts of Murabaha Portfolio to arrive at the LGD of 28.11%. However, the LGD used for Tawarruq portfolio was 45% in accordance with the Basel guidelines considering that the Company had insufficient historical information.

During the three-month period ended 30 September 2023, LGD inputs have been recalculated using the 'Through-the-Cycle' estimates based historical collection and default trends of both Murabaha and Tawarruq portfolios from 2019 through 2022, which are later converted to 'Point-in-time' LGD rates using the Jacob-Frye methodology.

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14 Financial risk management (continued)

14.1 Credit risk (continued)

Measurement of ECL (continued)

a) Changes in estimates and underlying judgements (continued)

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

Accordingly, the updated LGD rate was determined to be 29.2% which has been used for determination of ECL for both Murabaha and Tawarruq portfolios considering similar customer characteristics. Management also considered the use of Tawarruq specific LGD rates, however, while such portfolio has matured since the start of business activities, and sufficient historical information is available in relation to the default trends, management, in coordination with Risk and Credit Committee of the Board of Directors, still believes that the recovery related information for is insufficient as at 30 September 2023 and will be reassessed in the future reporting periods.

Such change in LGD inputs resulted in a decrease of Saudi Riyals 19.9 million in the ECL allowance as at 30 September 2023.

- *Forward looking information:*

The Company incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. During the three-month period ended 30 September 2023, macroeconomic data containing 300 macroeconomic variables (including previously used 'crude oil price' and 'changes in unemployment statistics') were analysed from Economic Intelligence Unit (EIU) and weighted average default rates were calculated from the historical data to determine appropriate predictive variables.

Based on such analysis carried out by the management and as a result of more experience with the portfolio, real gross domestic product (% change per annum), an inflation-adjusted measure that reflects the value of all goods and services produced by an economy in a given year, and government consumption (% change per annum), which is proportion of a country's total economic output that is spent by the government on goods and services, were identified as the most appropriate macroeconomic factors with the highest correlation to the historical collection and default trends.

The Company measures the ECL as either a probability-weighted 12-month ECL (Stage 1) or a probability-weighted lifetime ECL (Stage 2 and 3). These probability weighted ECLs are determined by running each scenario through the relevant ECL model and multiplying it by the appropriate scenario weightings of 32.95%, 34.1% and 32.95% for "upturn", "baseline" and "downturn" scenarios respectively (31 December 2022: 30%, 40% and 30% respectively) which are computed through statistical methodologies.

As at 30 September 2023, the real gross domestic product (% change per annum) and government consumption (% change per annum) incorporated in the upturn, baseline and downturn scenarios were as follows:

Macroeconomic factor	Upturn	Baseline	Downturn
Real gross domestic product (% change per annum)	10.1%	7.2%	4.1%
Government consumption (% change per annum)	10.6%	3.1%	(4.4%)

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14 Financial risk management (continued)

14.1 Credit risk (continued)

Measurement of ECL (continued)

b) Changes in estimates and underlying judgements (continued)

- Forward looking information: *(continued)*

As at 31 December 2022, the crude oil price incorporated in the upturn, baseline and downturn scenarios was United Standard Dollars ("USD") 97.5, USD 88.2 and USD 69.7 per barrel respectively and the unemployment factor incorporated in the calculation of changes in unemployment statistics was 5.8%, which contributed to determination of the overall scalar factor used to incorporate the impact of forward-looking information to the ECL computation.

Such changes in macroeconomic factors, scenario weightings and certain other factors resulted in a decrease of Saudi Riyals 6.1 million, in the ECL allowance as at 30 September 2023.

c) Sensitivity analysis:

An increase or decrease of 10% in the macroeconomic factors, i.e. real gross domestic product and government consumption factors, with all other variables held constant will result in an increase of Saudi Riyals 5.7 million or a decrease of Saudi Riyals 5.2 million respectively, in the ECL allowance (31 December 2022: An increase or decrease of 10% in the macroeconomic factors previously used i.e. oil prices scenario and unemployment scenario weightings with all other variables held constant resulted in an increase/decrease of Saudi Riyals 1.8 million).

An increase or decrease of 10% in the loss rates (PDs and LGDs) assuming macro-economic factors remain the same, will result in an increase of Saudi Riyals 12.0 million or a decrease of Saudi Riyals 10.0 million respectively, in the ECL allowance (31 December 2022: an increase of Saudi Riyals 8.2 million or a decrease of Saudi Riyals 7.9 million, respectively in the ECL allowance).

Trade and other receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables.

The average credit period on sales of goods is 30-90 days. No interest is charged on trade receivables. Before accepting any new customer, the Group has a credit policy set in place to assess the potential customer's credit quality and defines the credit limits. These procedures are reviewed and updated on an ongoing basis. At 30 September 2023, 48% of trade receivables were due from 1 customer (2022: 60% from 1 customer). Management believes that this concentration of credit risk is mitigated as the customer has established track record of regular and timely payments.

The expected loss rates are based on the payment profiles of sales over a period of 18 months before 30 September 2023 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and the inflation rate to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors. The Group does not hold any collateral as security.

The Group considers any trade receivables overdue for more than a year to be in default and are accordingly fully provided for. The loss rates for the other ageing buckets are not significant. The identified ECL on trade and other receivables is trivial and accordingly, no ECL has been recognised by the Group.

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14 Financial risk management (continued)

14.1 Credit risk (continued)

Trade and other receivables (continued)

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 365 days past due. Where receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in the profit or loss.

The other classes within trade and other receivables do not contain impaired assets and are also not exposed to significant credit risk. The maximum exposure to credit risk at reporting date is the carrying amount of each receivable.

Net investment in finance lease

Net investment in finance lease is stated at amortised cost. The group uses simplified approach under IFRS 9 to calculate the ECL allowance. At 30 September 2023 and 31 December 2022, the ECL allowance on net investment in finance lease was immaterial.

Cash and cash equivalents

The Group uses "low credit risk" practical expedient for the cash and cash equivalents with the assumption that the credit risk on such financial instruments has not increased significantly since initial recognition, and therefore the ECL is estimated at an amount equal to the expected credit losses for a period of 12 months.

These are placed with banks having minimum credit ratings of BBB 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 30 September 2023 and 31 December 2022, the ECL allowance on cash at bank was immaterial.

14.2 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 1,793.9 million (31 December 2022: Saudi Riyals 1,565.1 million). Further, the Group also has variable profit bearing financial liabilities of Saudi Riyals 1,163.0 million (31 December 2022: Saudi Riyals 1,179.1 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 19.5 million (31 December 2022: Saudi Riyals 12.6 million) higher / lower, as a result of lower / higher finance cost on variable rate borrowings.

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14 Financial risk management (continued)

14.2 Profit rate risk (continued)

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

14.3 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. This excludes the potential impact of extreme circumstances that cannot be reasonably predicted, such as natural disasters. In addition, the Group has access to credit facilities as made available by the shareholder.

Total unused credit facilities available to the Group as at 30 September 2023 were approximately Saudi Riyals 1,368.8 million (31 December 2022: Saudi Riyals 1,947.9 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 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 Group facing any liquidity issues. The cash flows of the Group, during the nine-month period ended 30 September 2023, 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.

15 Dividends

The Company's Board of Directors, in their meeting held on 12 April 2023, resolved to distribute cash dividends of Saudi Riyal 2.0 per share, amounting to Saudi Riyal 160.0 million, for the second half of the year ended 31 December 2022 (2021: Saudi Riyals 150.0 million for the second half of the year ended 31 December 2021) which was fully paid during the nine-month period ended 30 September 2023.

The Company's Board of Directors, in their meeting held on 30 July 2023, resolved to distribute cash dividends of Saudi Riyal 1.5 per share, amounting to Saudi Riyal 120.0 million, for the first half of the year ended 31 December 2023 (2022: Saudi Riyals 150.0 million for the first half of the year ended 31 December 2022) which was fully paid during the nine-month period ended 30 September 2023.

Dividends presented in the condensed consolidated interim statement of changes in equity are net of dividends on treasury shares.

16 Employees' Stock Option Program

During the period ended 30 September 2023, certain employees of the Group exercised their options awarded under the Group's Employees' Stock Option Program ("ESOP") and purchased 1.09 million shares. The average exercise price for such options was Saudi Riyals 0.81 per share since additional performance targets as set out under the ESOP plan and its related modifications were achieved.

UNITED ELECTRONICS COMPANY

(A Saudi Joint Stock Company)

Notes to the condensed consolidated interim financial information (Unaudited)

For the three-month and nine-month periods ended 30 September 2023

(All amounts in Saudi Riyals thousands unless otherwise stated)

17 Other income

During the nine-month period ended 30 September 2022, the Group had recognized 'Gain on recognition of net investment in finance lease', 'Gain on termination and remeasurement of leases' and 'Product launch incentive for credit cards' amounting to Saudi Riyals 13.6 million, Saudi Riyals 6.5 million and Saudi Riyals 3.8 million respectively driven by non-recurring transactions.

There has been no significant variance in the remaining components of other income recognized by the Group during the nine-month periods ended 30 September 2023 and 2022.

18 Restatement

During the three-month and nine-month periods ended 30 September 2023, the Group identified that it had not separately presented income from Islamic financing contracts for the three-month and nine month periods ended 30 September 2022, on the condensed consolidated interim statement of profit or loss and other comprehensive income in accordance with the requirements of the applicable financial reporting framework. Such error was corrected and income from Islamic financing contracts has been separately presented on the condensed consolidated interim statement of profit or loss and other comprehensive income. Such restatement has had no impact on the total revenue, gross profit, profit before zakat and income tax, net profit for the three-month and nine month periods or basic and diluted earnings per share for the three-month and nine-month periods ended 30 September 2022, the condensed consolidated interim statement of financial position as at 31 December 2022 and the condensed consolidated interim statements of changes in equity and cash flows for the nine month period ended 30 September 2022.