

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

**CONDENSED CONSOLIDATED INTERIM FINANCIAL
INFORMATION (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED
31 MARCH 2022
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 period ended 31 March 2022

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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 31 March 2022 and the related condensed consolidated statement of profit or loss and other comprehensive income for the three-month period then ended and the condensed consolidated interim statements of changes in equity and cash flows for the three-month period ended 31 March 2022 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

27 April 2022



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 31 March	
		2022 (Unaudited)	2021 (Unaudited)
Revenue	5	1,411,978	1,364,327
Cost of revenue		(1,121,808)	(1,104,117)
Gross profit		290,170	260,210
Selling and distribution expenses		(133,447)	(124,001)
General and administrative expenses		(39,483)	(35,939)
Net impairment losses on financial assets	6	(3,618)	(4,121)
Other expenses		(640)	(151)
Other income		2,475	1,287
Finance charges		(9,821)	(9,460)
Profit before zakat and income tax		105,636	87,825
Zakat expense		(8,129)	(6,628)
Income tax expense		-	-
Net profit for the period		97,507	81,197
Other comprehensive income			
<i>Item that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		28	96
Total comprehensive income for the period		97,535	81,293
Earnings per share			
Basic earnings per share	12	1.66	1.41
Diluted earnings per share	12	1.63	1.35

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 27 April 2022 and was signed on their behalf by:

		
Wael Mohammed Khalil	Mohammed Galal Ali Fahmy	Abduljabbar AbdulRahman
Chief Financial Officer	Managing Director and Chief Executive Officer	Mohammed AlAbduljabbar
		Chairman of the Board of Directors

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 31 March 2022 (Unaudited)	As at 31 December 2021 (Audited)
Assets			
Non-current assets			
Property and equipment		458,964	447,102
Right-of-use assets		407,561	423,769
Net investment in finance lease		11,035	10,988
Intangible assets		52,857	54,850
Goodwill		529	529
Trade and other receivables		1,749	4,898
Investment in Islamic financing contracts	6	771,104	748,424
Total non-current assets		1,703,799	1,690,560
Current assets			
Inventories		1,399,617	1,202,517
Trade and other receivables		112,860	116,719
Net investment in finance lease		186	648
Current portion of investment in Islamic financing contracts	6	500,103	464,604
Cash and cash equivalents	7	156,713	173,158
Total current assets		2,169,479	1,957,646
Total assets		3,873,278	3,648,206
Equity and liabilities			
Equity			
Share capital		600,000	600,000
Statutory reserve		79,232	69,481
Other reserves		5,050	15,404
Retained earnings		280,663	339,672
Treasury shares		(20,117)	(32,000)
Total equity		944,828	992,557
Liabilities			
Non-current liabilities			
Deferred revenue from extended warranty program		113,959	108,808
Lease liabilities		474,628	519,061
Borrowings	8	501,028	603,340
Deferred tax liabilities		1,243	1,243
Employee benefit obligations		75,084	73,875
Total non-current liabilities		1,165,942	1,306,327





(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 31 March 2022 (Unaudited)	As at 31 December 2021 (Audited)
Current liabilities			
Trade and other payables	9	1,327,252	1,115,414
Deferred revenue from extended warranty program		93,289	86,349
Lease liabilities		48,051	32,984
Borrowings	8	253,670	82,458
Zakat and income tax payable		40,246	32,117
Total current liabilities		1,762,508	1,349,322
Total liabilities		2,928,450	2,655,649
Total equity and liabilities		3,873,278	3,648,206

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 27 April 2022 and was signed on their behalf by:

			
Wael Mohammed Khalil	Mohammed Galal Ali Fahmy	Abduljabbar AbdulRahman Mohammed AlAbduljabbar	Abduljabbar AbdulRahman Mohammed AlAbduljabbar
Chief Financial Officer	Managing Director and Chief Executive Officer	Chairman of the Board of Directors	

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			Retained earnings	Treasury shares	Total equity
				Foreign currency translation reserve	Actuarial reserve	Total other reserves			
At 1 January 2021 (Audited)	600,000	29,797	15,102	(151)	(7,463)	7,488	212,594	(24,000)	825,879
Profit for the period	-	-	-	-	-	-	81,197	-	81,197
Other comprehensive income for the period	-	-	-	96	-	96	-	-	96
Total comprehensive income for the period	-	-	-	96	-	96	81,197	-	81,293
Transfer to statutory reserve	-	8,120	-	-	-	-	(8,120)	-	-
Dividends	-	-	-	-	-	-	(120,000)	-	(120,000)
Treasury shares	-	-	-	-	-	-	-	(8,000)	(8,000)
Employee share schemes - value of employee services	-	-	2,250	-	-	2,250	-	-	2,250
At 31 March 2021 (Unaudited)	600,000	37,917	17,352	(55)	(7,463)	9,834	165,671	(32,000)	781,422
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	-	-	-	-	-	-	97,507	-	97,507
Other comprehensive income for the period	-	-	-	28	-	28	-	-	28
Total comprehensive income for the period	-	-	-	28	-	28	97,507	-	97,535
Transfer to statutory reserve	-	9,751	-	-	-	-	(9,751)	-	-
Dividends	-	-	-	-	-	-	(146,765)	-	(146,765)
Share option - exercise	-	-	(11,883)	-	-	(11,883)	-	11,883	-
Employee share schemes - value of employee services	-	-	1,501	-	-	1,501	-	-	1,501
At 31 March 2022 (Unaudited)	600,000	79,232	11,469	(243)	(6,176)	5,050	280,663	(20,117)	944,828

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

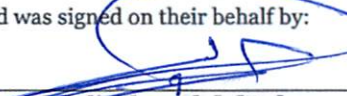
The condensed consolidated interim financial information was approved by the Board of Directors on 27 April 2022 and was signed on their behalf by:


Wael Mohammed Khalil

Chief Financial Officer


Mohammed Galal Ali Fahmy

Managing Director and Chief Executive Officer


Abduljabbar AbdulRahman
Mohammed AlAbduljabbar

Chairman of the Board of Directors

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 three-month period ended 31 March	
		2022 (Unaudited)	2021 (Unaudited)
Cash flows from operating activities			
Profit before zakat and income tax		105,636	87,825
<u>Adjustments for:</u>			
Depreciation of property and equipment		11,097	10,166
Loss on disposal of property and equipment		14	15
Depreciation of right-of-use assets		12,381	11,511
Amortization of intangible assets		3,691	3,103
Employee share schemes - value of employee services		1,501	2,250
Net impairment losses on financial assets		3,618	4,121
Amortization of extended warranty program		(26,420)	(20,181)
Gain on termination of a lease		(908)	-
Finance income from net investment in finance lease		(211)	-
Finance charges		13,504	12,810
Provision for employee benefit obligations		3,182	3,229
<u>Changes in operating assets and liabilities:</u>			
Decrease in net investment in finance lease		626	-
Decrease (increase) in trade and other receivables		7,008	(16,699)
Increase in investment in Islamic financing contracts	6	(61,797)	(97,994)
Increase in inventories		(197,100)	(306,742)
Increase in trade and other payables		65,101	239,029
Increase in deferred revenue from extended warranty program		38,511	29,081
Cash utilised in operations		(20,566)	(38,476)
Employee benefit obligations paid		(1,973)	(3,584)
Finance cost paid		(13,667)	(3,769)
Zakat and income tax paid		-	(58)
Net cash outflow from operating activities		(36,206)	(45,887)
Cash flows from investing activities			
Payments for purchases of property and equipment		(23,146)	(6,919)
Payments for purchases of intangible assets		(1,698)	(1,353)
Proceeds from disposal of property and equipment		173	400
Net cash outflow from investing activities		(24,671)	(7,872)
Cash flows from financing activities			
Proceeds from long-term borrowings	8	35,000	275,000
Repayment of long-term borrowings		(30,937)	(5,000)
Proceeds from short-term borrowings	8	385,000	60,000
Repayment of short-term borrowings		(320,000)	(180,000)
Acquisition of treasury shares		-	(8,000)
Principal elements of lease payments		(24,631)	(25,087)
Net cash inflow from financing activities		44,432	116,913

(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)**

	Note	For the three-month period ended 31 March	
		2022 (Unaudited)	2021 (Unaudited)
Net change in cash and cash equivalents		(16,445)	63,154
Cash and cash equivalents at beginning of period		173,158	184,859
Cash and cash equivalents at end of period		156,713	248,013

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 27 April 2022 and was signed on their behalf by:

**Wael Mohammed Khalil****Chief Financial Officer****Mohammed Galal Ali Fahmy****Managing Director and
Chief Executive Officer****Abduljabbar AbdulRahman
Mohammed AlAbduljabbar****Chairman of the Board of
Directors**

UNITED ELECTRONICS COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial information (Unaudited)
For the three-month period ended 31 March 2022
(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 number 2051029841 dated 10 Jumada II, 1425H (corresponding to 27 July 2004). The shares of the Company were listed on the Saudi Stock 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 Company for Financial Services (“UCFS”)	Kingdom of Saudi Arabia
United International Holding Company (“UIHC”)	Kingdom of Saudi Arabia
Procco Financial Services W.L.L. (“Procco”)	Kingdom of Bahrain
United Electronics Company Extra S.P.C. (“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

As at 31 March 2022, the Group had a total of 52 branches (31 December 2021: 52 branches) out of which 47 branches are in the Kingdom of Saudi Arabia (31 December 2021: 47 branches in the Kingdom of Saudi Arabia).

On 22 February 2022, the Group incorporated a wholly owned subsidiary namely Extra Electronics Company, a limited liability company, incorporated and registered in the Arab Republic of Egypt with a share capital of Egyptian Pounds 50 million divided into 5.0 million shares of Egyptian Pounds 10 per share. The principal activities of eXtra Egypt as per the underlying articles of association include wholesale and retail of electronic devices and related repairs, maintenance and other technical support services.

The accompanying condensed consolidated interim financial information was approved by the Board of Directors on 27 April 2022.

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 2021.

UNITED ELECTRONICS COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial information (Unaudited)
For the three-month period ended 31 March 2022
(All amounts in Saudi Riyals thousands unless otherwise stated)

2 Accounting policies (continued)

2.1 Basis of preparation (continued)

(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 2021.

(c) New standards, amendments to standards and interpretations

There are no new standards applicable to the Group, however, certain amendments to standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amendments to standards.

(d) Standards issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2022 reporting period and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

3 Fair value of assets and liabilities

As at 31 March 2022 and 31 December 2021, the fair values of the Group's financial instruments are estimated to approximate their carrying values since the financial instruments are short-term in nature, carry interest rates which are based on prevailing market interest rates and are expected to be realized at their current carrying values within twelve months from the date of condensed consolidated interim statement of financial position. The fair values of the non-current financial instruments are estimated to approximate their carrying values as these are determined through cash flows discounted using interest rates which are based on prevailing market interest rates.

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. The Company's management has proactively assessed the potential impact of COVID-19 pandemic for any restrictions or disruptions that could adversely effect the Group's supply chain and revenue generating activities that could cause a negative impact on the financial performance. Management has concluded that the Group's critical accounting judgements, estimates and assumptions remain appropriate under the current circumstances for the purpose of preparation of this condensed consolidated interim financial information. Further, management will continue to assess the impact based on prospective developments, if any.

The Group makes estimates and judgements concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There are no significant changes in critical accounting estimates and judgements used by management in the preparation of the condensed consolidated interim financial information from those that were applied and disclosed in the annual consolidated financial statements for the year ended 31 December 2021.

UNITED ELECTRONICS COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial information (Unaudited)
For the three-month period ended 31 March 2022
(All amounts in Saudi Riyals thousands unless otherwise stated)

5 Revenue

	For the three-month period ended 31 March	
	2022	2021
	(Unaudited)	(Unaudited)
Recognized at a point in time		
Retail	998,258	986,189
Wholesale	2,141	6,563
E-commerce	287,388	271,930
	1,287,787	1,264,682
Recognized over time		
Extended warranty program	26,424	20,182
Others	801	327
	27,225	20,509
Income from Islamic financing contracts	96,966	79,136
	1,411,978	1,364,327

6 Investment in Islamic financing contracts

	31 March 2022	31 December 2021
	(Unaudited)	(Audited)
Instalment sales receivables, net	18,585	26,967
Investment in Tawarruq financing contracts, net	885,787	832,644
Investment in Murabaha financing contracts, net	366,835	353,417
	1,271,207	1,213,028
Less: non- current portion	(771,104)	(748,424)
current portion	500,103	464,604

UNITED ELECTRONICS COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial information (Unaudited)
For the three-month period ended 31 March 2022

(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		Total	
	31 March 2022	31 December 2021	31 March 2022	31 December 2021	31 March 2022	31 December 2021	31 March 2022	31 December 2021
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Gross investment in Islamic financing contracts	55,614	66,412	1,378,155	1,314,159	504,562	490,020	1,938,331	1,870,591
Unearned finance and processing fee income	(11,239)	(13,655)	(469,476)	(457,582)	(129,195)	(127,172)	(609,910)	(598,409)
Present value of investment in Islamic financing contracts' ("P.V of I.F.C.")	44,375	52,757	908,679	856,577	375,367	362,848	1,328,421	1,272,182
Allowance for ECL	(25,790)	(25,790)	(22,892)	(23,933)	(8,532)	(9,431)	(57,214)	(59,154)
Net investment in Islamic financing contracts ("Net investment in I.F.C.")	18,585	26,967	885,787	832,644	366,835	353,417	1,271,207	1,213,028
Net investment in I.F.C. - non-current portion	-	-	(641,303)	(616,060)	(129,801)	(132,364)	(771,104)	(748,424)
Net investment in I.F.C. - current portion	18,585	26,967	244,484	216,584	237,034	221,053	500,103	464,604

UNITED ELECTRONICS COMPANY

(A Saudi Joint Stock Company)

Notes to the condensed consolidated interim financial information (Unaudited)

For the three-month period ended 31 March 2022

(All amounts in Saudi Riyals thousands unless otherwise stated)

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		Total	
	31 March 2022 (Unaudited)	31 December 2021 (Audited)	31 March 2022 (Unaudited)	31 December 2021 (Audited)	31 March 2022 (Unaudited)	31 December 2021 (Audited)	31 March 2022 (Unaudited)	31 December 2021 (Audited)
Opening balance	25,790	27,148	23,933	14,735	9,431	5,882	59,154	47,765
Charge (reversal) for the period / year	-	(798)	3,652	19,375	1,030	6,921	4,682	25,498
Recoveries of amounts previously written- off	-	-	(643)	-	(421)	-	(1,064)	-
Net charge for the period/year	-	(798)	3,009	19,375	609	6,921	3,618	25,498
Write-offs during the period / year	-	(560)	(4,050)	(10,177)	(1,508)	(3,372)	(5,558)	(14,109)
Closing balance	25,790	25,790	22,892	23,933	8,532	9,431	57,214	59,154

UNITED ELECTRONICS COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial information (Unaudited)
For the three-month period ended 31 March 2022
(All amounts in Saudi Riyals thousands unless otherwise stated)

6 Investment in Islamic financing contracts (continued)

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

	Installment sales			Tawarruq finance			Murabaha finance			Total		
			Net			Net			Net			
	Allowance	investment		Allowance	investment		Allowance	investment		Allowance	Net investment	
	P.V of I.F.C	for ECL	in I.F.C	P.V of I.F.C	for ECL	in I.F.C	P.V of I.F.C	for ECL	in I.F.C	P.V of I.F.C	for ECL	in I.F.C
31 March 2022 (Unaudited)												
Performing (Stage 1)	6,985	(30)	6,955	860,035	(6,192)	853,843	352,565	(1,742)	350,823	1,219,585	(7,964)	1,211,621
Under-performing (Stage 2)	1,780	(103)	1,677	16,924	(4,728)	12,196	8,165	(1,395)	6,770	26,869	(6,226)	20,643
Non-performing (Stage 3)	35,610	(25,657)	9,953	31,720	(11,972)	19,748	14,637	(5,395)	9,242	81,967	(43,024)	38,943
	44,375	(25,790)	18,585	908,679	(22,892)	885,787	375,367	(8,532)	366,835	1,328,421	(57,214)	1,271,207
	Installment sales			Tawarruq finance			Murabaha finance			Total		
			Net			Net			Net			
	Allowance	investment		Allowance	investment		Allowance	investment		Allowance	Net investment	
	P.V of I.F.C	for ECL	in I.F.C	P.V of I.F.C	for ECL	I.F.C	P.V of I.F.C	for ECL	in I.F.C	P.V of I.F.C	for ECL	in I.F.C
31 December 2021 (Audited)												
Performing (Stage 1)	10,949	(703)	10,246	812,454	(6,019)	806,435	341,694	(1,720)	339,974	1,165,097	(8,442)	1,156,655
Under-performing (Stage 2)	3,865	(768)	3,097	9,814	(2,067)	7,747	5,149	(574)	4,575	18,828	(3,409)	15,419
Non-performing (Stage 3)	37,943	(24,319)	13,624	34,309	(15,847)	18,462	16,005	(7,137)	8,868	88,257	(47,303)	40,954
	52,757	(25,790)	26,967	856,577	(23,933)	832,644	362,848	(9,431)	353,417	1,272,182	(59,154)	1,213,028

UNITED ELECTRONICS COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial information (Unaudited)
For the three-month period ended 31 March 2022
(All amounts in Saudi Riyals thousands unless otherwise stated)

7 Cash and cash equivalents

	31 March 2022	31 December 2021
	(Unaudited)	(Audited)
Cash at bank	144,083	160,749
Cash in hand	12,630	12,409
	156,713	173,158

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.

	31 March 2022	31 December 2021
	(Unaudited)	(Audited)
Long-term borrowings		
Murabaha facilities	679,042	674,979
Short-term borrowings		
Murabaha facilities	75,000	10,000
	754,042	684,979
Accrued finance cost	656	819
	754,698	685,798
Classification of borrowings is presented below:	253,670	82,458
Current portion (including short-term borrowings)	501,028	603,340
Non-current portion	754,698	685,798

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 250.0 million. Each tranche of facility utilization is repayable in 20 quarterly installments commencing 6 months after receipt of the borrowed amount. As at 31 March 2022, UCFS had an outstanding loan balance of Saudi Riyals 224.3 million against this facility (31 December 2021: Saudi Riyals 233.0 million).

Murabaha II

Total amount allocated to UCFS under such facility is Saudi Riyals 50 million. The tenure of the borrowing facility was less than one year, and the amount was settled on 23 February 2021.

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. As at 31 March 2022, UCFS had an outstanding loan balance of Saudi Riyals 369.8 million against this facility (31 December 2021: Saudi Riyals 392.0 million).

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Murabaha IV

Total amount allocated to UCFS under such facility is Saudi Riyals 400 million. Each tranche of facility utilization is repayable in 16 quarterly installments commencing 6 months from receipt of the borrowed amount. As at 31 March 2022, UCFS had an outstanding loan balance of Saudi Riyals 85.0 million against this facility (31 December 2021: Saudi Riyals 50.0 million).

Tawarruq I

Total amount allocated to UCFS under such facility is Saudi Riyals 70 million. The tenure of the borrowing facility was less than one year, and the amount was settled on 18 February 2021.

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 1.1% to 1.4%. Certain credit facility agreements contain financial covenants requiring maintenance of certain financial ratios and other matters, of which the Group was in compliance with at 31 March 2022.

The maturities of the borrowings are as follows:

	31 March 2022	31 December 2021
	(Unaudited)	(Audited)
Less than 6 months	162,931	81,639
Between 6 - 12 months	90,083	85,708
Between 1 and 2 years	180,167	171,417
Between 2 and 5 years	320,861	342,215
Above 5 years	-	4,000
	754,042	684,979

9 Trade and other payables

	Note	31 March 2022	31 December 2021
		(Unaudited)	(Audited)
Trade payables		1,027,337	901,069
Advances from customers		43,382	47,443
Salaries and benefits		35,616	45,513
Accrued expenses		45,995	43,416
Value Added Tax (VAT) payable		-	41,862
Gift cards		22,320	25,088
Due to related parties	11	1,216	818
Dividends payable	14	146,765	-
Others		4,621	10,205
		1,327,252	1,115,414

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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 and Tawarruq financing arrangements (Tas'heel).

The segmental information was as follows:

As at and for the three-month period ended 31 March 2022 (Unaudited)

	Sales and services	Consumer finance	Others	Intersegment eliminations	Total
Revenue					
- At a point in time	1,287,787	-	-	-	1,287,787
- Over time	30,506	94,609	4,640	(5,564)	124,191
	1,318,293	94,609	4,640	(5,564)	1,411,978
Net profit	43,863	53,760	176	(292)	97,507
Total assets	2,615,344	1,314,322	555,021	(611,409)	3,873,278
Total liabilities	2,401,416	779,821	6,060	(258,847)	2,928,450

For the three-month period ended 31 March 2021 (Unaudited)

Revenue					
- At a point in time	1,264,682	-	-	-	1,264,682
- Over time	39,634	61,376	3,793	(5,158)	99,645
	1,304,316	61,376	3,793	(5,158)	1,364,327
Net profit	60,776	20,254	458	(291)	81,197

As at 31 December 2021 (Audited)

	Sales and services	Consumer finance	Others	Intersegment eliminations	Total
Total assets	3,224,873	1,257,586	259,587	(1,093,840)	3,648,206
Total liabilities	2,182,755	776,845	5,460	(309,411)	2,655,649

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

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10 Segmental information (continued)

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 three-month period ended 31 March 2022 (Unaudited)

	Kingdom of Saudi Arabia	Others	Intersegment eliminations	Total
Revenue				
- At a point in time	1,198,091	89,696	-	1,287,787
- Over time	123,370	6,385	(5,564)	124,191
	1,321,461	96,081	(5,564)	1,411,978
Net profit	205,466	(1,104)	(106,855)	97,507
Total assets	4,812,918	265,703	(1,205,343)	3,873,278
Total liabilities	2,991,686	204,220	(267,456)	2,928,450

For the three-month period ended 31 March 2021 (Unaudited)

	Kingdom of Saudi Arabia	Others	Intersegment eliminations	Total
Revenue				
- At a point in time	1,158,296	106,387	-	1,264,683
- Over time	99,563	5,239	(5,158)	99,644
	1,257,859	111,626	(5,158)	1,364,327
Net profit	101,732	8,270	(28,805)	81,197

As at 31 December 2021 (Audited)

	Kingdom of Saudi Arabia	Others	Intersegment eliminations	Total
Total assets	4,488,394	253,652	(1,093,840)	3,648,206
Total liabilities	2,761,793	203,267	(309,411)	2,655,649

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 31 March 2022, Al Fozan Holding Company is the major shareholder of the Company with a shareholding of 29.7% (31 December 2021: 29.7%).

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Related party transactions and balances (continued)

(a) *Following are the significant transactions entered into by the Group with its related parties:*

Nature of transaction	Relationship	For the three-month period ended 31 March	
		2022 (Unaudited)	2021 (Unaudited)
Sales	Major shareholder	35	21
	Associated companies	1,383	82
Purchases	Major shareholder	-	510
	Associated companies	139	124
Rental income	Associated companies	392	337
Rent expense	Associated companies	512	320
Other expenses charged	Associated companies	86	40
Services rendered	Associated companies	-	97

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 31 March	
	2022 (Unaudited)	2021 (Unaudited)
Salaries and other employee benefits	2,812	2,852
Board of Directors' fees	68	12
	2,880	2,864

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11 Related party transactions and balances (continued)

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

	31 March 2022	31 December 2021
	(Unaudited)	(Audited)
United Homeware Company	4,453	2,185
Al Fozan Holding Company	20	22
Retal Urban Development Company	13	24
	4,486	2,231

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

	31 March 2022	31 December 2021
	(Unaudited)	(Audited)
Madar Hardware Company	587	787
Abdullatif / Mohamed Al Fozan	368	-
Madar Building Materials Company	138	-
United Homeware Company	86	-
Al Yassra Trading Company	31	31
Madar Electricity Materials Company	6	-
	1,216	818

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 31 March	
	2022	2021
	(Unaudited)	(Unaudited)
Profit for the period attributable to the shareholders of the Company	97,507	81,197

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

	For the three-month period ended 31 March	
	2022	2021
Weighted average number of ordinary shares used in calculating basic earnings per share	58,706	57,518
Adjustment of treasury shares	1,294	2,482
Weighted average number of ordinary shares used in calculating diluted earnings per share	60,000	60,000

Earnings per share (Saudi Riyals)

Basic earnings per share	1.66	1.41
Diluted earnings per share	1.63	1.35

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13 Contingencies and capital commitments

	31 March 2022 (Unaudited)	31 December 2021 (Audited)
Letters of credit and guarantee	632,000	563,700
Commitments for the acquisition of property and equipment	4,510	7,100

14 Dividends

The Company's Board of Directors, in their meeting held on 7 March 2022, resolved to distribute cash dividends of Saudi Riyals 2.5 per share, amounting to Saudi Riyals 150.0 million, for the second half of the year ended 31 December 2021 (2021: Saudi Riyals 120.0 million for the second half of the year ended 31 December 2020).

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

15 Comparative figures

Certain amounts in the comparative condensed consolidated interim statement of profit or loss and other comprehensive income for the three-month ended 31 March 2021 have been appropriately presented to conform to the presentation for the three-month period ended 31 March 2022.

These include the presentation of net impairment losses on financial assets, amounting to Saudi Riyals 4.1 million, zakat expense amounting to Saudi Riyals 6.6 million and income tax expense amounting to Saudi Riyals Nil, for the three-month period ended 31 March 2021, respectively, as separate line items on the condensed consolidated interim statement of profit or loss and other comprehensive income. These reclassification restatements have had no impact on the gross profit, profit before zakat and income tax, net profit for the period or basic and diluted earnings per share for the three-month period ended 31 March 2021, the condensed consolidated interim statement of financial position as at 31 December 2021 and the condensed consolidated interim statements of changes in equity and cash flows for the three-month period ended 31 March 2021.