

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

**CONDENSED CONSOLIDATED INTERIM FINANCIAL
INFORMATION (UNAUDITED)
FOR THE THREE-MONTH AND SIX-MONTH
PERIODS ENDED 30 JUNE 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 and six-month periods ended 30 June 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 30 June 2022 and the related condensed consolidated statement of profit or loss and other comprehensive income for the three-month and six-month periods then ended and the condensed consolidated interim statements of changes in equity and cash flows for the six-month period ended 30 June 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

A handwritten signature in blue ink, appearing to read 'Ali A. Alotaibi', is written over a faint, light blue grid background.

Ali A. Alotaibi
License number 379

8 August 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 30 June		For the six-month period ended 30 June	
		2022 (Unaudited)	2021 (Unaudited)	2022 (Unaudited)	2021 (Unaudited)
Revenues	5	1,700,414	1,328,787	3,112,392	2,693,114
Cost of revenues		(1,379,518)	(1,038,997)	(2,501,326)	(2,143,114)
Gross profit		320,896	289,790	611,066	550,000
Selling and distribution expenses		(143,951)	(134,438)	(277,398)	(258,439)
General and administrative expenses		(45,467)	(38,914)	(84,950)	(74,853)
Net impairment losses on financial assets	6	(7,239)	(8,318)	(10,857)	(12,439)
Other expenses		(441)	(1,981)	(1,081)	(2,132)
Other income		19,432	11,178	21,907	12,465
Finance charges		(11,608)	(9,363)	(21,429)	(18,823)
Profit before zakat and income tax		131,622	107,954	237,258	195,779
Zakat expense		(7,913)	(5,505)	(16,042)	(12,133)
Income tax credit (expense)		3,411	(1,950)	3,411	(1,950)
Net profit for the period		127,120	100,499	224,627	181,696
Other comprehensive income					
<i>Item that may be reclassified to profit or loss:</i>					
Exchange differences on translation of foreign operations		102	(99)	130	(3)
Total comprehensive income for the period		127,222	100,400	224,757	181,693
Earnings per share					
Basic earnings per share	12	2.16	1.75	3.83	3.16
Diluted earnings per share	12	2.12	1.67	3.74	3.03

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

The condensed consolidated interim financial information was authorized for issue by the Board of Directors on 8 August 2022 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 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Assets			
Non-current assets			
Property and equipment		471,642	447,102
Right-of-use assets		418,387	423,769
Net investment in finance lease		38,220	10,988
Intangible assets		50,866	54,850
Goodwill		529	529
Deferred tax assets		2,679	-
Trade and other receivables		2,048	4,898
Investment in Islamic financing contracts	6	781,015	748,424
Total non-current assets		1,765,386	1,690,560
Current assets			
Inventories		1,352,297	1,202,517
Trade and other receivables		114,566	116,719
Net investment in finance lease		842	648
Investment in Islamic financing contracts	6	558,821	464,604
Cash and cash equivalents	7	136,401	173,158
Total current assets		2,162,927	1,957,646
Total assets		3,928,313	3,648,206
Equity and liabilities			
Equity			
Share capital		600,000	600,000
Statutory reserve		91,944	69,481
Other reserves		6,652	15,404
Retained earnings		395,071	339,672
Treasury shares	1	(20,117)	(32,000)
Total equity		1,073,550	992,557
Liabilities			
Non-current liabilities			
Deferred revenue from extended warranty program		118,192	108,808
Lease liabilities		506,291	519,061
Borrowings	8	550,847	603,340
Deferred tax liabilities		-	1,243
Employee benefit obligations		77,091	73,875
Total non-current liabilities		1,252,421	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 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Current liabilities			
Trade and other payables	9	994,417	1,115,414
Deferred revenue from extended warranty program		100,060	86,349
Lease liabilities		43,365	32,984
Borrowings	8	442,639	82,458
Zakat and income tax		21,861	32,117
Total current liabilities		1,602,342	1,349,322
Total liabilities		2,854,763	2,655,649
Total equity and liabilities		3,928,313	3,648,206


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

The condensed consolidated interim financial information was authorized for issue by the Board of Directors on 8 August 2022 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)

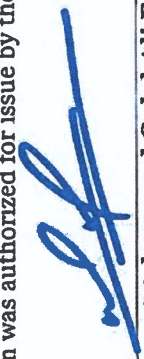
Note	Share capital	Statutory reserve	Share based payment reserve	Other reserves			Retained earnings	Treasury shares	Total equity
				Foreign currency translation reserve	Actuarial reserve	Total other reserves			
At 1 January 2021 (Audited)	600,000	29,797	15,102	(151)	(7,463)	7,488	212,594	(24,000)	825,879
Profit for the period	-	-	-	-	-	-	181,696	-	181,696
Other comprehensive loss for the period	-	-	-	(3)	-	(3)	-	-	(3)
Total comprehensive income for the period	-	-	-	(3)	-	(3)	181,696	-	181,693
Transfer to statutory reserve	-	18,170	-	-	-	-	(18,170)	-	-
Dividends	-	-	-	-	-	-	(115,036)	-	(115,036)
Treasury shares	-	-	-	-	-	-	-	(8,000)	(8,000)
Employee share schemes - value of employee services	-	-	3,750	-	-	3,750	-	-	3,750
At 30 June 2021 (Unaudited)	600,000	47,967	18,852	(154)	(7,463)	11,235	261,084	(32,000)	888,286
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	-	-	-	-	-	-	224,627	-	224,627
Other comprehensive income for the period	-	-	-	130	-	130	-	-	130
Total comprehensive income for the period	-	-	-	130	-	130	224,627	-	224,757
Transfer to statutory reserve	-	22,463	-	-	-	-	(22,463)	-	-
Dividends	-	-	-	-	-	-	(146,765)	-	(146,765)
Treasury shares	-	-	(11,883)	-	-	(11,883)	-	11,883	-
Employee share schemes - value of employee services	-	-	3,001	-	-	3,001	-	-	3,001
At 30 June 2022 (Unaudited)	600,000	91,944	12,969	(141)	(6,176)	6,652	395,071	(20,117)	1,073,550

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

The condensed consolidated interim financial information was authorized for issue by the Board of Directors on 8 August 2022 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 six-month period ended 30 June	
		2022 (Unaudited)	2021 (Unaudited)
Cash flows from operating activities			
Profit before zakat and income tax		237,258	195,779
<u>Adjustments for:</u>			
Depreciation of property and equipment		22,572	20,527
Amortization of intangible assets		7,279	6,310
Depreciation of right-of-use assets		26,287	23,024
Net impairment losses on financial assets	6	10,857	12,439
Amortization of extended warranty program		(57,321)	(41,850)
Gain on termination of a lease		(1,437)	(10,952)
Finance income from net investment in finance lease		(1,007)	-
Employee share schemes - value of employee services		3,001	3,750
Loss on disposal of property and equipment		73	26
Gain on recognition of net investment in finance lease		(15,921)	-
Finance charges		29,874	18,823
Provision for employee benefit obligations		7,001	8,944
<u>Changes in operating assets and liabilities:</u>			
Decrease in trade and other receivables		5,003	4,924
Increase in investment in Islamic financing contracts		(137,665)	(233,303)
Increase in inventories		(149,780)	(136,541)
Decrease in trade and other payables		(120,867)	(62,626)
Increase in deferred revenue from extended warranty program		80,414	56,714
Cash utilized in operations		(54,379)	(134,012)
Employee benefit obligations paid		(3,785)	(6,008)
Finance income received		1,007	-
Finance cost paid		(28,435)	(3,841)
Zakat and income tax paid		(26,807)	(17,149)
Net cash outflow from operating activities		(112,399)	(161,010)
Cash flows from investing activities			
Payments for purchases of property and equipment		(47,514)	(15,808)
Payments for purchases of intangible assets		(3,295)	(4,038)
Proceeds from disposal of property and equipment		329	469
Net cash outflow from investing activities		(50,480)	(19,377)
Cash flows from financing activities			
Proceeds from long-term borrowings		339,000	330,000
Repayment of long-term borrowings		(306,916)	(11,667)
Proceeds from short-term borrowings		1,014,165	325,000
Repayment of short-term borrowings		(740,000)	(355,000)
Dividends paid to the Company's shareholders		(146,765)	(115,036)
Acquisition of treasury shares		-	(8,000)
Principal elements of lease payments		(33,362)	(40,181)
Net cash inflow from financing activities		126,122	125,116



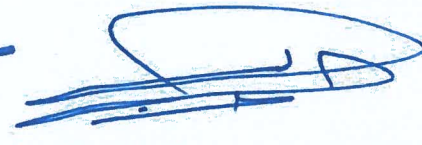
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UNITED ELECTRONICS COMPANY
(A Saudi Joint Stock Company)
Condensed consolidated interim statement of cash flows (continued)
 (All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	For the six-month period ended 30 June	
		2022 (Unaudited)	2021 (Unaudited)
Net change in cash and cash equivalents		(36,757)	(55,271)
Cash and cash equivalents at beginning of period		173,158	184,762
Cash and cash equivalents at end of period	7	136,401	129,491
Non-cash financing activities:			
Right-of-use assets recorded against lease liabilities		<u>41,315</u>	-
Reversal of right-of-use assets on termination of a lease and other adjustments		<u>21,847</u>	31,565
Recognition of net investment in finance lease		<u>27,426</u>	-
Reversal of lease liabilities on termination of a lease		<u>8,905</u>	42,517
Transfers from capital work in progress to intangible assets		-	<u>52,390</u>

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

The condensed consolidated interim financial information was authorized for issue by the Board of Directors on 8 August 2022 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)

Notes to the condensed consolidated interim financial information (Unaudited)

For the three-month and six-month periods ended 30 June 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 (“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 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 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

As at 30 June 2022, the Group had a total of 53 branches (31 December 2021: 52 branches) out of which 48 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.

During the six-month period ended 30 June 2022, certain employees of the Company exercised their options awarded under the Group’s Employees’ Stock Option Program (ESOP) during 2018 and purchased 1.2 million shares of the Company at an average exercise price of Saudi Riyals 40.04 per share. The Group settled such obligations under the ESOP by utilizing the treasury shares held.

The accompanying condensed consolidated interim financial information was approved by the Board of Directors on 8 August 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.

UNITED ELECTRONICS COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial information (Unaudited)
For the three-month and six-month periods ended 30 June 2022
(All amounts in Saudi Riyals thousands unless otherwise stated)

2 Accounting policies (continued)

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.

(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 30 June 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 30 June 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.

UNITED ELECTRONICS COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial information (Unaudited)
For the three-month and six-month periods ended 30 June 2022
(All amounts in Saudi Riyals thousands unless otherwise stated)

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.

5 Revenue

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)	2022 (Unaudited)	2021 (Unaudited)
Recognized at a point in time				
Retail	1,308,108	942,009	2,306,366	1,928,198
Wholesale	3,081	2,914	5,222	9,477
E-commerce	259,832	276,619	547,220	548,549
	1,571,021	1,221,542	2,858,808	2,486,224
Recognized over time				
Extended warranty program	30,897	18,734	57,321	38,916
Others	542	1,335	1,343	1,662
	31,439	20,069	58,664	40,578
Income from Islamic financing contracts	97,954	87,176	194,920	166,312
	1,700,414	1,328,787	3,112,392	2,693,114

6 Investment in Islamic financing contracts

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Instalment sales receivables, net	10,904	26,967
Investment in Tawarruq financing contracts, net	943,165	832,644
Investment in Murabaha financing contracts, net	385,767	353,417
	1,339,836	1,213,028
Less: non - current portion	(781,015)	(748,424)
Current portion	558,821	464,604

UNITED ELECTRONICS COMPANY
(A Saudi Joint Stock Company)

Notes to the condensed consolidated interim financial information (Unaudited)
For the three-month and six-month periods ended 30 June 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	
	30 June 2021	30 June 2022	30 June 2021	30 June 2022	30 June 2021	30 June 2022	30 June 2021	30 June 2022
	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Audited)
Gross investment in Islamic financing contracts	46,703	1,452,715	1,314,159	521,712	490,020	2,021,130	1,870,591	1,870,591
Unearned finance and processing fee income	(10,009)	(482,942)	(457,582)	(130,197)	(127,172)	(623,148)	(598,409)	(598,409)
Present value of Islamic financing contracts' receivables ("P.V of I.F.C.")	36,694	969,773	856,577	391,515	362,848	1,397,982	1,272,182	1,272,182
Allowance for ECL	(25,790)	(26,608)	(23,933)	(5,748)	(9,431)	(58,146)	(59,154)	(59,154)
Net investment in Islamic financing contracts ("Net investment in I.F.C.")	10,904	943,165	832,644	385,767	353,417	1,339,836	1,213,028	1,213,028
Net investment in I.F.C.	-	(653,161)	(616,059)	(127,854)	(132,365)	(781,015)	(748,424)	(748,424)
- non-current portion								
Net investment in I.F.C.	10,904	290,004	216,585	257,913	221,052	558,821	464,604	464,604
- current portion								

UNITED ELECTRONICS COMPANY
(A Saudi Joint Stock Company)

Notes to the condensed consolidated interim financial information (Unaudited)
For the three-month and six-month periods ended 30 June 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	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021	30 June 2022	31 December 2021	30 June 2022	31 December 2021
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)	12,816	19,375	597	6,921	13,413	25,498
Recoveries of amounts previously written - off	-	-	(1,654)	-	(902)	-	(2,556)	-
Net (reversal) charge for the period/year	-	(798)	11,162	19,375	(305)	6,921	10,857	25,498
Write-offs during the period / year	-	(560)	(8,487)	(10,177)	(3,378)	(3,372)	(11,865)	(14,109)
Closing balance	25,790	25,790	26,608	23,933	5,748	9,431	58,146	59,154

UNITED ELECTRONICS COMPANY
(A Saudi Joint Stock Company)

Notes to the condensed consolidated interim financial information (Unaudited)

For the three-month and six-month periods ended 30 June 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:

30 June 2022 (Unaudited)	Installment sales		Tawarruq finance		Murabaha finance		Total					
	P.V of I.F.C.	Allowance for ECL	Net investment in I.F.C.	Allowance for ECL	Net investment in I.F.C.	Allowance for ECL	Net investment in I.F.C.	Allowance for ECL				
Performing (Stage 1) Under-	2,988	(12)	2,976	911,732	(6,308)	905,424	366,958	(957)	366,001	1,281,678	(7,277)	1,274,401
performing (Stage 2)	977	(55)	922	22,359	(5,371)	16,988	9,678	(850)	8,828	33,014	(6,276)	26,738
Non-performing (Stage 3)	32,729	(25,723)	7,006	35,682	(14,929)	20,753	14,879	(3,941)	10,938	83,290	(44,593)	38,697
	<u>36,694</u>	<u>(25,790)</u>	<u>10,904</u>	<u>969,773</u>	<u>(26,608)</u>	<u>943,165</u>	<u>391,515</u>	<u>(5,748)</u>	<u>385,767</u>	<u>1,397,982</u>	<u>(58,146)</u>	<u>1,339,836</u>
31 December 2021 (Audited)	Installment sales		Tawarruq finance		Murabaha finance		Total					
	P.V of I.F.C.	Allowance for ECL	Net investment in I.F.C.	Allowance for ECL	Net investment in I.F.C.	Allowance for ECL	Net investment in I.F.C.	Allowance for ECL				
Performing (Stage 1) Under-	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
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
	<u>52,757</u>	<u>(25,790)</u>	<u>26,967</u>	<u>856,577</u>	<u>(23,933)</u>	<u>832,644</u>	<u>362,848</u>	<u>(9,431)</u>	<u>353,417</u>	<u>1,272,182</u>	<u>(59,154)</u>	<u>1,213,028</u>

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7 Cash and cash equivalents

	30 June 2022	31 December 2021
	(Unaudited)	(Audited)
Cash at bank	125,115	160,749
Cash in hand	11,286	12,409
	136,401	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.

	30 June 2022	31 December 2021
	(Unaudited)	(Audited)
Long-term borrowings		
Murabaha facilities	707,063	674,979
Short-term borrowings		
Murabaha facilities	284,165	10,000
Accrued finance cost	991,228	684,979
	2,258	819
	993,486	685,798

Classification of borrowings is presented below:

Current portion (including short-term borrowings)	442,639	82,458
Non-current portion	550,847	603,340
	993,486	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 30 June 2022, UCFS had an outstanding loan balance of Saudi Riyals 211.5 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 in 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. During the period ended 30 June 2022, UCFS has made early repayment of borrowings amounting to Saudi Riyals 254.2 million. As at 30 June 2022, UCFS had an outstanding loan balance of Saudi Riyals 106.6 million against this facility (31 December 2021: Saudi Riyals 392.0 million).

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8 Borrowings (continued)

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 30 June 2022, UCFS had an outstanding loan balance of Saudi Riyals 389 million against this facility (31 December 2021: Saudi Riyals 50.0 million).

Tawaruq 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 in 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 30 June 2022.

Short term borrowings (Murabaha)

During the period ended 30 June 2022, the Group has availed short term borrowing facilities with certain local commercial banks for working capital management. Total amount allocated 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.

The contractual maturities of the borrowings are as follows:

	30 June 2022	31 December 2021
	(Unaudited)	(Audited)
Less than 6 months	350,116	81,639
Between 6 - 12 months	90,265	85,708
Between 1 and 2 years	180,530	171,417
Between 2 and 5 years	346,004	342,215
Above 5 years	24,313	4,000
	991,228	684,979

9 Trade and other payables

	Note	30 June 2022	31 December 2021
		(Unaudited)	(Audited)
Accounts payable		787,999	901,069
Advances from customers		36,689	47,443
Accruals for employees		24,762	45,513
Accrued expenses		46,478	43,416
Value added tax payable		61,488	41,862
Gift cards		23,634	25,088
Due to related parties	11	1,470	818
Others		11,897	10,205
		994,417	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 six-month period ended 30 June 2022 (Unaudited)

	Sales and services	Consumer finance	Others	Intersegment eliminations	Total
Revenue					
- At a point in time	2,858,803	-	-	-	2,858,803
- Over time	64,078	191,358	9,633	(11,480)	253,589
	2,922,881	191,358	9,633	(11,480)	3,112,392
Net profit	125,941	98,874	396	(584)	224,627
Total assets	2,597,721	1,380,691	600,816	(650,915)	3,928,313
Total liabilities	2,296,912	801,071	11,153	(254,373)	2,854,763

For the six-month period ended 30 June 2021 (Unaudited)

Revenue					
- At a point in time	2,483,291	-	-	-	2,483,291
- Over time	78,477	133,073	7,588	(9,315)	209,823
	2,561,768	133,073	7,588	(9,315)	2,693,114
Net profit	136,041	45,645	594	(584)	181,696

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 six-month period ended 30 June 2022 (Unaudited)

	Kingdom of Saudi Arabia	Others	Intersegment eliminations	Total
Revenue				
- At a point in time	2,670,937	187,866	-	2,858,803
- Over time	251,898	13,171	(11,480)	253,589
	2,922,835	201,037	(11,480)	3,112,392
Net profit	423,310	645	(199,328)	224,627
Total assets	4,942,764	281,055	(1,295,506)	3,928,313
Total liabilities	2,902,174	217,774	(265,185)	2,854,763

For the six-month period ended 30 June 2021 (Unaudited)

	Kingdom of Saudi Arabia	Others	Intersegment eliminations	Total
Revenue				
- At a point in time	2,268,462	214,829	-	2,483,291
- Over time	208,572	10,566	(9,315)	209,823
	2,477,034	225,395	(9,315)	2,693,114
Net profit	227,899	12,999	(59,202)	181,696

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 30 June 2022, Al Fozan Holding Company is the major shareholder of the Company with a shareholding of 24.7% (31 December 2021: 29.7%).

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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:*

Nature of transaction	Relationship	For the three-month period ended 30 June		For the six-month period ended 30 June	
		2022	2021	2022	2021
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Sales	Major shareholder	70	34	105	55
	Associated Companies	621	39	2,004	121
Purchases (returns)	Associated Companies	494	(67)	633	567
Rental income	Associated Companies	391	392	783	729
Acquisition of property and equipment	Associated Companies	21	-	21	-
Rent expense	Associated Companies	511	485	1,023	805
Other expenses charged	Associated Companies	105	145	191	184

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 June		For the six-month period ended 30 June	
	2022	2021	2022	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Salaries and other employee benefits	2,730	2,755	5,542	5,607
Board of Directors' fees	103	38	171	50
	2,833	2,793	5,713	5,657

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11 Related party transactions and balances (continued)

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

	30 June 2022	31 December 2021
	(Unaudited)	(Audited)
United Homeware Company	1,046	2,185
Al Fozan Holding Company	36	22
Retal Urban Development Company	28	24
	1,110	2,231

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

	30 June 2022	31 December 2021
	(Unaudited)	(Unaudited)
Madar Hardware Company	618	787
United Homeware Company	325	-
Al Yassra Trading Co.	31	31
Abdul Latif Mohammed Al Fozan	496	-
	1,470	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 30 June		For the six-month period ended 30 June	
	2022	2021	2022	2021
Profit for the period attributable to the shareholders of the Company	127,120	100,499	224,627	181,696

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

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2022	2021	2022	2021
Weighted average number of ordinary shares used in calculating basic earnings per share	58,720,618	57,518,216	58,720,618	57,518,216
Adjustment for treasury shares	1,279,382	2,481,784	1,279,382	2,481,784
Weighted average number of ordinary shares used in calculating diluted earnings per share	60,000,000	60,000,000	60,000,000	60,000,000

Earnings per share (Saudi Riyals)

Basic earnings per share	2.16	1.75	3.83	3.16
Diluted earnings per share	2.12	1.67	3.74	3.03

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13 Contingencies and capital commitments

	30 June 2022	31 December 2021
	(Unaudited)	(Unaudited)
Letters of credit and guarantee	<u>755,604</u>	<u>563,700</u>
Commitments for the acquisition of property and equipment	<u>4,510</u>	<u>7,100</u>

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). Such dividends were also approved by the shareholders of the Company in their general assembly meeting held on 12 May 2022.

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

15 Subsequent events

Subsequent to 30 June 2022, the Board of Directors in their meeting held on 8 August 2022 have resolved to:

- distribute cash dividends of Saudi Riyals 2.5 per share, amounting to Saudi Riyals 150.0 million, for the first half of the year ending 31 December 2022.
- recommend to the shareholders to increase the share capital of the Company from Saudi Riyals 600 million to Saudi Riyals 800 million, through issuance of 20 million bonus shares of which 3.2 million shares to be allocated to the Company for fulfilling its obligations under the employee share option program. The proposed increase in share capital will require regulatory and shareholders' approval which the Company expects to obtain in due course.