

**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  
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 nine-month periods ended 30 September 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 September 2022 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 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

30 October 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 September		For the nine-month period ended 30 September	
		2022 (Unaudited)	2021 (Unaudited)	2022 (Unaudited)	2021 (Unaudited)
Revenues	5	1,372,712	1,373,104	4,485,104	4,066,218
Cost of revenues		(1,072,498)	(1,092,932)	(3,573,824)	(3,236,046)
<b>Gross profit</b>		<b>300,214</b>	<b>280,172</b>	<b>911,280</b>	<b>830,172</b>
Selling and distribution expenses		(140,265)	(131,789)	(417,663)	(390,228)
General and administrative expenses		(44,765)	(37,668)	(129,715)	(112,521)
Net impairment losses on financial assets	6	(12,307)	(8,809)	(23,164)	(21,249)
Other expenses		(1,246)	(12)	(2,327)	(2,144)
Other income		15,391	3,072	37,298	15,537
Finance charges		(12,684)	(9,318)	(34,113)	(28,141)
<b>Profit before zakat and income tax</b>		<b>104,338</b>	<b>95,648</b>	<b>341,596</b>	<b>291,426</b>
Zakat expense		(10,179)	(6,038)	(26,221)	(18,171)
Income tax credit (expense)		-	(612)	3,411	(2,562)
<b>Net profit for the period</b>		<b>94,159</b>	<b>88,998</b>	<b>318,786</b>	<b>270,693</b>
<b>Other comprehensive income</b>					
<i>Items that may be reclassified to profit or loss:</i>					
Exchange differences on translation of foreign operations		(4)	23	126	21
<b>Total comprehensive income for the period</b>		<b>94,155</b>	<b>89,021</b>	<b>318,912</b>	<b>270,714</b>
<b>Earnings per share</b>					
Basic earnings per share	12	1.60	1.55	5.43	4.71
Diluted earnings per share	12	1.57	1.48	5.31	4.51

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 October 2022 and was signed on their behalf by:

		
<b>Wael Mohammed Mohammed Khalil Chief Financial Officer</b>	<b>Mohammed Galal Ali Fahmy Chief Executive Officer</b>	<b>Abduljabbar AbdulRahman Mohammed AlAbduljabbar Chairman</b>

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

	As at 30 September 2022	As at 31 December 2021
Note	(Unaudited)	(Audited)
<b>Assets</b>		
<b>Non-current assets</b>		
Property and equipment	479,539	447,102
Right-of-use assets	403,271	423,769
Net investment in finance lease	46,699	10,988
Intangible assets	48,771	54,850
Goodwill	529	529
Deferred tax assets	2,678	-
Trade and other receivables	4,147	4,898
Investment in Islamic financing contracts	839,706	748,424
<b>Total non-current assets</b>	<b>1,825,340</b>	<b>1,690,560</b>
<b>Current assets</b>		
Inventories	1,250,798	1,202,517
Trade and other receivables	131,804	116,719
Net investment in finance lease	1,976	648
Investment in Islamic financing contracts	618,286	464,604
Cash and cash equivalents	147,779	173,158
<b>Total current assets</b>	<b>2,150,643</b>	<b>1,957,646</b>
<b>Total assets</b>	<b>3,975,983</b>	<b>3,648,206</b>
<b>Equity and liabilities</b>		
<b>Equity</b>		
Share capital	600,000	600,000
Statutory reserve	101,360	69,481
Other reserves	8,148	15,404
Retained earnings	333,012	339,672
Treasury shares	(20,117)	(32,000)
<b>Total equity</b>	<b>1,022,403</b>	<b>992,557</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Deferred revenue from extended warranty program	121,127	108,808
Lease liabilities	526,315	519,061
Borrowings	422,750	603,340
Deferred tax liabilities	-	1,243
Employee benefit obligations	79,007	73,875
<b>Total non-current liabilities</b>	<b>1,149,199</b>	<b>1,306,327</b>




(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 2022 (Unaudited)	As at 31 December 2021 (Audited)
<b>Current liabilities</b>			
Trade and other payables	9	931,756	1,115,414
Deferred revenue from extended warranty program		105,824	86,349
Lease liabilities		26,444	32,984
Borrowings	8	708,317	82,458
Zakat and income tax		32,040	32,117
<b>Total current liabilities</b>		<b>1,804,381</b>	<b>1,349,322</b>
<b>Total liabilities</b>		<b>2,953,580</b>	<b>2,655,649</b>
<b>Total equity and liabilities</b>		<b>3,975,983</b>	<b>3,648,206</b>

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 October 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					Total equity
					Foreign currency translation reserve	Actuarial reserve	Total other reserves	Retained earnings	Treasury shares	
<b>At 1 January 2021 (Audited)</b>		600,000	29,797	15,102	(151)	(7,463)	7,488	212,594	(24,000)	825,879
Profit for the period		-	-	-	-	-	-	270,693	-	270,693
Other comprehensive income for the period		-	-	-	21	-	21	-	-	21
<b>Total comprehensive income for the period</b>		-	-	-	21	-	21	270,693	-	270,714
Transfer to statutory reserve		-	27,069	-	-	-	-	(27,069)	-	-
Dividends	14	-	-	-	-	-	-	(230,073)	-	(230,073)
Treasury shares	1	-	-	-	-	-	-	-	(8,000)	(8,000)
Employee share schemes - value of employee services		-	-	5,250	-	-	5,250	-	-	5,250
<b>At 30 September 2021 (Unaudited)</b>		600,000	56,866	20,352	(130)	(7,463)	12,759	226,145	(32,000)	863,770
<b>At 1 January 2022 (Audited)</b>		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
<b>Total comprehensive income for the period</b>		-	-	-	126	-	126	318,786	-	318,912
Transfer to statutory reserve		-	31,879	-	-	-	-	(31,879)	-	-
Dividends	14	-	-	-	-	-	-	(293,567)	-	(293,567)
Treasury shares	1	-	-	(11,883)	-	-	(11,883)	-	11,883	-
Employee share schemes - value of employee services		-	-	4,501	-	-	4,501	-	-	4,501
<b>At 30 September 2022 (Unaudited)</b>		600,000	101,360	14,469	(145)	(6,176)	8,148	333,012	(20,117)	1,022,403

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 October 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**  
**Abduljabbar**  
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	
		2022 (Unaudited)	2021 (Unaudited)
<b>Cash flows from operating activities</b>			
Profit before zakat and income tax		341,596	291,426
<u>Adjustments for:</u>			
Depreciation of property and equipment		34,154	30,884
Property and equipment written off		361	-
Loss on disposal of property and equipment		760	26
Amorisation of extended warranty program		(82,765)	(64,808)
Amortization of intangible assets		10,373	9,759
Depreciation of right-of-use assets		41,338	34,552
Gain on sub-lease		(13,635)	-
Intangible assets written off		-	72
Employee share schemes - value of employee services		4,501	5,250
Finance income from net investment in finance lease		(1,662)	-
Net impairment losses on financial assets	6	23,164	21,249
Gain on termination of a lease		(6,502)	(10,952)
Finance charges		50,636	28,141
Provision for employee benefit obligations		10,453	12,117
<u>Changes in operating assets and liabilities:</u>			
Increase in trade and other receivables		(14,334)	(25,923)
Increase in investment in Islamic financing contracts		(268,128)	(317,973)
Increase in inventories		(48,281)	(239,621)
(Decrease) increase in trade and other payables		(183,532)	133,492
Increase in deferred revenue from extended warranty program		114,559	87,287
Cash generated from (utilized in) operations		13,056	(5,022)
Employee benefit obligations paid		(5,321)	(10,220)
Finance income received		1,008	-
Finance cost paid		(49,303)	(35,325)
Zakat and income tax paid		(26,808)	(17,147)
<b>Net cash outflow from operating activities</b>		<b>(67,368)</b>	<b>(67,714)</b>
<b>Cash flows from investing activities</b>			
Payments for purchases of property and equipment		(67,749)	(25,719)
Payments for purchases of intangible assets		(4,294)	(8,343)
Proceeds from disposal of property and equipment		37	490
<b>Net cash outflow from investing activities</b>		<b>(72,006)</b>	<b>(33,572)</b>
<b>Cash flows from financing activities</b>			
Proceeds from long-term borrowings		545,000	410,000
Repayment of long-term borrowings		(451,229)	(1,040,000)
Proceeds from short-term borrowings		1,404,165	1,285,000
Repayment of short-term borrowings		(1,054,000)	(26,834)
Dividends paid to the Company's shareholders		(293,567)	(230,073)
Acquisition of treasury shares		-	(8,000)
Principal elements of lease payments		(36,374)	(37,919)
<b>Net cash inflow from financing activities</b>		<b>113,995</b>	<b>352,174</b>

(Continued)


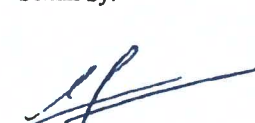



**UNITED ELECTRONICS COMPANY**  
**(A Saudi Joint Stock Company)**  
**Condensed consolidated interim statement of cash flows** (continued)  
 (All amounts in Saudi Riyals thousands unless otherwise stated)

	For the nine-month period ended 30 September	
	2022 (Unaudited)	2021 (Unaudited)
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(25,379)</b>	<b>250,888</b>
Cash and cash equivalents at beginning of period	173,158	184,763
<b>Cash and cash equivalents at end of period</b>	<b>147,779</b>	<b>435,651</b>
<b>Non-cash investing and financing activities:</b>		
Right-of-use assets recorded against lease liabilities	<u>39,639</u>	<u>3,466</u>
Reversal of right-of-use assets on termination of a lease and other adjustments	<u>41,327</u>	<u>-</u>
Recognition of net investment in finance lease	<u>36,385</u>	<u>-</u>
Reversal of lease liabilities on termination of a lease	<u>25,079</u>	<u>52</u>
Remeasurement of lease liability	<u>22,528</u>	<u>-</u>
Transfer from capital work in progress to intangible assets	<u>-</u>	<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 approved by the Board of Directors on 27 October 2022 and was signed on their behalf by:

 <b>Wael Mohammed Mohammed Khalil</b> <b>Chief Financial Officer</b>	 <b>Mohammed Galal Ali Fahmy</b> <b>Chief Executive Officer</b>	 <b>Abduljabbar AbdulRahman Mohammed AlAbduljabbar</b> <b>Chairman</b>
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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 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.

<b>Subsidiaries</b>	<b>Country of incorporation</b>
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 2022, the Group had a total of 53 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).

During the nine-months period ended 30 September 2022, the Group incorporated the following wholly owned subsidiaries which had not commenced commercial activities as at 30 September 2022:

- eXtra Egypt- A limited liability company, incorporated and registered in the Arab Republic of Egypt, with a share capital of Egyptian Pounds 50 million (equivalent to Saudi Riyals 9.6 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.
- eXtra Import - A limited liability company, incorporated and registered in the Arab Republic of Egypt, with a share capital of Egyptian Pounds 2 million (equivalent to Saudi Riyals 0.4 million) divided into 0.2 million shares of Egyptian Pounds 10 per share. The principal activities of eXtra Egypt as per the underlying articles of association include import and export, wholesale and retail of electronic devices.

During the nine-month period ended 30 September 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 Company’s Board of Directors in their meeting held on 8 August 2022 recommended to the shareholders to increase the share capital of the Company from Saudi Riyals 600 million to Saudi Riyals 800 million, by utilizing retained earnings and statutory reserves amounting to Saudi Riyals 140 million and Saudi Riyals 60 million respectively, 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. Subsequent to 30 September 2022, the shareholders in their extraordinary general assembly meeting held on 5 October 2022 have approved such recommendation.

The accompanying condensed consolidated interim financial information was approved by the Company’s Board of Directors on 27 October 2022.

**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 2022**  
(All amounts in Saudi Riyals thousands unless otherwise stated)

## **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.

#### *(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 September 2022 reporting periods 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.

### **2.2 Islamic credit card receivables**

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

## **3 Fair value of assets and liabilities**

As at 30 September 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 nine-month periods ended 30 September 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 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**

	<b>For the three-month period ended 30 September</b>		<b>For the nine-month period ended 30 September</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Recognized at a point in time</b>				
Retail	<b>988,563</b>	973,268	<b>3,294,929</b>	2,901,466
Wholesale	<b>2,533</b>	6,428	<b>7,755</b>	15,905
E-commerce	<b>241,746</b>	281,417	<b>788,966</b>	829,966
	<b>1,232,842</b>	1,261,113	<b>4,091,650</b>	3,747,337
<b>Recognized over time</b>				
Extended warranty program	<b>30,793</b>	25,888	<b>88,114</b>	64,804
Others	<b>1,174</b>	1,175	<b>2,517</b>	2,837
	<b>31,967</b>	27,063	<b>90,631</b>	67,641
Income from Islamic financing contracts	<b>107,903</b>	84,928	<b>302,823</b>	251,240
	<b>1,372,712</b>	1,373,104	<b>4,485,104</b>	4,066,218

**6 Investment in Islamic financing contracts**

	<b>30 September 2022</b>	<b>31 December 2021</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Instalment sales receivables, net	<b>5,203</b>	26,967
Investment in Tawarruq financing contracts, net	<b>1,053,961</b>	832,644
Investment in Murabaha financing contracts, net	<b>395,302</b>	353,417
Investment in Islamic credit cards, net	<b>3,526</b>	-
	<b>1,457,992</b>	1,213,028
Less: non- current portion	<b>(839,706)</b>	(748,424)
Current portion	<b>618,286</b>	464,604

**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 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		Islamic credit card		Total	
	30 September 2022 (Unaudited)	31 December 2021 (Audited)	30 September 2022 (Unaudited)	31 December 2021 (Audited)	30 September 2022 (Unaudited)	31 December 2021 (Audited)	30 September 2022 (Unaudited)	31 December 2021 (Audited)	30 September 2022 (Unaudited)	31 December 2021 (Audited)
Gross investment in Islamic financing contracts	40,104	66,412	1,606,249	1,314,159	530,651	490,020	3,583	-	2,180,587	1,870,591
Unearned finance and processing fee income	(9,111)	(13,655)	(521,463)	(457,582)	(129,491)	(127,172)	-	-	(660,065)	(598,409)
Present value of Islamic financing contracts' receivables ("P.V. of I.F.C.")	30,993	52,757	1,084,786	856,577	401,160	362,848	3,583	-	1,520,522	1,272,182
Allowance for ECL	(25,790)	(25,790)	(30,825)	(23,933)	(5,858)	(9,431)	(57)	-	(62,530)	(59,154)
Net investment in Islamic financing contracts ("Net investment in I.F.C.")	5,203	26,967	1,053,961	832,644	395,302	353,417	3,526	-	1,457,992	1,213,028
Net investment in I.F.C. - non-current portion	-	-	(714,686)	(616,059)	(125,020)	(132,365)	-	-	(839,706)	(748,424)
Net investment in I.F.C. - current portion	5,203	26,967	339,275	216,585	270,282	221,052	3,526	-	618,286	464,604

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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 2022 (Unaudited)	31 December 2021 (Audited)	30 September 2022 (Unaudited)	31 December 2021 (Audited)	30 September 2022 (Unaudited)	31 December 2021 (Audited)	30 September 2022 (Unaudited)	31 December 2021 (Audited)	30 September 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	-	(797)	24,507	19,375	3,587	6,921	57	-	28,151	25,499
Recoveries of amounts previously written - off	-	-	(3,394)	-	(1,593)	-	-	-	(4,987)	-
Net (reversal) charge for the period/year	-	(797)	21,113	19,375	1,994	6,921	57	-	23,164	25,499
Write-offs during the period / year	-	(561)	(14,221)	(10,177)	(5,567)	(3,372)	-	-	(19,788)	(14,110)
Closing balance	25,790	25,790	30,825	23,933	5,858	9,431	57	-	62,530	59,154

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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 2022 (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					
Performing (Stage 1)	345	(2)	343	1,017,682	(6,705)	1,010,977	377,590	(938)	376,652	3,507	1,399,169	(7,690)	1,391,479
Under-performing (Stage 2)	582	(17)	565	17,749	(3,249)	14,500	5,345	(313)	5,032	17	23,703	(3,589)	20,114
Non-performing (Stage 3)	30,066	(25,771)	4,295	49,355	(20,871)	28,484	18,225	(4,607)	13,618	2	97,650	(51,251)	46,399
	<b>30,993</b>	<b>(25,790)</b>	<b>5,203</b>	<b>1,084,786</b>	<b>(30,825)</b>	<b>1,053,961</b>	<b>401,160</b>	<b>(5,858)</b>	<b>395,302</b>	<b>3,526</b>	<b>1,520,522</b>	<b>(62,530)</b>	<b>1,457,992</b>
31 December 2021	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					
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
	<b>52,757</b>	<b>(25,790)</b>	<b>26,967</b>	<b>856,577</b>	<b>(23,933)</b>	<b>832,644</b>	<b>362,848</b>	<b>(9,431)</b>	<b>353,417</b>	<b>-</b>	<b>1,272,182</b>	<b>(59,154)</b>	<b>1,213,028</b>

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**7 Cash and cash equivalents**

	<b>30 September 2022</b>	<b>31 December 2021</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Cash at bank	<b>134,778</b>	160,749
Cash in hand	<b>13,001</b>	12,409
	<b>147,779</b>	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.

	<b>30 September 2022</b>	<b>31 December 2021</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Long-term borrowings</b>		
Murabaha facilities	<b>573,750</b>	674,979
<b>Short-term borrowings</b>		
Murabaha facilities	<b>555,165</b>	10,000
	<b>1,128,915</b>	684,979
Accrued finance cost	<b>2,152</b>	819
	<b>1,131,067</b>	685,798

Classification of borrowings is presented below:

Current portion (including short-term borrowings)	<b>708,317</b>	82,458
Non-current portion	<b>422,750</b>	603,340
	<b>1,131,067</b>	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 million. Each tranche of facility utilization is repayable in 20 quarterly installments commencing 6 months after receipt of the borrowed amount. As at 30 September 2022, UCFS had an outstanding loan balance of Saudi Riyals 198.7 million against this facility (31 December 2021: Saudi Riyals 233 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 September 2022, UCFS has made early repayment of borrowings in full amounting to Saudi Riyals 360.8 million. As at 31 December 2021, the Company had an outstanding loan balance of Saudi Riyals 392 million against this facility.



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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 September 2022, UCFS had an outstanding loan balance of Saudi Riyals 375 million against this facility (31 December 2021: Saudi Riyals 50 million).

**Murabaha V**

Total amount allocated to UCFS under such facility is Saudi Riyals 200 million. The tenure of the borrowing facility was less than one year. As at 30 September 2022, UCFS had an outstanding loan balance of Saudi Riyals 195 million against this facility (31 December 2021: Saudi Riyals Nil).

**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 September 2022.

**Short term borrowings (Murabaha)**

During the period ended 30 September 2022, 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 2022, the Group had an outstanding balance of Saudi Riyals 360.1 million against this facility (31 December 2021: Saudi Riyals 10 million).

The contractual maturities of the borrowings are as follows:

	<b>30 September 2022</b>	<b>31 December 2021</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Less than 6 months	<b>630,665</b>	81,639
Between 6 - 12 months	<b>75,500</b>	85,708
Between 1 and 2 years	<b>151,000</b>	171,417
Between 2 and 5 years	<b>271,750</b>	342,215
Above 5 years	-	4,000
	<b>1,128,915</b>	<b>684,979</b>

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**9 Trade and other payables**

	Note	30 September 2022 (Unaudited)	31 December 2021 (Audited)
Accounts payable		736,854	901,069
Advances from customers		53,408	47,443
Accruals for employees		21,551	45,513
Accrued expenses		47,395	43,416
Value added tax payable		30,055	41,862
Gift cards		23,408	25,088
Due to related parties	11	1,966	818
Others		17,119	10,205
		<b>931,756</b>	<b>1,115,414</b>

**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.

<b>Reportable segment</b>	<b>Operation</b>
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).

The segmental information was as follows:

**As at and 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
	<b>4,188,839</b>	<b>298,364</b>	<b>14,621</b>	<b>(16,720)</b>	<b>4,485,104</b>
Net profit	174,958	144,074	630	(876)	318,786
Total assets	2,502,453	1,515,797	646,430	(688,697)	3,975,983
Total liabilities	2,300,285	890,979	12,356	(250,040)	2,953,580

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**10 Segmental information (continued)**

*a) Operating segments (continued)*

**For the nine-month period ended 30 September 2021 (Unaudited)**

	<b>Sales and services</b>	<b>Consumer finance</b>	<b>Others</b>	<b>Intersegment eliminations</b>	<b>Total</b>
Revenue					
- At a point in time	3,747,336	-	-	-	3,747,336
- Over time	107,633	213,519	11,454	(13,724)	318,882
	<u>3,854,969</u>	<u>213,519</u>	<u>11,454</u>	<u>(13,724)</u>	<u>4,066,218</u>
Net profit	189,734	81,191	644	(876)	270,693

**As at 31 December 2021 (Audited)**

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.

*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 2022 (Unaudited)**

	<b>Kingdom of Saudi Arabia</b>	<b>Others</b>	<b>Intersegment eliminations</b>	<b>Total</b>
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
Total assets	5,065,392	289,115	(1,378,524)	3,975,983
Total liabilities	2,984,645	230,843	(261,908)	2,953,580

**For the nine-month period ended 30 September 2021 (Unaudited)**

	<b>Kingdom of Saudi Arabia</b>	<b>Others</b>	<b>Intersegment eliminations</b>	<b>Total</b>
Revenue				
- At a point in time	3,437,633	309,704	-	3,747,337
- Over time	316,552	16,054	(13,725)	318,881
	<u>3,754,185</u>	<u>325,758</u>	<u>(13,725)</u>	<u>4,066,218</u>
Net profit	352,713	17,408	(99,428)	270,693

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**10 Segmental information (continued)**

*b) Geographical segments (continued)*

**As at 31 December 2021 (Audited)**

	<b>Kingdom of Saudi Arabia</b>	<b>Others</b>	<b>Intersegment eliminations</b>	<b>Total</b>
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 September 2022, Al Fozan Holding Company is the major shareholder of the Company with a shareholding of 24.7% (31 December 2021: 29.7%).

*(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	
		<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Sales</b>	Major shareholder	<b>220</b>	78	<b>325</b>	133
	Associated companies	<b>95</b>	31	<b>2,099</b>	152
<b>Purchases</b>	Associated Companies	<b>317</b>	2,243	<b>950</b>	2,810
<b>Rental income</b>	Associated companies	<b>392</b>	392	<b>1,175</b>	1,120
<b>Acquisition of property and equipment</b>	Associated Companies	-	-	<b>21</b>	-
<b>Rent expense</b>	Associated companies	<b>512</b>	485	<b>1,535</b>	1,291
<b>Other expenses charged</b>	Associated companies	<b>137</b>	1,251	<b>328</b>	1,436

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

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**11 Related party transactions and balances (continued)**

*(b) Key management compensation*

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2022 (Unaudited)	2021 (Unaudited)	2022 (Unaudited)	2021 (Unaudited)
Salaries and other employee benefits	2,386	2,554	7,928	8,161
Board of Directors' fees	65	41	236	91
	<b>2,451</b>	<b>2,595</b>	<b>8,164</b>	<b>8,252</b>

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

	30 September 2022	31 December 2021
	(Unaudited)	(Audited)
United Homeware Company	1,046	2,185
Al Fozan Holding Company	200	22
Retal Urban Development Company	59	24
	<b>1,305</b>	<b>2,231</b>

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

	30 September 2022	31 December 2021
	(Unaudited)	(Audited)
Madar Hardware Company	617	787
United Homeware Company	462	-
Al Yassra Trading Co.	31	31
Abdul Latif Mohammed Al Fozan	856	-
	<b>1,966</b>	<b>818</b>

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.

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**12 Earnings per share**

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2022	2021	2022	2021
Profit for the period attributable to the shareholders of the Company	<b>94,159</b>	88,998	<b>318,786</b>	270,693

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	
	2022	2021	2022	2021
Weighted average number of ordinary shares used in calculating basic earnings per share	<b>58,720,618</b>	57,518,216	<b>58,720,618</b>	57,518,216
Adjustment for treasury shares	<b>1,279,382</b>	2,481,784	<b>1,279,382</b>	2,481,784
Weighted average number of ordinary shares used in calculating diluted earnings per share	<b>60,000,000</b>	60,000,000	<b>60,000,000</b>	60,000,000

**Earnings per share (Saudi Riyals)**

Basic earnings per share	<b>1.60</b>	1.55	<b>5.43</b>	4.71
Diluted earnings per share	<b>1.57</b>	1.48	<b>5.31</b>	4.51

**13 Contingencies and capital commitments**

	30 September 2022 (Unaudited)	31 December 2021 (Unaudited)
Letters of credit and guarantee	<b>1,016,475</b>	563,700
Commitments for the acquisition of property and equipment	-	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), which were fully paid during the nine-month period ended 30 September 2022. Such dividends were also approved by the shareholders of the Company in their general assembly meeting held on 12 May 2022.

The Company's Board of Directors, in their meeting held on 8 August 2022, resolved to distribute cash dividends of Saudi Riyal 2.5 per share, amounting to Saudi Riyal 150.0 million, for the first half of the year ending 31 December 2022 (2021: Saudi Riyals 120.0 million for the first half of the year ended 31 December 2021), which were fully paid during the nine-month period ended 30 September 2022.

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