

**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 2021
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 2021

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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 2021 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 2021 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 October 2021



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 unless otherwise stated)


	Note	For the three-month period ended 30 September		For the nine-month period ended 30 September	
		2021 (Unaudited)	2020 (Unaudited)	2021 (Unaudited)	2020 (Unaudited)
Revenues		1,373,104,124	1,224,515,984	4,066,218,272	4,007,623,643
Cost of revenues		(1,092,931,603)	(998,929,268)	(3,236,045,593)	(3,285,151,739)
Gross profit		280,172,521	225,586,716	830,172,679	722,471,904
Selling and distribution expenses	14	(131,788,567)	(126,338,651)	(390,227,534)	(379,093,835)
General and administrative expenses		(37,668,232)	(28,929,826)	(112,521,250)	(101,346,485)
Net impairment losses on financial assets	5,14	(8,809,105)	(5,334,080)	(21,248,521)	(13,406,754)
Other expenses		(12,410)	(1,058,827)	(2,143,948)	(8,387,931)
Other income		3,072,131	6,118,073	15,536,666	7,192,687
Finance charges	7	(9,318,141)	(11,845,056)	(28,141,268)	(38,680,753)
Profit before zakat and income tax		95,648,197	58,198,349	291,426,824	188,748,833
Zakat expense	14	(6,037,881)	(4,762,186)	(18,171,376)	(9,098,108)
Income tax expense	14	(612,343)	-	(2,561,972)	(1,150,567)
Net profit for the period		88,997,973	53,436,163	270,693,476	178,500,158
Other comprehensive income for the period					
<i>Item that may be reclassified to profit or loss:</i>					
Exchange differences on translation of foreign operations		23,423	(9,750)	20,782	(85,033)
Total comprehensive income for the period		89,021,396	53,426,413	270,714,258	178,415,125
Earnings per share					
Basic earnings per share	11	1.55	0.93	4.71	3.10
Diluted earnings per share	11	1.48	0.89	4.51	2.98

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

The condensed consolidated interim financial information was approved by the Board of Directors on 27 October 2021 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 unless otherwise stated)

	Note	As at 30 September 2021 (Unaudited)	As at 31 December 2020 (Audited)
Assets			
Non-current assets			
Property and equipment		446,451,798	452,228,590
Right-of-use assets		337,923,753	399,251,120
Intangible assets		55,448,213	56,883,510
Goodwill		528,692	528,692
Trade and other receivables		5,215,366	1,374,148
Investment in Islamic financing contracts	5	661,934,591	468,626,388
Total non-current assets		1,507,502,413	1,378,892,448
Current assets			
Inventories		1,175,238,720	935,617,739
Trade and other receivables		117,981,647	95,899,488
Current portion of investment in Islamic financing contracts	5	437,699,383	334,292,730
Cash and cash equivalents	6	435,651,171	184,762,989
Total current assets		2,166,570,921	1,550,572,946
Total assets		3,674,073,334	2,929,465,394
Equity and liabilities			
Equity			
Share capital		600,000,000	600,000,000
Statutory reserve		56,866,993	29,797,645
Other reserves		12,758,620	7,487,838
Retained earnings		226,145,157	212,593,893
Treasury shares		(31,999,966)	(24,000,000)
Total equity		863,770,804	825,879,376
Liabilities			
Non-current liabilities			
Deferred revenue from extended warranty program		101,872,423	93,576,444
Lease liabilities		408,059,494	464,609,547
Borrowings	7	471,944,445	183,416,667
Deferred tax liabilities		1,242,635	1,242,635
Employee benefit obligations		77,041,650	74,880,088
Other liabilities		-	19,427
Total non-current liabilities		1,060,160,647	817,744,808

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UNITED ELECTRONICS COMPANY

(A Saudi Joint Stock Company)

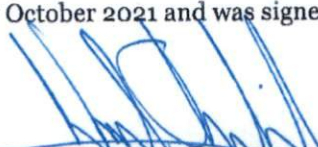
Condensed consolidated interim statement of financial position (continued)


(All amounts in Saudi Riyals unless otherwise stated)

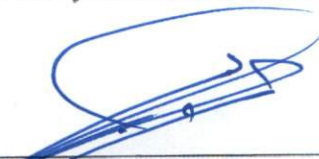
	Note	As at 30 September 2021 (Unaudited)	As at 31 December 2020 (Audited)
Current liabilities			
Trade and other payables	8	1,096,000,614	972,462,374
Deferred revenue from extended warranty program		80,889,591	66,706,136
Lease liabilities		52,325,317	71,350,033
Borrowings	7	498,603,120	156,583,333
Zakat and income tax		22,323,241	18,739,334
Total current liabilities		1,750,141,883	1,285,841,210
Total liabilities		2,810,302,530	2,103,586,018
Total equity and liabilities		3,674,073,334	2,929,465,394

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 2021 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 unless otherwise stated)

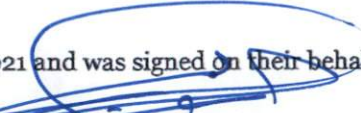
Note	Share capital	Statutory reserve	Other reserves			Total other reserves	Retained earnings	Treasury shares	Total equity
			Share based payment reserve	Foreign currency translation reserve	Actuarial reserve				
At 1 January 2020 (Audited)	500,000,000	41,783,373	7,600,000	(11,495)	973,743	8,562,248	129,565,441	(20,000,000)	659,911,062
Profit for the period	-	-	-	-	-	-	178,500,158	-	178,500,158
Other comprehensive loss for the period	-	-	-	(85,033)	-	(85,033)	-	-	(85,033)
Total comprehensive income for the period	-	-	-	(85,033)	-	(85,033)	178,500,158	-	178,415,125
Transfer to statutory reserve	-	17,850,016	-	-	-	-	(17,850,016)	-	-
Issuance of bonus shares	100,000,000	(40,000,000)	-	-	-	-	(56,000,000)	(4,000,000)	-
Dividends	-	-	-	-	-	-	(113,100,000)	-	(113,100,000)
Employee share schemes - value of employee services	-	-	3,411,671	-	-	3,411,671	-	-	3,411,671
At 30 September 2020 (Unaudited)	600,000,000	19,633,389	11,011,671	(96,528)	973,743	11,888,886	121,115,583	(24,000,000)	728,637,858
At 1 January 2021 (Audited)	600,000,000	29,797,645	15,101,647	(150,394)	(7,463,415)	7,487,838	212,593,893	(24,000,000)	825,879,376
Profit for the period	-	-	-	-	-	-	270,693,476	-	270,693,476
Other comprehensive income for the period	-	-	-	20,782	-	20,782	-	-	20,782
Total comprehensive income for the period	-	-	-	20,782	-	20,782	270,693,476	-	270,714,258
Transfer to statutory reserve	-	27,069,348	-	-	-	-	(27,069,348)	-	-
Dividends	13	-	-	-	-	-	(230,072,864)	-	(230,072,864)
Acquisition of treasury shares	-	-	-	-	-	-	-	(7,999,966)	(7,999,966)
Employee share schemes - value of employee services	-	-	5,250,000	-	-	5,250,000	-	-	5,250,000
At 30 September 2021 (Unaudited)	600,000,000	56,866,993	20,351,647	(129,612)	(7,463,415)	12,758,620	226,145,157	(31,999,966)	863,770,804

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 2021 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 unless otherwise stated)

	Note	For the nine-month period ended 30 September	
		2021 (Unaudited)	2020 (Unaudited)
Cash flows from operating activities			
Profit before zakat and income tax		291,426,824	188,748,833
<u>Adjustments for:</u>			
Depreciation of property and equipment		30,884,231	32,404,683
Property and equipment written off		-	7,149,424
Loss on disposal of property and equipment		26,457	27,505
Amortization of intangible assets		9,759,094	9,996,850
Depreciation of right-of-use assets		34,552,372	39,908,388
Intangible assets written off		71,878	108,631
Employee share schemes - value of employee services		5,250,000	3,411,671
Net impairment losses on financial assets	5	21,248,521	13,406,754
Gain on termination of a lease		(10,952,018)	-
Finance charges	7	28,141,268	38,680,753
Provision for employee benefit obligations		12,117,067	9,899,160
<u>Changes in operating assets and liabilities:</u>			
(Increase) decrease in trade and other receivables		(25,923,377)	16,486,430
Increase in investment in Islamic financing contracts		(317,972,998)	(177,249,473)
Increase in inventories		(239,620,981)	(67,091,138)
Increase in trade and other payables		134,208,467	265,619,737
Increase in deferred revenue from extended warranty program		22,479,434	10,386,460
Cash (utilized in) generated from operations		(4,303,761)	391,894,668
Employee benefit obligations paid		(10,220,478)	(4,153,120)
Finance cost paid		(35,997,549)	(38,544,690)
Zakat and income tax paid		(17,149,441)	(10,120,924)
Net cash (outflow) inflow from operating activities		(67,671,229)	339,075,934
Cash flows from investing activities			
Payments for purchases of property and equipment		(25,718,876)	(24,584,521)
Payments for purchases of intangible assets		(8,343,285)	(1,818,450)
Proceeds from disposal of property and equipment		490,391	20,000
Net cash outflow from investing activities		(33,571,770)	(26,382,971)




(Continued)

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

	Note	For the nine-month period ended 30 September	
		2021 (Unaudited)	2020 (Unaudited)
Cash flows from financing activities			
Proceeds from long-term borrowings		410,000,000	220,000,000
Repayment of long-term borrowings		(26,833,333)	-
Proceeds from short-term borrowings		1,285,000,000	1,389,000,000
Repayment of short-term borrowings		(1,040,000,000)	(1,559,000,000)
Dividends paid to the Company's shareholders	13	(230,072,864)	(113,100,000)
Acquisition of treasury shares		(7,999,966)	-
Principal elements of lease payments		(37,962,656)	(18,414,850)
Net cash inflow (outflow) from financing activities		352,131,181	(81,514,850)
Net increase in cash and cash equivalents		250,888,182	231,178,113
Cash and cash equivalents at beginning of period		184,762,989	102,971,989
Cash and cash equivalents at end of period	6	435,651,171	334,150,102
Non-cash investing and financing activities:			
Reversal of lease liabilities on termination of a lease		42,517,339	-
Reversal of right-of-use assets on termination of a lease		31,565,321	-
Right-of-use assets recorded against lease liabilities		3,466,408	3,104,512
Transfers from capital work in progress to intangible assets		52,390	523,337
Change in goodwill valuation		-	5,838,759

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 2021 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 nine-month periods ended 30 September 2021
(All amounts in Saudi Riyals 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 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 Electronics Company Extra S.P.C. (“eXtra Bahrain”)	Kingdom of Bahrain
United Electronics Company Extra L.L.C (“eXtra Oman”)	Sultanate of Oman
United Company for Maintenance Services (“UCMS”)	Kingdom of Saudi Arabia
United Company for Financial Services (“UCFS”)	Kingdom of Saudi Arabia
Procco Financial Services W.L.L. (“Procco”)	Kingdom of Bahrain

As at 30 September 2021, the Group had a total of 52 branches (31 December 2020: 50 branches) out of which 47 branches are in the Kingdom of Saudi Arabia (31 December 2020: 45 branches in the Kingdom of Saudi Arabia).

Subsequent to the period ended 30 September 2021, United International Holding Company, a Closed Joint Stock Company with a share capital of Saudi Riyals 250.0 million divided into 25 million shares of Saudi Riyals 10 per share, has been incorporated as a wholly owned subsidiary of the Group for the principal purpose of managing affiliates, investment in real estate properties, stocks and other securities.

The accompanying condensed consolidated interim financial information was approved by the Board of Directors on 27 October 2021.

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 2020.

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 2021
(All amounts in Saudi Riyals unless otherwise stated)

(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 2020.

(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 2021 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.

3 Fair value of assets and liabilities

As at 30 September 2021 and 31 December 2020, 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 2020.

5 Investment in Islamic financing contracts

	30 September 2021	31 December 2020
	(Unaudited)	(Audited)
Instalment sales receivables, net	30,004,194	99,752,217
Investment in Tawarruq financing contracts, net	739,486,871	451,175,950
Investment in Murabaha financing contracts, net	330,142,909	251,990,951
	1,099,633,974	802,919,118
Less: non- current portion	(661,934,591)	(468,626,388)
Current portion	437,699,383	334,292,730

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 2021
(All amounts in Saudi Riyals unless otherwise stated)

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

	Installment sales		Tawarruq finance		Murabaha finance		Total	
	30 September 2021	31 December 2020	30 September 2021	31 December 2020	30 September 2021	31 December 2020	30 September 2021	31 December 2020
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Gross investment in Islamic financing contracts	77,084,362	188,100,870	1,196,444,692	753,833,231	466,613,017	356,473,902	1,740,142,071	1,298,408,003
Unearned finance and processing fee income	(22,108,871)	(61,200,595)	(426,138,876)	(287,922,472)	(123,643,618)	(98,600,769)	(571,891,365)	(447,723,836)
Present value of investment in Islamic financing contracts' ("P.V of I.F.C.")	54,975,491	126,900,275	770,305,816	465,910,759	342,969,399	257,873,133	1,168,250,706	850,684,167
Allowance for ECL	(24,971,297)	(27,148,058)	(30,818,945)	(14,734,809)	(12,826,490)	(5,882,182)	(68,616,732)	(47,765,049)
Net investment in Islamic financing contracts ("Net investment in I.F.C.")	30,004,194	99,752,217	739,486,871	451,175,950	330,142,909	251,990,951	1,099,633,974	802,919,118
Net investment in Islamic financing contracts - non-current portion	(2,876,351)	(20,304,545)	(537,810,032)	(347,324,668)	(121,248,208)	(100,997,175)	(661,934,591)	(468,626,388)
Net investment in Islamic financing contracts - current portion	27,127,843	79,447,672	201,676,839	103,851,282	208,894,701	150,993,776	437,699,383	334,292,730

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 2021
(All amounts in Saudi Riyals unless otherwise stated)

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

	Installment sales		Tawarruq finance		Murabaha finance		Total	
	30 September 2021 (Unaudited)	31 December 2020 (Audited)	30 September 2021 (Unaudited)	31 December 2020 (Audited)	30 September 2021 (Unaudited)	31 December 2020 (Audited)	30 September 2021 (Unaudited)	31 December 2020 (Audited)
Opening balance	27,148,058	40,250,321	14,734,809	1,312,502	5,882,182	1,331,751	47,765,049	42,894,574
(Reversal) charge for the period / year	(1,779,923)	(12,971,837)	16,084,136	13,422,307	6,944,308	4,550,431	21,248,521	5,000,901
Write-offs during the period / year	(396,838)	(130,426)	-	-	-	-	(396,838)	(130,426)
Closing balance	24,971,297	27,148,058	30,818,945	14,734,809	12,826,490	5,882,182	68,616,732	47,765,049

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 2021

(All amounts in Saudi Riyals unless otherwise stated)

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

30 September 2021 (Unaudited)	Installment sales			Tawarruq finance			Murabaha finance			Total		
	P.V of I.F.C	Net		P.V of I.F.C	Net		P.V of I.F.C	Net		P.V of I.F.C	Net	
		Allowance for ECL	investment in I.F.C		Allowance for ECL	investment in I.F.C		Allowance for ECL	investment in I.F.C		Allowance for ECL	investment in I.F.C
Performing (Stage 1)	5,936,877	(110,874)	5,826,003	725,745,024	(7,126,378)	718,618,646	322,642,368	(2,152,914)	320,489,454	1,054,324,269	(9,390,166)	1,044,934,103
Under-performing (Stage 2)	5,451,759	(335,723)	5,116,036	9,467,413	(2,188,636)	7,278,777	4,420,683	(606,293)	3,814,390	19,339,855	(3,130,652)	16,209,203
Non-performing (Stage 3)	<u>43,586,855</u>	<u>(24,524,700)</u>	<u>19,062,155</u>	<u>35,093,379</u>	<u>(21,503,931)</u>	<u>13,589,448</u>	<u>15,906,348</u>	<u>(10,067,283)</u>	<u>5,839,065</u>	<u>94,586,582</u>	<u>(56,095,914)</u>	<u>38,490,668</u>
	<u>54,975,491</u>	<u>(24,971,297)</u>	<u>30,004,194</u>	<u>770,305,816</u>	<u>(30,818,945)</u>	<u>739,486,871</u>	<u>342,969,399</u>	<u>(12,826,490)</u>	<u>330,142,909</u>	<u>1,168,250,706</u>	<u>(68,616,732)</u>	<u>1,099,633,974</u>
31 December 2020 (Audited)	Installment sales			Tawarruq finance			Murabaha finance			Total		
	P.V of I.F.C	Net		P.V of I.F.C	Net		P.V of I.F.C	Net		P.V of I.F.C	Net	
		Allowance for ECL	investment in I.F.C		Allowance for ECL	investment in I.F.C		Allowance for ECL	investment in I.F.C		Allowance for ECL	investment in I.F.C
Performing (Stage 1)	61,602,578	(531,921)	61,070,657	445,805,392	(4,424,601)	441,380,791	247,880,856	(1,832,768)	246,048,088	755,288,826	(6,789,290)	748,499,536
Under-performing (Stage 2)	9,929,982	(1,133,501)	8,796,481	4,516,818	(1,071,306)	3,445,512	2,790,931	(310,276)	2,480,655	17,237,731	(2,515,083)	14,722,648
Non-performing (Stage 3)	<u>55,367,715</u>	<u>(25,482,636)</u>	<u>29,885,079</u>	<u>15,588,549</u>	<u>(9,238,902)</u>	<u>6,349,647</u>	<u>7,201,346</u>	<u>(3,739,138)</u>	<u>3,462,208</u>	<u>78,157,610</u>	<u>(38,460,676)</u>	<u>39,696,934</u>
	<u>126,900,275</u>	<u>(27,148,058)</u>	<u>99,752,217</u>	<u>465,910,759</u>	<u>(14,734,809)</u>	<u>451,175,950</u>	<u>257,873,133</u>	<u>(5,882,182)</u>	<u>251,990,951</u>	<u>850,684,167</u>	<u>(47,765,049)</u>	<u>802,919,118</u>

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6 Cash and cash equivalents

	30 September 2021	31 December 2020
	(Unaudited)	(Audited)
Cash at bank	422,462,439	170,913,240
Cash in hand	13,188,732	13,849,749
	435,651,171	184,762,989

7 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.

There are no financial covenants applicable to the Group under such facilities with the respective banks.

	30 September 2021	31 December 2020
	(Unaudited)	(Audited)
Long-term borrowings		
Murabaha facilities	603,166,666	220,000,000
Short-term borrowings		
Murabaha facilities	365,000,000	50,000,000
Tawarruq facilities	-	70,000,000
	968,166,666	340,000,000
Accrued finance cost	2,380,899	-
	970,547,565	340,000,000

Classification of borrowings is presented below:

Current portion (including short-term borrowings)	498,603,120	156,583,333
Non-current portion	471,944,445	183,416,667
	970,547,565	340,000,000

The long-term Murabaha borrowings outstanding relate to UCFS, which utilizes the facilities obtained by the Company. 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 September 2021, UCFS has an outstanding loan balance of Saudi Riyals 239.0 million against this facility (31 December 2020: Saudi Riyals 120.0 million).

Murabaha II

Total amount allocated to UCFS under such facility is Saudi Riyals 50.0 million. The tenure of the borrowing facility was less than one year and the amount was settled during the period ended 30 September 2021.

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Murabaha III

Total amount allocated to UCFS under such facility is Saudi Riyals 500.00 million. Each tranche of facility utilization is repayable in 48 monthly installments commencing 6 months from receipt of the borrowed amount. As at 30 September 2021, UCFS has an outstanding loan balance of Saudi Riyals 364.2 million against this facility (31 December 2020: Saudi Riyals 100.0 million).

Murabaha IV

Total amount utilized by the Company under such facility is Saudi Riyals 365.0 million. The tenure of the borrowing facility is less than one year and is expected to be settled during the period ending 31 December 2021.

Tawaruq I

Total amount allocated to UCFS under such facility is Saudi Riyals 70.0 million. The tenure of the borrowing facility was less than one year, and the amount was settled during the period ended 30 September 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 1.9%.

The maturities of the borrowings are as follows:

	30 September 2021	31 December 2020
	(Unaudited)	(Audited)
Less than 6 months	424,124,999	132,083,333
Between 6 - 12 months	72,097,222	24,500,000
Between 1 and 2 years	146,416,667	49,000,000
Between 2 and 5 years	314,777,778	131,416,667
Above 5 years	10,750,000	3,000,000
	968,166,666	340,000,000

8 Trade and other payables

	Note	30 September 2021	31 December 2020
		(Unaudited)	(Audited)
Accounts payable		906,702,017	787,098,862
Advances from customers		63,738,565	27,142,225
Accruals for employees		27,043,571	47,585,108
Gift cards		22,700,569	28,669,400
Value added tax payable - net		17,091,742	16,144,793
Accrual for utilities and other charges		19,789,261	10,674,975
Due to related parties	10	4,979,038	2,847,823
Others		33,955,851	52,299,188
		1,096,000,614	972,462,374

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9 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, retail/wholesale and consumer finance. The Board of Directors of the Company, 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
Retail/Wholesale	Retail, wholesale, installation and repair services of electronics products, computers, smartphones and accessories, extended warranties and gift cards
Consumer finance	Consumer financing under Murabaha and Tawarruq products respectively

The segmental information was as follows:

As at and for the nine-month period ended 30 September 2021 (Unaudited)

	Retail/ Wholesale	Consumer finance	Others	Eliminations	Total
Revenue					
-At a point in Time	3,747,336,576	-	-	-	3,747,336,576
-Over time	107,633,277	213,519,462	11,454,142	(13,725,185)	318,881,696
	3,854,969,853	213,519,462	11,454,142	(13,725,185)	4,066,218,272
Net profit for the period	189,734,002	81,190,625	644,666	(875,817)	270,693,476
Total assets	2,552,369,657	1,151,403,065	9,316,960	(39,016,348)	3,674,073,334
Total liabilities	2,123,027,459	718,445,315	5,218,640	(36,388,884)	2,810,302,530

For the nine-month period ended 30 September 2020 (Unaudited)

	Retail/ Wholesale	Consumer finance	Others	Eliminations	Total
Revenue					
- At a point in Time	3,797,245,105	-	-	-	3,797,245,105
- Over time	131,920,837	80,991,366	8,059,937	(10,593,602)	210,378,538
	3,929,165,942	80,991,366	8,059,937	(10,593,602)	4,007,623,643
Net profit for the period	193,444,900	6,242,455	492,172	(21,679,369)	178,500,158

As at 31 December 2020 (Audited)

	Retail/ Wholesale	Consumer finance	Others	Eliminations	Total
Total assets	2,186,651,378	781,265,636	8,683,971	(47,135,591)	2,929,465,394
Total liabilities	1,714,132,166	429,498,514	5,339,301	(45,383,963)	2,103,586,018

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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 2021 (Unaudited)

	Kingdom of Saudi Arabia	Others	Eliminations	Total
Revenue				
- At a point in time	3,437,632,685	309,703,891	-	3,747,336,576
- Over time	316,551,953	16,054,928	(13,725,185)	318,881,696
	3,754,184,638	325,758,819	(13,725,185)	4,066,218,272
Net profit for the period	352,712,783	17,407,636	(99,426,943)	270,693,476
Total assets	3,974,170,837	222,887,759	(522,985,262)	3,674,073,334
Total liabilities	2,674,555,588	177,384,899	(41,637,957)	2,810,302,530

For the nine-month period ended 30 September 2020 (Unaudited)

	Kingdom of Saudi Arabia	Others	Eliminations	Total
Revenue				
- At a point in time	3,510,368,298	286,876,807	-	3,797,245,105
- Over time	209,311,485	11,660,655	(10,593,602)	210,378,538
	3,719,679,783	298,537,462	(10,593,602)	4,007,623,643
Net profit for the period	186,186,678	13,992,849	(21,679,369)	178,500,158

As at 31 December 2020 (Audited)

	Kingdom of Saudi Arabia	Others	Eliminations	Total
Total assets	3,157,585,976	208,654,847	(436,775,429)	2,929,465,394
Total liabilities	1,977,793,990	180,676,251	(54,884,223)	2,103,586,018

10 Related party transactions and balances

Related parties comprise the shareholders, directors, associated companies, key management personnel. Related parties also include business entities in which certain directors or senior management have an interest (other related parties).

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(a) *Significant transactions with related parties in the ordinary course of business during the period were as follows:*

Nature of transaction	Relationship	For the three-month period ended 30 September		For the nine-month period ended 30 September	
		2021 (Unaudited)	2020 (Unaudited)	2021 (Unaudited)	2020 (Unaudited)
Sales	Major shareholder	77,758	20,744	132,884	109,887
	Associated companies	31,177	67,424	151,780	198,406
Purchases	Major shareholder	-	250,000	-	5,250,000
	Associated companies	2,243,126	5,887,324	2,810,417	9,394,924
Rental income	Associated companies	391,520	812,138	1,120,182	2,915,178
Rent expense	Associated companies	485,250	413,583	1,290,583	1,424,083
Other expenses charged	Associated companies	1,251,266	99,182	1,435,616	225,340

(b) *Key management compensation*

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2021 (Unaudited)	2020 (Unaudited)	2021 (Unaudited)	2020 (Unaudited)
Salaries and other employee benefits	2,278,573	2,366,358	18,851,122	17,101,083
Board of Directors' fees	41,000	41,000	2,427,000	2,421,433
	2,319,573	2,407,358	21,278,122	19,522,516

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(c) Due from related parties

	30 September 2021	31 December 2020
	(Unaudited)	(Audited)
United Homeware Company	3,048,714	2,403,097
Retal Urban Development Company	14,484	3,178
Al Fozan Holding Company	7,457	749
	<u>3,070,655</u>	<u>2,407,024</u>

(d) Due to related parties

	30 September 2021	31 December 2020
	(Unaudited)	(Audited)
United Homeware Company	4,459,446	2,248,883
Madar Tools & Equipment Co.	488,878	568,226
Al Yassra Trading Co.	30,714	30,714
	<u>4,979,038</u>	<u>2,847,823</u>

The above balances are receivable/payable in the ordinary course of business and do not bear any financial charges.

11 Earnings per share

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2021	2020	2021	2020
Profit for the period attributable to the shareholders of the Company	<u>88,997,973</u>	53,436,163	<u>270,693,476</u>	178,500,158

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	
	2021	2020	2021	2020
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>57,518,216</u>	57,600,000	<u>57,518,216</u>	57,600,000
Adjustment for treasury shares	<u>2,481,784</u>	2,400,000	<u>2,481,784</u>	2,400,000
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>60,000,000</u>	60,000,000	<u>60,000,000</u>	60,000,000
Earnings per share				
Basic earnings per share	<u>1.55</u>	0.93	<u>4.71</u>	3.10
Diluted earnings per share	<u>1.48</u>	0.89	<u>4.51</u>	2.98

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12 Contingencies and capital commitments

	30 September 2021 (Unaudited)	31 December 2020 (Audited)
Letters of credit	464,962,367	483,364,451
Letters of guarantee	54,232,448	54,401,266
Commitments for the acquisition of property and equipment	19,260,000	10,000,000

13 Dividends

The shareholders of the Company in their general assembly meeting held on 29 April 2021 approved dividends of Saudi Riyals 2.0 per share, amounting to 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 2021.

During the nine-month period ended 30 September 2021, the Company's Board of Directors, in their meeting held on 11 July 2021, resolved to distribute cash dividends of Saudi Riyals 2.0 per share, amounting to Saudi Riyals 120.0 million, for the first half of the year ending 31 December 2021, which were fully paid during the nine-month period ended 30 September 2021.

14 Comparative figures

Certain amounts in the comparative condensed consolidated interim statement of profit or loss and other comprehensive income for the three-month and nine-month periods ended 30 September 2020 have been appropriately presented to conform to the presentation for the three-month and nine-month periods ended 30 September 2021.

These include the presentation of net impairment losses on financial assets, amounting to Saudi Riyals 5.3 million and Saudi Riyals 13.4 million, zakat expense amounting to Saudi Riyals 4.8 million and Saudi Riyals 9.1 million and income tax expense amounting to Saudi Riyals Nil and Saudi Riyals 1.2 million, for the three-month and nine-month periods ended 30 September 2020, 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 and nine-month periods ended 30 September 2020, the condensed consolidated interim statement of financial position as at 31 December 2020 and the condensed consolidated interim statements of changes in equity and cash flows for the nine-month period ended 30 September 2020.