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 2024
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 2024

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 and its subsidiaries (together the "Group") as of 30 June 2024 and the related condensed consolidated interim 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 2024 and other explanatory notes. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34 - "Interim Financial Reporting" (IAS 34), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

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

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

PricewaterhouseCoopers

Ali A. Alotaibi
License number 379

29 July 2024

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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	
		2024 (Unaudited)	2023 (Unaudited)	2024 (Unaudited)	2023 (Unaudited)
Sales and services		1,771,329	1,622,007	3,213,097	2,937,043
Income from Islamic financing contracts		149,992	127,725	289,644	250,825
Total revenue	5	1,921,321	1,749,732	3,502,741	3,187,868
Cost of revenues		(1,530,563)	(1,409,712)	(2,766,321)	(2,533,959)
Gross profit		390,758	340,020	736,420	653,909
Selling and distribution expenses		(179,676)	(148,478)	(334,569)	(291,470)
General and administrative expenses		(52,059)	(74,464)	(106,405)	(128,896)
Net impairment losses on financial assets	6	(31,454)	(21,517)	(49,273)	(29,281)
Other expenses		(193)	(12,173)	(533)	(12,919)
Other income		2,010	2,312	2,783	4,083
Finance charges		(15,438)	(15,036)	(31,334)	(30,963)
Profit before zakat and income tax		113,948	70,664	217,089	164,463
Zakat expense		(6,874)	(8,217)	(16,045)	(17,382)
Income tax expense		(470)	(781)	(577)	(965)
Net profit for the period		106,604	61,666	200,467	146,116
Other comprehensive income					
Item that may be reclassified to profit or loss:					
Exchange differences on translation of foreign operations		7	214	(205)	(3,479)
Total comprehensive income for the period		106,611	61,880	200,262	142,637
Earnings per share					
Basic earnings per share	12	1.39	0.81	2.62	1.92
Diluted earnings per share	12	1.33	0.77	2.51	1.83

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

The condensed consolidated interim financial information was approved by the Board of Directors on 29 July 2024 and was signed on their behalf by:

Wael Mohammed Mohammed Khalil **Chief Financial Officer**	Mohammed Galal Ali Fahmy **Chief Executive Officer**	Yousef Ali Zaid AL Quraishi **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 2024 (Unaudited)	As at 31 December 2023 (Audited)
Assets			
Non-current assets			
Property and equipment		**495,403**	485,931
Right-of-use assets		**470,813**	451,306
Net investment in finance lease		**44,054**	44,147
Intangible assets		**54,405**	60,749
Goodwill		**529**	529
Trade and other receivables		**8,487**	8,698
Investment in Islamic financing contracts	6	**1,087,535**	1,028,152
Total non-current assets		**2,161,226**	2,079,512
Current assets			
Inventories		**1,219,850**	1,187,427
Trade and other receivables		**194,801**	173,687
Net investment in finance lease		**3,190**	3,311
Investment in Islamic financing contracts	6	**1,007,600**	839,233
Cash and cash equivalents	7	**201,348**	151,272
Total current assets		**2,626,789**	2,354,930
Assets held for sale		**5,317**	7,069
Total assets		**4,793,332**	4,441,511
Equity and liabilities			
Equity			
Share capital		**800,000**	800,000
Other reserves		**24,508**	14,713
Retained earnings		**562,624**	515,113
Treasury shares		**(45,461)**	(45,461)
Net equity		**1,341,671**	1,284,365
Liabilities			
Non-current liabilities			
Deferred revenue		**152,914**	139,478
Lease liabilities		**598,767**	588,699
Borrowings	8	**789,269**	664,739
Employee benefit obligations		**90,872**	84,925
Total non-current liabilities		**1,631,822**	1,477,841

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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 thousands unless otherwise stated)

	Note	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
Current liabilities			
Trade and other payables	9	1,116,836	776,600
Deferred revenue		157,841	140,471
Lease liabilities		32,241	30,080
Borrowings	8	484,413	688,620
Zakat and income tax		24,484	38,505
		1,815,815	1,674,276
Liabilities directly associated with assets classified as held for sale		4,024	5,029
Total current liabilities		1,819,839	1,679,305
Total liabilities		3,451,661	3,157,146
Total equity and liabilities		4,793,332	4,441,511

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

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Wael Mohammed Mohammed Khalil **Chief Financial Officer**	**Mohammed Galal Ali Fahmy** **Chief Executive Officer**	**Yousef Ali Zaid AL Quraishi** **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	Other reserves: Share based payment reserve	Other reserves: Foreign currency translation reserve	Other reserves: Actuarial reserve	Other reserves: Total other reserves	Retained earnings	Treasury shares	Total equity
At 1 January 2023 (Audited)		800,000	64,158	9,968	(212)	(6,099)	3,657	327,136	(55,651)	1,139,300
Profit for the period		-	-	-	-	-	-	146,116	-	146,116
Other comprehensive loss for the period		-	-	-	(3,476)	-	(3,476)	-	-	(3,476)
Total comprehensive income for the period		-	-	-	(3,476)	-	(3,476)	146,116	-	142,640
Transfer to statutory reserve		-	14,612	-	-	-	-	(14,612)	-	-
Dividends		-	-	-	-	-	-	(152,355)	-	(152,355)
Treasury shares		-	-	(10,190)	-	-	(10,190)	-	10,190	-
Employee share schemes - value of employee services		-	-	4,500	-	-	4,500	-	-	4,500
At 30 June 2023 (Unaudited)		800,000	78,770	4,278	(3,688)	(6,099)	(5,509)	306,285	(45,461)	1,134,085
At 1 January 2024 (Audited)		800,000	-	24,278	(3,742)	(5,823)	14,713	515,113	(45,461)	1,284,365
Profit for the period		-	-	-	-	-	-	200,467	-	200,467
Other comprehensive loss for the period		-	-	-	(205)	-	(205)	-	-	(205)
Total comprehensive income for the period		-	-	-	(205)	-	(205)	200,467	-	200,262
Dividends	15	-	-	-	-	-	-	(152,956)	-	(152,956)
Employee share schemes - value of employee services		-	-	10,000	-	-	10,000	-	-	10,000
At 30 June 2024 (Unaudited)		800,000	-	34,278	(3,947)	(5,823)	24,508	562,624	(45,461)	1,341,671

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

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

Wael Mohammed Mohammed Khalil
Chief Financial Officer

Mohammed Galal Ali Fahmy
Chief Executive Officer

Yousef Ali Zaid AL Quraishi
Chairman

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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 2024 (Unaudited)	2023 (Unaudited)
Cash flows from operating activities			
Profit before zakat and income tax		**217,089**	164,463
Adjustments for:			
Depreciation of property and equipment		**27,236**	25,332
Amortization of intangible assets		**8,985**	6,691
Depreciation of right-of-use assets		**25,802**	24,886
Property and equipment written off		**344**	8,123
Net impairment losses on financial assets	6	**49,273**	29,281
Amortization of deferred revenue		**(96,233)**	(71,789)
Loss on termination of a lease		**-**	1,051
Finance income from net investment in finance lease		**(1,421)**	(1,427)
Employee share schemes - value of employee services		**10,000**	4,500
(Gain) loss on disposal of property and equipment		**(66)**	23
Finance charges		**69,013**	60,017
Provision for employee benefit obligations		**8,404**	8,608
Changes in operating assets and liabilities:			
Increase in trade and other receivables		**(18,785)**	(59,215)
Increase in investment in Islamic financing contracts		**(277,023)**	(214,214)
Increase in inventories		**(32,423)**	(9,635)
Increase in trade and other payables		**339,026**	319,793
Increase in deferred revenue from extended warranty program		**127,039**	90,208
Cash utilized in operations		**456,260**	386,696
Employee benefit obligations paid		**(2,457)**	(3,090)
Principle element of lease payment received		**1,635**	500
Finance cost paid		**(67,301)**	(60,236)
Zakat and income tax paid		**(30,643)**	(31,058)
Net cash inflow from operating activities		**357,494**	292,812
Cash flows from investing activities			
Payments for purchases of property and equipment		**(33,553)**	(28,106)
Payments for purchases of intangible assets		**(5,065)**	(4,424)
Proceeds from disposal of property and equipment		**88**	72
Net cash outflow from investing activities		**(38,530)**	(32,458)
Cash flows from financing activities			
Proceeds from long-term borrowings		**471,101**	679,500
Repayment of long-term borrowings		**(300,612)**	(299,933)
Proceeds from short-term borrowings		**1,125,000**	680,165
Repayment of short-term borrowings		**(1,376,878)**	(960,121)
Dividends paid to the Company's shareholders	15	**(152,956)**	(152,355)
Principal elements of lease payments		**(34,177)**	(17,782)
Net cash outflow from financing activities		**(268,522)**	(70,526)

(Continued)

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

	Note	For the six-month period ended 30 June 2024 (Unaudited)	2023 (Unaudited)
Net increase in cash and cash equivalents		**50,442**	189,828
Cash and cash equivalents at beginning of period		**152,604**	146,669
Cash and cash equivalents at end of period	7	**203,046**	336,497
Non-cash financing activities:			
Right-of-use assets recorded against lease liabilities		**46,406**	5,695
Reversal of right-of-use assets on termination of a lease and other adjustments		-	8,723
Reversal of lease liabilities on termination of a lease		-	7,672

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

The condensed consolidated interim financial information was approved by the Board of Directors on 29 July 2024 and was signed on their behalf by:

Wael Mohammed Mohammed Khalil	**Mohammed Galal Ali Fahmy**	**Yousef Ali Zaid AL Quraishi**
Chief Financial Officer	**Chief Executive Officer**	**Chairman**

(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 financial information of the Company and its following wholly owned subsidiaries:

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

As at 30 June 2024, the Group had a total of 55 branches (31 December 2023: 53 branches) out of which 50 branches are in the Kingdom of Saudi Arabia (31 December 2023: 48 branches in the Kingdom of Saudi Arabia).

During 2023, the Board of Directors of the UIHC recommended to the Company to initiate legal formalities to file for the UIHC's request for an Initial Public Offering ("IPO Application") with the Capital Market Authority ("CMA") in the Kingdom of Saudi Arabia. On 26 June 2024, CMA approved the UIHC's IPO Application. CMA's approval is valid for a period of six months from the date of such approval and will be deemed as cancelled if the offering and listing of the UIHC's shares are not completed within this six-month period.

The accompanying condensed consolidated interim financial information was approved by the Company's Board of Directors on 29 July 2024.

2 Material accounting policies

The material 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 2023.

2 Material accounting policies (continued)

2.1 Basis of preparation (continued)

(b) New standards, amendments to standards and interpretations

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

- Amendment to IFRS 16 'Leases' ("IFRS 16") – Leases on sale and leaseback;
- Amendments to IAS 1, Presentation of financial statements' - Non-current liabilities with covenants; and
- Amendment to IAS 7 'Cash flow statements' ("IAS 7") and IFRS 7 'Financial instruments: Disclosures ("IFRS 7") – Supplier finance.

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

(c) Standards issued but not yet effective

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 30 June 2024 reporting periods and have not been early adopted by the Group. Management is in the process of assessing the impact of such new standards and interpretations on its consolidated financial statements.

3 Fair value of assets and liabilities

As at 30 June 2024 and 31 December 2023, all financial assets and financial liabilities of the Group are categorized as held at amortized cost. Management believes that the fair values of the Group's financial assets and liabilities as at 30 June 2024 and 31 December 2023 are not materially different from their carrying values since the financial instruments are short term in nature, carry profit rates which are based on prevailing market profit rates and are expected to be realized at their current carrying values within twelve months from the date of the statement of financial position. The fair values of the non-current financial instruments are estimated to approximate their carrying values as these carry profit rates which are based on prevailing market profit rates. During the six-month period ended 30 June 2024, there have been no significant market developments which might indicate towards a potential change in fair value of the Group's financial instruments.

4 Critical accounting estimates and judgements

The preparation of condensed consolidated interim financial information requires the use of certain critical estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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 2023. Also see Notes 6 and 14 for details regarding the computation of expected credit loss allowance ("ECL") on investment in Islamic financing contracts and risk management policies.

(All amounts in Saudi Riyals thousands unless otherwise stated)

5 Revenue

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2024 (Unaudited)	**2023 (Unaudited)**	**2024 (Unaudited)**	**2023 (Unaudited)**
Recognized at a point in time				
Retail	**1,291,169**	1,269,434	**2,330,147**	2,300,605
Wholesale	**13,850**	42,906	**26,387**	50,506
E-commerce	**416,447**	272,413	**759,144**	513,007
	1,721,466	1,584,753	**3,115,678**	2,864,118
Recognized over time				
Extended warranty program	**42,623**	36,701	**83,474**	71,789
Others	**7,240**	553	**13,945**	1,136
	49,863	37,254	**97,419**	72,925
Total sales and services	**1,771,329**	1,622,007	**3,213,097**	2,937,043
Income from Islamic financing contracts	**149,992**	127,725	**289,644**	250,825
	1,921,321	1,749,732	**3,502,741**	3,187,868

6 Investment in Islamic financing contracts

	30 June 2024	**31 December 2023**
	(Unaudited)	**(Audited)**
Investment in Tawarruq financing contracts, net	**1,687,990**	1,531,316
Investment in Murabaha financing contracts, net	**145,410**	272,873
Investment in Islamic credit cards, net	**261,735**	63,196
	2,095,135	1,867,385
Less: non- current portion	**(1,087,535)**	(1,028,152)
Current portion	**1,007,600**	839,233

(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 June 2024	31 December 2023	30 June 2024	31 December 2023	30 June 2024	31 December 2023	30 June 2024	31 December 2023	30 June 2024	31 December 2023
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Gross investment in Islamic financing contracts	**32,076**	32,473	**2,560,387**	2,317,298	**186,752**	362,169	**309,890**	65,726	**3,089,105**	2,777,666
Unearned finance and processing fee income	**(6,651)**	(7,048)	**(816,098)**	(736,619)	**(34,581)**	(77,646)	**(39,996)**	-	**(897,326)**	(821,313)
Present value of investment in Islamic financing contracts ("P.V of I.F.C.")	**25,425**	25,425	**1,744,289**	1,580,679	**152,171**	284,523	**269,894**	65,726	**2,191,779**	1,956,353
Allowance for ECL	**(25,425)**	(25,425)	**(56,299)**	(49,363)	**(6,761)**	(11,650)	**(8,159)**	(2,530)	**(96,644)**	(88,968)
Net investment in Islamic financing contracts ("Net investment in I.F.C.")	**-**	-	**1,687,990**	1,531,316	**145,410**	272,873	**261,735**	63,196	**2,095,135**	1,867,385
Net investment in I.F.C. - non-current portion	**-**	-	**(1,057,131)**	(957,963)	**(30,404)**	(70,189)	**-**	-	**(1,087,535)**	(1,028,152)
Net investment in I.F.C. - current portion	**-**	-	**630,859**	573,353	**115,006**	202,684	**261,735**	63,196	**1,007,600**	839,233

(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		Islamic credit card		Total	
	30 June 2024 (Unaudited)	1 December 2023 (Audited)	30 June 2024 (Unaudited)	31 December 2023 (Audited)	30 June 2024 (Unaudited)	31 December 2023 (Audited)	30 June 2024 (Unaudited)	31 December 2023 (Audited)	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Opening balance	**25,425**	25,790	**49,363**	40,064	**11,650**	6,326	**2,530**	365	**88,968**	72,545
Charge for the period /year	**-**	(365)	**43,006**	52,655	**11,253**	16,584	**6,446**	2,720	**60,705**	71,594
Amounts written-off	**-**	-	**(36,070)**	(43,356)	**(16,142)**	(11,260)	**(817)**	(555)	**(53,029)**	(55,171)
Closing balance	**25,425**	25,425	**56,299**	49,363	**6,761**	11,650	**8,159**	2,530	**96,644**	88,968

6.2.1 Net impairment losses on financial assets:

	Installment sales		Tawarruq finance		Murabaha finance		Islamic credit card		Total	
	30 June 2024 (Unaudited)	30 June 2023 (Unaudited)	30 June 2024 (Unaudited)	30 June 2023 (Unaudited)	30 June 2024 (Unaudited)	30 June 2023 (Unaudited)	30 June 2024 (Unaudited)	30 June 2023 (Unaudited)	30 June 2024 (Unaudited)	30 June 2023 (Unaudited)
Charge for the period	-	(365)	43,006	23,382	11,253	9,469	6,446	778	60,705	33,264
Recoveries amount of previously written off	-	-	(8,002)	(2,538)	(3,430)	(1,383)	-	-	(11,432)	(3,921)
Net impairment losses on financial assets	-	(365)	35,004	20,844	7,823	8,086	6,446	778	49,273	29,343

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 2024
(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:

	Instalment sales			Tawarruq finance			Murabaha finance			Islamic credit card			Total		
30 June 2024 (Unaudited)	**P.V of I.F.C**	**Allowance for ECL**	**Net investment in I.F.C**	**P.V of I.F.C**	**Allowance for ECL**	**Net investment in I.F.C**	**P.V of I.F.C**	**Allowance for ECL**	**Net investment in I.F.C**	**P.V of I.F.C.**	**Allowance for ECL**	**Net investment in I.F.C**	**P.V of I.F.C**	**Allowance for ECL**	**Net investment in I.F.C**
Performing (Stage 1)	-	-	-	1,548,163	(20,187)	1,527,976	122,719	(991)	121,728	252,422	(4,085)	248,337	1,923,304	(25,263)	1,898,041
Under-performing (Stage 2)	-	-	-	66,235	(4,976)	61,259	5,954	(327)	5,627	4,165	(359)	3,806	76,354	(5,662)	70,692
Non-performing (Stage 3)	25,425	(25,425)	-	129,891	(31,136)	98,755	23,498	(5,443)	18,055	13,307	(3,715)	9,592	192,121	(65,719)	126,402
	25,425	(25,425)	-	1,744,289	(56,299)	1,687,990	152,171	(6,761)	145,410	269,894	(8,159)	261,735	2,191,779	(96,644)	2,095,135

	Instalment sales			Tawarruq finance			Murabaha finance			Islamic credit card			Total		
31 December 2023 (Audited)	**P.V of I.F.C.**	**Allowance for ECL**	**Net investment in I.F.C.**	**P.V of I.F.C.**	**Allowance for ECL**	**Net investment in I.F.C.**	**P.V of I.F.C.**	**Allowance for ECL**	**Net investment in I.F.C.**	**P.V of I.F.C.**	**Allowance for ECL**	**Net investmen t in I.F.C.**	**P.V of I.F.C.**	**Allowance for ECL**	**Net investment in I.F.C.**
Performing (Stage 1)	-	-	-	1,363,519	(12,796)	1,351,370	231,559	(1,146)	229,766	56,654	(735)	55,919	1,651,732	(14,677)	1,637,055
Under-performing (Stage 2)	-	-	-	94,489	(7,282)	87,206	13,124	(813)	12,312	3,111	(300)	2,811	110,724	(8,395)	102,329
Non-performing (Stage 3)	25,425	(25,425)	-	122,671	(29,285)	92,740	39,840	(9,691)	30,795	5,961	(1,495)	4,466	193,897	(65,896)	128,001
	25,425	(25,425)	-	1,580,679	(49,363)	1,531,316	284,523	(11,650)	272,873	65,726	(2,530)	63,196	1,956,353	(88,968)	1,867,385

(All amounts in Saudi Riyals thousands unless otherwise stated)

6 Investment in Islamic financing contracts (continued)

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

	Performing (Stage 1)	Under-performing (Stage 2)	Non-performing (Stage 3)	Total
2024				
1 January 2024	**14,677**	**8,395**	**65,896**	**88,968**
Individual financial assets transferred to under-performing (lifetime expected credit losses)	**(1,534)**	**4,213**	**(681)**	**1,998**
Individual financial assets transferred to non-performing (credit-impaired financial assets)	**(1,584)**	**(3,044)**	**19,163**	**14,535**
Individual financial assets transferred to performing (12-month expected credit losses)	**1,271**	**(3,044)**	**(2,163)**	**(3,936)**
New financial assets originated	**12,082**	**-**		**12,082**
Amounts written-off	**-**	**-**	**(53,031)**	**(53,031)**
Other changes	**351**	**(858)**	**36,535**	**36,028**
30 June 2024	**25,263**	**5,662**	**65,719**	**96,644**

	Performing (Stage 1)	Under-performing (Stage 2)	Non-performing (Stage 3)	Total
2023				
1 January 2023	11,992	3,264	57,289	72,545
Individual financial assets transferred to under-performing (lifetime expected credit losses)	(5,270)	8,236	(633)	2,333
Individual financial assets transferred to non -performing (credit-impaired financial assets)	(16,974)	(1,928)	38,213	19,311
Individual financial assets transferred to performing (12-month expected credit losses)	42	(475)	(2,299)	(2,732)
New financial assets originated	28,620	-	-	28,620
Amounts written-off	(1,500)	(267)	(53,405)	(55,172)
Other changes	(2,233)	(435)	26,731	24,063
31 December 2023	14,677	8,395	65,896	88,968

(All amounts in Saudi Riyals thousands unless otherwise stated)

6 Investment in Islamic financing contracts (continued)

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

	Instalment sales			Tawarruq finance			Murabaha finance			Islamic credit card			Total		
2024	**Performing (Stage 1)**	**Under-performing (Stage 2)**	**Non-performing (Stage 3)**	**Performing (Stage 1)**	**Under-performing (Stage 2)**	**Non-performing (Stage 3)**	**Performing (Stage 1)**	**Under-performing (Stage 2)**	**Non-performing (Stage 3)**	**Performing (Stage 1)**	**Under-performing (Stage 2)**	**Non-performing (Stage 3)**	**Performing (Stage 1)**	**Under-performing (Stage 2)**	**Non-performing (Stage 3)**
At 1 January	-	-	25,425	12,796	7,282	29,285	1,146	813	9,691	735	300	1,495	14,677	8,395	65,896
Individual financial assets transferred to															
- Stage 1	-	-	-	1,196	(2,714)	(1,928)	62	(267)	(204)	13	(63)	(31)	1,271	(3,044)	(2,163)
- Stage 2	-	-	-	(1,223)	3,617	(592)	(33)	225	(78)	(278)	371	(11)	(1,534)	4,213	(681)
- Stage 3	-	-	-	(830)	(2,554)	14,800	(21)	(290)	1,633	(733)	(200)	2,730	(1,584)	(3,044)	19,163
New financial assets originated	-	-	-	7,993	-	-	72	-	-	4,017	-	-	12,082	-	-
Amounts written-off	-	-	-	-	-	(36,070)	-	-	(16,143)	-	-	(818)	-	-	(53,031)
Other changes	-	-	-	255	(655)	25,641	(235)	(154)	10,544	331	(49)	350	351	(858)	36,535
At 30 June	-	-	25,425	20,187	4,976	31,136	991	327	5,443	4,085	359	3,715	25,263	5,662	65,719

(All amounts in Saudi Riyals thousands unless otherwise stated)

6 Investment in Islamic financing contracts (continued)

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

	Instalment sales			Tawarruq finance			Murabaha finance			Islamic credit card			Total		
2023	**Performing (Stage 1)**	**Under-performing (Stage 2)**	**Non-performing (Stage 3)**	**Performing (Stage 1)**	**Under-performing (Stage 2)**	**Non-performing (Stage 3)**	**Performing (Stage 1)**	**Under-performing (Stage 2)**	**Non-performing (Stage 3)**	**Performing (Stage 1)**	**Under-performing (Stage 2)**	**Non-performing (Stage 3)**	**Performing (Stage 1)**	**Under-performing (Stage 2)**	**Non-performing (Stage 3)**
At 1 January	37	82	25,671	10,500	2,890	26,674	1,408	196	4,722	47	96	222	11,992	3,264	57,289
Individual financial assets transferred to															
- Stage 1	-	-	-	39	(446)	(2,186)	2	(25)	(87)	1	(4)	(26)	42	(475)	(2,299)
- Stage 2	-	-	-	(4,473)	7,133	(583)	(508)	802	(50)	(289)	298	-	(5,270)	8,233	(633)
- Stage 3	-	-	-	(11,370)	(1,742)	27,349	(4,476)	(109)	9,369	(1,128)	(77)	1,496	(16,974)	(1,928)	38,214
New financial assets originated	-	-	-	21,149	-	-	5,383	-	-	2,088	-	-	28,620	-	-
Amounts written-off	-	-	-	(1,372)	(250)	(41,733)	(127)	(16)	(11,117)	-	-	(555)	(1,499)	(266)	(53,405)
Other changes	(37)	(82)	(246)	(1,677)	(303)	19,764	(536)	(35)	6,854	16	(13)	358	(2,234)	(433)	26,730
At 31 December	-	-	25,425	12,796	7,282	29,285	1,146	813	9,691	735	300	1,495	14,677	8,395	65,896

6 Investment in Islamic financing contracts (continued)

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

Following factors contributed to the change in the ECL allowance during the six-month period ended 30 June 2024:

- Transfers between Stage 1, 2 and 3, due to balances experiencing significant increases (or decreases) in credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and lifetime ECL;

- Management updates the inputs with respect to macroeconomic factors to their ECL model on a quarterly basis based on the latest available information. which contributes to determination of the overall scalar factor used. Furthermore, changes in unemployment statistics are also used in determination of the overall scalar factor used to incorporate the impact of forward-looking information to the ECL computation. This did not have a significant impact on the net impairment losses / ECL allowance as of and for the six-month period ended 30 June 2024. There were no other changes made to the underlying methodology and significant judgments used by management in preparation of the ECL model during such period;

- Additional allowances for new financial assets recognised during the period;

- Financial assets written off; and

- ‘Other changes’ principally represent net impact of additional allowance for ECL recognized upon write-offs and recoveries from previously written-off exposures.

(All amounts in Saudi Riyals thousands unless otherwise stated)

6 Investment in Islamic financing contracts (continued)

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

	Instalment sales			Tawarruq finance			Murabaha finance			Islamic credit card			Total		
	Performing (Stage 1)	Under-performing (Stage 2)	Non-performing (Stage 3)	Performing (Stage 1)	Under-performing (Stage 2)	Non-performing (Stage 3)	Performing (Stage 1)	Under-performing (Stage 2)	Non-performing (Stage 3)	Performing (Stage 1)	Under-performing (Stage 2)	Non-performing (Stage 3)	Performing (Stage 1)	Under-performing (Stage 2)	Non-performing (Stage 3)
2024															
At 1 January	-	-	25,425	1,363,519	94,489	122,671	231,559	13,124	39,840	56,654	3,111	5,961	1,651,732	110,724	193,897
Individual financial assets transferred to															
- Stage 1	-	-	-	43,382	(35,306)	(8,076)	10,067	(4,299)	(5,768)	866	(583)	(283)	54,315	(40,188)	(14,127)
- Stage 2	-	-	-	(45,505)	48,054	(2,549)	(4,367)	4,701	(334)	(3,763)	3,768	(5)	(53,635)	56,523	(2,888)
- Stage 3	-	-	-	(25,250)	(34,038)	59,288	(2,565)	(4,785)	7,350	(7,107)	(2,093)	9,200	(34,922)	(40,916)	75,838
New financial assets originated	-	-	-	547,468	-	-	8,071	-	-	211,955	-	-	767,494	-	-
Amounts written-off	-	-	-	-	-	(36,070)	-	-	(16,143)	-	-	(818)	-	-	(53,031)
Collections and other changes	-	-	-	(335,451)	(6,964)	(5,373)	(120,046)	(2,787)	(1,447)	(6,183)	(38)	(748)	(461,680)	(9,789)	(7,568)
At 30 June	-	-	25,425	1,548,163	66,235	129,891	122,719	5,954	23,498	252,422	4,165	13,307	1,923,304	76,354	192,121

(All amounts in Saudi Riyals thousands unless otherwise stated)

6 Investment in Islamic financing contracts (continued)

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

	Instalment sales			Tawarruq finance			Murabaha finance			Islamic credit card			Total		
	Performing (Stage 1)	Under-performing (Stage 2)	Non-performing (Stage 3)	Performing (Stage 1)	Under-performing (Stage 2)	Non-performing (Stage 3)	Performing (Stage 1)	Under-performing (Stage 2)	Non-performing (Stage 3)	Performing (Stage 1)	Under-performing (Stage 2)	Non-performing (Stage 3)	Performing (Stage 1)	Under-performing (Stage 2)	Non-performing (Stage 3)
2023															
At 1 January	53	118	36,717	1,102,246	18,730	68,926	378,862	4,759	21,023	5,840	496	496	1,487,001	24,103	127,162
Individual financial assets transferred to															
- Stage 1	-	-	-	8,259	(2,977)	(5,281)	6,484	(517)	(5,967)	560	(82)	(478)	15,303	(3,576)	(11,726)
- Stage 2	-	-	-	(105,940)	107,378	(1,438)	(19,287)	19,498	(211)	(3,277)	3,277	-	(128,504)	130,153	(1,649)
- Stage 3	-	-	-	(104,820)	(10,515)	115,335	(37,908)	(2,177)	40,086	(4,664)	(372)	5,036	(147,392)	(13,064)	160,457
New financial assets originated	-	-	-	887,521	-	-	164,444	-	-	64,414	-	-	1,116,379	-	-
Amounts written-off	-	-	-	(1,373)	(251)	(41,733)	(127)	(17)	(11,117)	-	-	(555)	(1,500)	(268)	(53,405)
Collections and other changes	(53)	(118)	(11,292)	(422,374)	(17,876)	(13,138)	(260,909)	(8,422)	(3,974)	(6,219)	(208)	1,462	(689,555)	(26,624)	(26,942)
At 31 December	-	-	25,425	1,363,519	94,489	122,671	231,559	13,124	39,840	56,654	3,111	5,961	1,651,732	110,724	193,897

(All amounts in Saudi Riyals thousands unless otherwise stated)

6 Investment in Islamic financing contracts (continued)

6.7 Maturity profile of gross investment in Islamic financing contracts and present value of investment in Islamic financing contracts is as follows:

	30 June 2024	31 December 2023
Gross investment in Islamic financing contracts		
Within one year	**1,180,243**	1,066,838
From one to two years	**901,783**	808,228
From two to three years	**535,244**	479,715
From three to four years	**329,433**	295,256
Four to five years	**142,402**	127,629
	3,089,105	2,777,666
Present value of investment in Islamic financing contracts		
Within one year	**1,042,095**	895,792
From one to two years	**589,199**	550,793
From two to three years	**318,741**	301,094
From three to four years	**171,532**	150,008
Four to five years	**70,212**	58,666
	2,191,779	1,956,353

7 Cash and cash equivalents

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Cash at banks	**191,478**	141,675
Cash in hand	**9,870**	9,597
	201,348	151,272

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

	30 June 2024 (Unaudited)	30 June 2023 (Unaudited)
Cash at banks	**191,478**	303,892
Cash in hand	**9,870**	28,394
Cash and cash equivalents attributable to disposal group classified as held for sale	**1,698**	4,211
	203,046	336,497

(All amounts in Saudi Riyals thousands unless otherwise stated)

8 Borrowings

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Long-term borrowings		
Murabaha facilities	**1,021,473**	939,537
Short-term borrowings		
Murabaha facilities	**243,552**	406,788
	1,265,025	1,346,325
Accrued finance cost	**8,657**	7,034
	1,273,682	1,353,359

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Classification of borrowings is presented below:		
Current portion (including short-term borrowings)	**472,012**	688,620
Non-current portion	**801,670**	664,739
	1,273,682	1,353,359

8.1 The movement in the Group's borrowings is as follows:

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
As at 1 January	**1,353,359**	1,179,051
Proceeds from long-term borrowings	**471,101**	774,500
Proceeds from short-term borrowings	**1,125,000**	1,893,922
Repayment of long-term borrowings	**(300,612)**	(416,897)
Repayment of short-term borrowings	**(1,376,878)**	(2,077,165)
Finance cost accrued	**47,308**	125,346
Finance cost paid	**(45,596)**	(125,398)
As at 31 December	**1,273,682**	1,353,359

8.2 The maturities of the principal portion of the Group's borrowings are as follows:

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Less than 6 months	**302,878**	546,712
Between 6 to 12 months	**172,878**	134,875
Between 1 and 2 years	**345,756**	269,750
Between 2 and 5 years	**443,513**	394,988
	1,265,025	1,346,325

Maturity profile of borrowings, including finance cost component, is disclosed in Note 14.

(All amounts in Saudi Riyals thousands unless otherwise stated)

8 Borrowings (continued)

8.3 The Group has obtained borrowings under Islamic financing arrangements with commercial banks in the Kingdom of Saudi Arabia. All loan facilities are denominated in Saudi Riyals and bear financial cost based on the Saudi Arabian Interbank Offered Rate ("SAIBOR") ranging between SAIBOR plus certain margins. The Group's borrowings are carried at amortised cost and are periodically contractually repriced after every three months, in line with the terms of the borrowing arrangements.

The facility-wise breakdown of the outstanding loan balance is as follows:

	Note	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Long-term borrowings			
Murabaha IV	8.3.1	**400,000**	249,999
Murabaha VI	8.3.2	**318,025**	356,350
Murabaha VII	8.3.3	**392,000**	333,188
Short-term borrowings			
Murabaha V	8.3.4	**155,000**	406,788
		1,265,025	1,346,325
Accrued finance cost		**8,657**	7,034
		1,273,682	1,353,359

The financial cost incurred during the period increased on account of increase in amount of borrowings. 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 2024.

Details of the type of borrowings facilities as allocated to and availed by the Group are as follows:

Long term borrowings

8.3.1 Murabaha IV

Total amount available to UCFS under such facility is Saudi Riyals 450.0 million. Each tranche of facility utilization is repayable in 16 quarterly installments commencing 6 months after receipt of the borrowed amount. As at 30 June 2024, the Group has an outstanding loan balance of Saudi Riyals 400.0 million against this facility (31 December 2023: Saudi Riyals 250.0 million).

Under the terms of this borrowing facility, UCFS, being the contractual counterparty, is required to maintain a minimum ratio of 1.2 to 1 of earnings before interest, tax, depreciation and amortization ("EBITDA") to Debt Service. As at 30 June 2024, the ratio of EBITDA to debt service was 4.0 (31 December 2023: 4.8), in compliance with the requirements of the minimum ratio as set out in such facility agreement. The Group is also required to monitor the aggregate amount of financing offered by the Group in line with the regulatory requirements of Saudi Central Bank ("SAMA"), which requires companies engaged in financing other than real estate, not to exceed aggregate financing to capital ratio of three times, which is calculated by dividing net investment in Islamic financing contracts by total equity. As at 30 June 2024, such ratio of investment in Islamic financing contracts to net equity was 2.1 (31 December 2023: 2.2), in compliance with the requirements of SAMA.

(All amounts in Saudi Riyals thousands unless otherwise stated)

8 Borrowings (continued)

8.3.2 Murabaha VI

Total amount available to UCFS under such facility is Saudi Riyals 400.0 million. Each tranche of facility utilization is repayable in 20 quarterly installments commencing 3 months after receipt of the borrowed amount. As at 30 June 2024, the Group has an outstanding loan balance of Saudi Riyals 318.0 million against this facility (31 December 2023: 356.4 million).

Under the terms of this borrowing facility, the UCFS is required to maintain a minimum current ratio of 1.05. As at 30 June 2024, the current ratio was 2.8 (31 December: 2.4), in compliance with the requirements of the minimum ratio as set out in such facility agreement.

8.3.3 Murabaha VII

Total amount available to UCFS under such facility is Saudi Riyals 400.0 million. Each tranche of facility utilization is repayable in 20 quarterly installments commencing 3 months after receipt of the borrowed amount. As at 30 June 2024, the Group has an outstanding loan balance of Saudi Riyals 392.0 million against this facility (31 December 2023: 333.1 million).

Under the terms of this borrowing facility, the UCFS is required to maintain a minimum current ratio of 1.1. As at 30 June 2024, the current ratio was 2.8 (31 December: 2.4), in compliance with the requirements of the minimum ratio as set out in such facility agreement.

Short term borrowings

8.3.6 Murabaha V

During the period ended June 30, 2024, the Group has availed short-term borrowing facilities with certain local commercial banks for working capital management. The total amount available to the Group under such facilities is Saudi Riyals 1,745 million. Each tranche of such borrowings is repayable between 30 to 90 days from receipt of the borrowed amount. As at 30 June 2024, the Group had an outstanding balance of Saudi Riyals 155 million against this facility (31 December 2023: Saudi Riyals 406.8 million).

9 Trade and other payables

	Note	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Accounts payable		**827,890**	547,975
Advances from customers		**102,031**	64,970
Accrued expenses		**61,843**	51,758
Value added tax payable		**54,676**	26,528
Accruals for employees		**26,623**	47,797
Gift cards		**18,929**	20,016
Due to related parties	11	**929**	865
Others		**23,915**	16,691
		1,116,836	776,600

(All amounts in Saudi Riyals thousands unless otherwise stated)

10 Segmental information

a) Operating segments

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

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

The following summary describes the operations of each reportable segment.

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

The segmental information was as follows:

As at and for the six-month period ended 30 June 2024 (Unaudited)

	Sales and services	**Consumer finance**	**Others**	**Intersegment eliminations**	**Total**
Revenue					
- At a point in time	**3,115,678**	**-**	**-**	**-**	**3,115,678**
- Over time	**99,773**	**289,258**	**10,586**	**(12,554)**	**387,063**
	3,215,451	**289,258**	**10,586**	**(12,554)**	**3,502,741**
Net profit	**205,075**	**98,695**	**99,954**	**(203,257)**	**200,467**
Total assets	**3,668,588**	**2,179,054**	**1,005,935**	**(2,060,245)**	**4,793,332**
Total liabilities	**2,263,866**	**1,193,164**	**211,017**	**(215,386)**	**3,452,661**

For the six-month period ended 30 June 2023 (Unaudited)

	Sales and services	**Consumer finance**	**Others**	**Intersegment eliminations**	**Total**
Revenue					
- At a point in time	2,864,116	-	-	-	2,864,116
- Over time	75,747	249,970	11,569	(13,534)	323,752
	2,939,863	249,970	11,569	(13,534)	3,187,868
Net profit	42,376	103,780	(40)	-	146,116
Total assets	3,403,293	1,849,170	800,072	(1,675,711)	4,376,824
Total liabilities	2,242,945	1,070,824	213,665	(284,695)	3,242,739

As at 31 December 2023 (Audited)

Total assets	3,471,115	1,926,190	906,910	(1,862,704)	4,441,511
Total liabilities	2,139,923	1,038,991	211,623	(233,391)	3,157,146

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

(All amounts in Saudi Riyals thousands unless otherwise stated)

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 2024 (Unaudited)

	Kingdom of Saudi Arabia	Others	Intersegment eliminations	Total
Revenue				
- At a point in time	**2,895,006**	**220,672**	**-**	**3,115,678**
- Over time	**384,478**	**15,139**	**(12,554)**	**387,063**
	3,279,484	**235,811**	**(12,554)**	**3,502,741**
Net profit	**399,044**	**4,680**	**(203,462)**	**200,262**
Total assets	**6,542,184**	**311,569**	**(2,060,421)**	**4,793,332**
Total liabilities	**3,419,798**	**248,249**	**(215,386)**	**3,452,661**

For the six-month period ended 30 June 2023 (Unaudited)

	Kingdom of Saudi Arabia	Others	Intersegment eliminations	Total
Revenue				
- At a point in time	2,629,255	234,861	-	2,864,116
- Over time	321,703	15,583	(13,534)	323,752
	2,950,958	250,444	(13,534)	3,187,868
Net profit	353,607	(38,992)	(168,499)	146,116
Total assets	5,772,361	280,174	(1,675,711)	4,376,824
Total liabilities	3,272,615	254,819	(284,695)	3,242,739

As at 31 December 2023 (Audited)

	Kingdom of Saudi Arabia	Others	Intersegment eliminations	Total
Total assets	6,020,503	283,712	(1,862,704)	4,441,511
Total liabilities	3,153,212	237,325	(233,391)	3,157,146

11 Related party transactions and balances

Related parties comprise the shareholders, directors, affiliated 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 2024, Al Fozan Holding Company is the major shareholder of the Company with a shareholding of 20.0% (31 December 2023: 20.0%).

(All amounts in Saudi Riyals thousands unless otherwise stated)

11 Related party transactions and balances (continued)

(a) The following 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**	
		2024	**2023**	**2024**	**2023**
		(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
Sales	Major shareholder	**43**	42	**89**	99
	Associated Companies	**8**	-	**9**	99
Purchases	Associated Companies	**523**	388	**760**	570
Rental income	Associated Companies	**391**	391	**783**	783
Rent expense	Associated Companies	**505**	511	**1,011**	1,023
Other expenses charged to	Associated Companies	**51**	69	**396**	151
Other expenses charged by	Associated Companies	**32**	-	**82**	-

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**	
	2024	**2023**	**2024**	**2023**
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
Salaries and other employee benefits	**3,032**	2,795	**5,709**	5,707
Board of Directors' fees	**46**	50	**58**	76
	3,078	2,845	**5,767**	5,783

(All amounts in Saudi Riyals thousands unless otherwise stated)

11 Related party transactions and balances (continued)

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

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
United Homeware Company	**2,524**	1,746
Al Fozan Holding Company	**15**	37
Retal Urban Development Company	**8**	-
	2,547	1,783

(d) Due to related parties - associated companies

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Madar Hardware Company	**898**	834
Al Yassra Trading Co.	**31**	31
	929	865

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 cost.

12 Earnings per share

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2024	2023	2024	2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit for the period attributable to the shareholders of the Company	**106,604**	61,666	**200,467**	146,116

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	
	2024	2023	2024	2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares used in calculating basic earnings per share	**76,478,225**	76,192,487	**76,478,225**	76,192,487
Adjustment for treasury shares	**3,521,775**	3,807,513	**3,521,775**	3,807,513
Weighted average number of ordinary shares used in calculating diluted earnings per share	**80,000,000**	80,000,000	**80,000,000**	80,000,000
Earnings per share (Saudi Riyals)				
Basic earnings per share	**1.39**	0.81	**2.62**	1.92
Diluted earnings per share	**1.33**	0.77	**2.51**	1.83

13 Contingencies

At 30 June 2024, the Group was contingently liable for bank guarantees and letters of credit issued in the normal course of business amounting to Saudi Riyals 668.7 million (31 December 2023: Saudi Riyals 691.8 million).

14 Financial risk management

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

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. Management and the Board of Directors are responsible for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The risks faced by the Group and their respective mitigating strategies are summarized below:

14.1 Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation and cause a financial loss to the Group. The maximum exposure to credit risk is equal to the carrying amount of financial assets. As at 30 June 2024, the Group has maintained an ECL allowance of Saudi Riyals 96.6 million (31 December 2023: Saudi Riyals 89.0 million), which is considered adequate to provide for any losses which may be sustained on realization of financial assets.

The management analyses credit risk into the following categories:

Investment in Islamic financing contracts

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

(All amounts in Saudi Riyals thousands unless otherwise stated)

14 Financial risk management (continued)

14.1 Credit risk (continued)

Investment in Islamic financing contracts (continued)

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

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

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

A significant number of customers are Government sector employees. The Group generally receives repayments through variable channels such as regular and virtual bank transfers and SADAD. The Group has approved collection policies and procedures establishing a collection strategy to follow up with the delinquent customers. In order to monitor exposure to credit risk, reports are reviewed by the Risk and Credit Management Committee and the Board of Directors on a quarterly basis. Furthermore, the Group has also strengthened its legal department in order to be actively involved in the collection process of delinquent customers. An allowance for ECL is maintained at a level which, in the judgment of management, is adequate to provide for potential losses that can be reasonably anticipated.

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

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

	Performing (Stage 1)	Under-performing (Stage 2)	Non-performing (Stage 3)	Total
30 June 2024				
Internal credit risk ratings				
Low risk	**1,048,306**	**28,530**	**48,415**	**1,125,251**
Medium risk	**826,522**	**32,459**	**72,690**	**931,671**
High risk	**874,218**	**50,716**	**107,249**	**1,032,183**
	2,749,046	**111,705**	**228,354**	**3,089,105**

	Performing (Stage 1)	Under-performing (Stage 2)	Non-performing (Stage 3)	Total
31 December 2023				
Internal credit risk ratings				
Low risk	888,086	32,479	43,996	964,561
Medium risk	725,724	51,530	78,638	855,892
High risk	769,873	74,475	112,865	957,213
	2,383,683	158,484	235,499	2,777,666

(All amounts in Saudi Riyals thousands unless otherwise stated)

14 Financial risk management (continued)

14.1 Credit risk (continued)

Investment in Islamic financing contracts (continued)

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

	Installment sales receivable		Tawarruq finance		Murabaha finance		Islamic Credit Card		Total	
	30 June 2024	**31 December 2023**	**30 June 2024**	**31 December 2023**	**30 June 2024**	**31 December 2023**	**30 June 2024**	**31 December 2023**	**30 June 2024**	**31 December 2023**
Not past due	**-**	-	**1,458,973**	1,362,201	**116,062**	229,950	**247,704**	56,561	**1,822,739**	1,648,712
Past due 1-30 days	**-**	-	**92,659**	66,417	**6,990**	8,811	**4,872**	1,504	**104,521**	76,732
Past due 31-90 days	**-**	-	**64,700**	27,432	**5,967**	4,793	**4,104**	1,763	**74,771**	33,988
Past due 91-180 days	**-**	-	**32,563**	44,212	**3,512**	10,487	**6,060**	3,348	**42,135**	58,047
Past due 181-364 days	**-**	-	**77,819**	65,842	**14,817**	26,368	**6,363**	1,561	**98,999**	93,771
Over 365 days	**25,425**	25,425	**17,575**	14,575	**4,823**	4,114	**791**	989	**48,614**	45,103
	25,425	25,425	**1,744,289**	1,580,679	**152,171**	284,523	**269,894**	65,726	**2,191,779**	1,956,353
Less: Impairment for Islamic financing contracts	**(25,425)**	(25,425)	**(56,299)**	(49,363)	**(6,761)**	(11,650)	**(8,159)**	(2,530)	**(96,644)**	(88,968)
Net investment in Islamic financing contracts	**-**	-	**1,687,990**	1,531,316	**145,410**	272,873	**261,735**	63,196	**2,095,135**	1,867,385

14 Financial risk management (continued)

14.1 Credit risk (continued)

Investment in Islamic financing contracts (continued)

c) Sensitivity analysis:

	Impact on statement of profit or loss and other comprehensive income for the six-month period ended 30 June 2024 (Saudi Riyals in millions)
Key assumptions	
Macroeconomic factors (real gross domestic product and government consumption factors)	
Increase by 10%	**(0.1)**
Decrease by 10%	**0.7**
PD and LGD	
Increase by 10%	**(8.7)**
Decrease by 10%	**8.6**
Scenario weightings	
100% weightage assigned to base scenarios	**4.1**
100% weightage assigned to downside scenarios	**(27.9)**

Trade and other receivables

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

The average credit period on sales of goods is 30-90 days. No interest is charged on trade receivables. Before accepting any new customer, the Group has a credit policy set in place to assess the potential customer's credit quality and defines the credit limits. These procedures are reviewed and updated on an ongoing basis. At 30 June 2024, 60% of trade receivables were due from 1 customer (31 December 2023: 48% from 1 customer). Management believes that this concentration of credit risk is mitigated as the customer has established track record of regular and timely payments.

The expected loss rates are based on the payment profiles of sales over a period of 18 months before 30 June 2024 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and the inflation rate to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors. The Group does not hold any collateral as security.

14 Financial risk management (continued)

14.1 Credit risk (continued)

Trade and other receivables (continued)

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

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

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

Net investment in finance lease

Net investment in finance lease is stated at amortised cost. The Group uses simplified approach under IFRS 9 to calculate the ECL allowance. At 30 June 2024 and 31 December 2023, the ECL allowance on net investment in finance lease was immaterial.

Cash and cash equivalents

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

These are placed with banks having minimum credit ratings of BBB or better, and therefore are not subject to significant credit risk. The stated rating is as per the global bank ratings by Moody’s Investors Service. Management does not expect any losses from non-performance by these counterparties. At 30 June 2024 and 31 December 2023, the ECL allowance on cash at bank was immaterial.

14.2 Profit rate risk

Profit rate risk is the uncertainty of future earnings and expenses resulting from fluctuations in profit rates. The risk arises when there is a mismatch in the assets and liabilities which are subject to profit rate adjustment within a specified period. The most important source of such risk is the Group's Islamic financing activities and long-term borrowings. As at the date of the condensed consolidated interim statement of financial position, the Group has profit bearing financial assets of Saudi Riyals 2,095.1 million (31 December 2023: Saudi Riyals 1,867.4 million). Further, the Group also has variable profit bearing financial liabilities of Saudi Riyals 1,273.7 million (31 December 2023: Saudi Riyals 1,353.4 million) and had the profit rate varied by 1% with all the other variables held constant, total comprehensive income /loss for the period would have been approximately Saudi Riyals 24.79 million (31 December 2023: Saudi Riyals 21.57 million) higher / lower, as a result of lower / higher finance costs on variable rate borrowings.

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

(All amounts in Saudi Riyals thousands unless otherwise stated)

14 Financial risk management (continued)

14.3 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot be reasonably predicted, such as natural disasters. In addition, the Group has access to credit facilities as made available by the shareholder.

Total unused credit facilities available to the Group as at 30 June 2024 were approximately Saudi Riyals 2,631 million (31 December 2023: Saudi Riyals 1,311 million).

Cash flow forecasting is performed by the management which monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits on any of its borrowing facilities. Such cash flow forecasts consider, among other items, that the Group has pre-agreed fixed profit rates from its customers under Murabaha and Tawarruq financing contracts, whereas its borrowings from commercial banks are based on SAIBOR based variable finance costs. The maturity profile of financial assets and financial liabilities are set out in the table below which demonstrates a significant head room of financial assets over financial liabilities. Management also believes that any change in the variable finance costs of their borrowings would not result in the entity facing any liquidity issues. The cash flows of the Group, during the six-month period ended 30 June 2024, have been principally consistent with the underlying budgeted forecasts and there are no developments which might indicate towards any potential liquidity concerns in the near future.

The tables below summarize the Group's financial assets and financial liabilities into the relevant maturity groupings based on the remaining contractual maturity period at the reporting date. The amounts disclosed in the tables are the contractual undiscounted cash flows. Balances due within one year equal their carrying balances, as the impact of discounting is not significant.

	Less than one year	**1-2 Years**	**3-5 years**	**Above 5 years**	**Total**
30 June 2024					
Trade and other payables	941,200	-	-	-	**941,200**
Borrowings	536,427	573,601	286,739	5,059	**1,401,826**
Lease liabilities	80,611	85,434	159,187	584,788	**910,020**
Total	**1,558,238**	**659,035**	**445,926**	**589,847**	**3,253,046**
31 December 2023					
Trade and other payables	776,600	-	-	-	776,600
Borrowings	688,621	269,750	394,988	-	1,353,359
Lease liabilities	84,206	80,332	222,932	512,957	900,427
Total	1,549,427	350,082	617,920	512,957	3,030,386

15 Dividends

The Company's Board of Directors, in their meeting held on 6 March 2024, resolved to distribute cash dividends of Saudi Riyal 2.0 per share, amounting to Saudi Riyal 160.0 million, for the second half of the year ended 31 December 2023 (2022: Saudi Riyals 160.0 million for the second half of the year ended 31 December 2022) which was fully paid during the six-month period ended 30 June 2024.

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