

**UNITED COMPANY FOR FINANCIAL SERVICES
(A SAUDI CLOSED JOINT STOCK COMPANY)**

**CONDENSED INTERIM FINANCIAL
INFORMATION (UNAUDITED)
FOR THE THREE-MONTH AND NINE-MONTH
PERIODS ENDED 30 SEPTEMBER 2022
AND REPORT ON REVIEW OF CONDENSED INTERIM
FINANCIAL INFORMATION**

**UNITED COMPANY FOR FINANCIAL SERVICES
(A Saudi Closed Joint Stock Company)
Condensed interim financial information (Unaudited)
For the three-month and nine-month periods ended 30 September 2022**

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Report on review of Condensed Interim Financial Information

To the shareholders of United Company for Financial Services
(A Saudi Closed Joint Stock Company)

Introduction

We have reviewed the accompanying condensed interim statement of financial position of United Company for Financial Services as of 30 September 2022 and the related condensed statement of profit or loss and other comprehensive income for the three-month and nine-month periods then ended and the condensed interim statements of changes in equity and cash flows for the nine-month period ended 30 September 2022 and other explanatory notes. Management is responsible for the preparation and presentation of this condensed 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 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 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

26 October 2022



UNITED COMPANY FOR FINANCIAL SERVICES
(A Saudi Closed Joint Stock Company)
Condensed interim statement of financial position
(All amounts in Saudi Riyals unless otherwise stated)

	Note	As at 30 September 2022 (Unaudited)	As at 31 December 2021 (Audited)
Assets			
Cash and cash equivalents	3	22,089,440	34,278,848
Prepayments and other receivables	4	19,412,638	14,847,526
Investment in Islamic financing contracts	5	1,452,789,327	1,186,060,140
Property and equipment		4,699,332	5,464,958
Intangible assets		16,800,289	16,933,534
Total assets		1,515,791,026	1,257,585,006
Equity and liabilities			
Equity			
Share capital	10	350,000,000	350,000,000
Statutory reserve		27,540,019	13,132,432
Retained earnings		247,860,168	118,191,890
Actuarial reserve		(582,709)	(582,709)
Net equity		624,817,478	480,741,613
Liabilities			
Trade and other payables	6	98,728,169	80,305,069
Zakat payable	7	16,491,797	15,423,663
Borrowings	8	769,993,543	675,743,904
Employee benefit obligations		5,760,039	5,370,757
Total liabilities		890,973,548	776,843,393
Total equity and liabilities		1,515,791,026	1,257,585,006

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

UNITED COMPANY FOR FINANCIAL SERVICES
(A Saudi Closed Joint Stock Company)
Condensed 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	
		2022	2021	2022	2021
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Income from Islamic financing activities	11	107,004,049	80,446,833	298,364,556	213,519,462
Finance costs		(8,078,367)	(2,738,613)	(16,522,932)	(9,521,144)
Net income from Islamic financing activities		98,925,682	77,708,220	281,841,624	203,998,318
General and administrative expenses	12	(16,831,892)	(10,043,724)	(40,054,431)	(30,329,916)
Selling and marketing expenses	13	(20,280,765)	(20,057,899)	(62,448,444)	(60,326,629)
Net impairment losses on financial assets	3.5	(12,304,257)	(8,814,142)	(23,164,887)	(23,038,065)
Other income - net		1,269,286	247,841	3,723,014	1,009,333
Profit before zakat		50,778,054	39,040,296	159,896,876	91,313,041
Zakat expense	7	(5,578,909)	(3,494,351)	(15,821,011)	(10,122,415)
Profit for the period		45,199,145	35,545,945	144,075,865	81,190,626
Other comprehensive income			-	-	-
Total comprehensive income for the period		45,199,145	35,545,945	144,075,865	81,190,626
Earnings per share					
Basic and diluted	14	1.29	1.02	4.12	2.32

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

UNITED COMPANY FOR FINANCIAL SERVICES
(A Saudi Closed Joint Stock Company)
Condensed interim statement of changes in equity
(All amounts in Saudi Riyals unless otherwise stated)

	Share capital	Statutory reserve	Retained earnings	Actuarial reserve	Total
At 1 January 2021 (Audited)	350,000,000	254,989	2,294,905	(782,772)	351,767,122
Profit for the period	-	-	81,190,626	-	81,190,626
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	81,190,626	-	81,190,626
Transfer to statutory reserve	-	8,119,063	(8,119,063)	-	-
At 30 September 2021 (Unaudited)	350,000,000	8,374,052	75,366,468	(782,772)	432,957,748
At 1 January 2022 (Audited)	350,000,000	13,132,432	118,191,890	(582,709)	480,741,613
Profit for the period	-	-	144,075,865	-	144,075,865
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	144,075,865	-	144,075,865
Transfer to statutory reserve	-	14,407,587	(14,407,587)	-	-
At 30 September 2022 (Unaudited)	350,000,000	27,540,019	247,860,168	(582,709)	624,817,478

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

UNITED COMPANY FOR FINANCIAL SERVICES
(A Saudi Closed Joint Stock Company)
Condensed interim statement of cash flows
(All amounts in Saudi Riyals unless otherwise stated)

	Note	For the nine-month period ended 30 September	
		2022 (Unaudited)	2021 (Unaudited)
Cash flows from operating activities			
Profit before zakat		159,896,876	91,313,041
<u>Adjustments for:</u>			
Depreciation and amortization		2,866,398	1,842,943
Finance costs		16,522,932	9,521,144
Intangible assets written off		-	71,682
Property and equipment written off		36,426	380
Net impairment losses on financial assets	3,5	23,164,887	23,038,065
Employee benefit obligations		1,653,039	1,186,239
<u>Changes in working capital:</u>			
Increase in investment in Islamic financing contracts		(289,894,074)	(389,500,944)
Increase in prepayments and other receivables		(4,565,112)	(19,695,989)
Increase in trade and other payables		18,423,100	17,391,356
Cash utilized in operations		(71,895,528)	(264,832,083)
Finance costs paid		(16,044,127)	(7,860,929)
Zakat paid	7	(14,752,877)	(4,205,116)
Employee benefit obligations paid		(1,263,757)	(379,212)
Net cash outflow from operating activities		(103,956,289)	(277,277,340)
Cash flows from investing activities			
Payment for purchases of property and equipment		(462,185)	(2,383,520)
Payments for purchases of intangible assets		(1,541,768)	(4,062,671)
Net cash outflow from investing activities		(2,003,953)	(6,446,191)
Cash flows from financing activities			
Proceeds from long-term borrowings	8	350,000,000	410,000,000
Proceeds from short-term borrowings	8	195,000,000	-
Repayment of short-term borrowings	8	-	(120,000,000)
Repayment of long-term borrowings	8	(451,229,166)	(26,833,333)
Net cash inflow from financing activities		93,770,834	263,166,667
Net decrease in cash and cash equivalents		(12,189,408)	(20,556,864)
Cash and cash equivalents at beginning of the period		34,278,848	57,003,181
Cash and cash equivalents at end of the period	3	22,089,440	36,446,317

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

**UNITED COMPANY FOR FINANCIAL SERVICES
(A Saudi Closed Joint Stock Company)
Notes to the condensed interim financial information
For the three-month and nine-month periods ended 30 September 2022 (Unaudited)
(All amounts in Saudi Riyals unless otherwise stated)**

1 Legal status and activities

United Company for Financial Services (“the Company”) is a Saudi Closed Joint Stock Company, registered in the Kingdom of Saudi Arabia under the Commercial Registration (“CR”) number 2051224103 issued in Al-Khobar on 15 Jumada Al Awwal 1440 H (21 January 2019). The principal business activities of the Company include various types of consumer and product finance services under the license number 201905/Ash/52 obtained from Saudi Central Bank (“SAMA”), issued on 26 Shaban 1440 H (1 May 2019).

The Company’s head office is located in Al-Khobar, Kingdom of Saudi Arabia. The Company is a subsidiary of United International Holding Company (“UIHC”), a Saudi Closed Joint Stock Company, registered in the Kingdom of Saudi Arabia which is ultimately controlled by United Electronics Company (“UEC”), a Saudi Joint Stock Company incorporated in the Kingdom of Saudi Arabia. Also see Note 10.

During the year ended 31 December 2021, the Company had obtained a license from SAMA to engage in Islamic credit card financing activities. The Company has principally commenced such activities during the three-month period ended 30 September 2022.

2 Basis of preparation

The condensed interim financial information of the Company as at 30 September 2022 and for the three-month and nine-month periods ended 30 September 2022 has been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting (“IAS 34”), as endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organisation for Chartered and Professional Accountants (“SOCPA”).

This condensed interim financial information does not include all information and disclosures required for a complete set of financial statements and should be read in conjunction with the Company’s last annual audited financial statements as at and for the year ended 31 December 2021.

The principal accounting policies applied in the preparation of condensed interim financial information of the Company are consistent with those of the previous financial year and corresponding interim reporting period.

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2.1 Historical cost convention

The condensed interim financial information is prepared under the historical cost convention, except as explained in the relevant accounting policies in the annual financial statements for the year ended 31 December 2021.

2.2 Functional and presentation currency

This condensed interim financial information is presented in Saudi Riyals which is the Company's functional and presentation currency.

2.3 Islamic credit card receivables

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

2.4 New and amended standards

A number of amended standards became applicable for the current reporting period. The Company did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

Certain new accounting standards and interpretations have been published that are not mandatory for 30 September 2022 reporting periods and have not been early adopted by the Company. These standards are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

2.5 Critical accounting estimates and judgements

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed interim financial information, the significant judgment made by management in applying the accounting policies and the key sources of estimation uncertainty pertain to computation of expected credit loss ("ECL") allowance on its financial assets.

UNITED COMPANY FOR FINANCIAL SERVICES
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(All amounts in Saudi Riyals unless otherwise stated)

3 Cash and cash equivalents

	30 September 2022	31 December 2021
	(Unaudited)	(Audited)
Cash in hand	41,000	13,050
Cash at bank	22,048,440	34,265,798
	22,089,440	34,278,848

4 Prepayments and other receivables

	30 September 2022	31 December 2021
	(Unaudited)	(Audited)
Prepaid expenses	17,037,833	12,587,255
Advances to employees	819,282	742,745
Advances to suppliers	341,436	722,831
Other receivables	1,214,087	794,695
	19,412,638	14,847,526

Classification of prepayments and other receivables is presented below:

Due within 12 months	18,135,805	11,617,622
Due after 12 months	1,276,833	3,229,904
	19,412,638	14,847,526

Also see Note 9.2.

5 Investment in Islamic financing contracts

	30 September 2022	31 December 2021
	(Unaudited)	(Audited)
Investment in Tawarruq financing contracts, net	1,053,961,429	832,643,696
Investment in Murabaha financing contracts, net	395,301,847	353,416,444
Investment in Islamic credit cards, net	3,526,051	-
	1,452,789,327	1,186,060,140
Less: Due after 12 months	(839,706,279)	(748,432,280)
Due within 12 months	613,083,048	437,627,860

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5 Investment in Islamic financing contracts (continued)

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

	Tawarruq finance		Murabaha finance		Islamic credit card*		Total	
	30 September 2022	31 December 2021	30 September 2022	31 December 2021	30 September 2022	31 December 2021	30 September 2022	31 December 2021
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Gross investment in Islamic financing contracts	1,606,249,443	1,314,158,451	530,651,129	490,019,644	3,583,373	-	2,140,483,945	1,804,178,095
Unearned finance and processing fee income	(521,462,698)	(457,581,869)	(129,491,055)	(127,172,415)	-	-	(650,953,753)	(584,754,284)
Present value of investment in Islamic financing contracts ("P.V of I.F.C.")	1,084,786,745	856,576,582	401,160,074	362,847,229	3,583,373	-	1,489,530,192	1,219,423,811
Allowance for ECL	(30,825,315)	(23,932,886)	(5,858,227)	(9,430,785)	(57,322)	-	(36,740,864)	(33,363,671)
Net investment in Islamic financing contracts ("Net investment in I.F.C.")	1,053,961,430	832,643,696	395,301,847	353,416,444	3,526,051	-	1,452,789,328	1,186,060,140
Net investment in I.F.C. - Due after 12 months	(714,686,088)	(616,068,175)	(125,020,192)	(132,364,105)	-	-	(839,706,280)	(748,432,280)
Net investment in I.F.C. - Due within 12 months	339,275,342	216,575,521	270,281,655	221,052,339	3,526,051	-	613,083,048	437,627,860

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

	Tawarruq finance		Murabaha finance		Islamic credit card*		Total	
	30 September 2022	31 December 2021	30 September 2022	31 December 2021	30 September 2022	31 December 2021	30 September 2022	31 December 2021
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Opening balance	23,932,886	14,734,809	9,430,785	5,882,182	-	-	33,363,671	20,616,991
Charge for the period/year	24,504,082	19,374,646	3,587,434	6,920,310	57,322	-	28,148,838	26,294,956
Recoveries of amounts previously written-off	(3,393,517)	-	(1,592,806)	-	-	-	(4,986,323)	-
Net charge for the period/year	21,110,565	19,374,646	1,994,628	6,920,310	57,322	-	23,162,515	26,294,956
Amounts written-off	(14,218,136)	(10,176,569)	(5,567,186)	(3,371,707)	-	-	(19,785,322)	(13,548,276)
Closing balance	30,825,315	23,932,886	5,858,227	9,430,785	57,322	-	36,740,864	33,363,671

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5 Investment in Islamic financing contracts (continued)

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

30 September 2022 (Unaudited)	Tawarruq finance			Murabaha finance			Islamic credit card*			Total		
	P.V of I.F.C.	Allowance for ECL	Net investment in I.F.C.	P.V of I.F.C.	Allowance for ECL	Net investment in I.F.C.	P.V of I.F.C.	Allowance for ECL	Net investment in I.F.C.	P.V of I.F.C.	Allowance for ECL	Net investment in I.F.C.
Performing (Stage 1)	1,017,682,350	(6,704,572)	1,010,977,779	377,589,634	(937,910)	376,651,724	3,552,150	(45,484)	3,506,666	1,398,824,134	(7,687,966)	1,391,136,169
Under-performing (Stage 2)	17,749,394	(3,248,537)	14,500,857	5,345,367	(312,917)	5,032,450	27,581	(9,705)	17,877	23,122,342	(3,571,159)	19,551,183
Non-performing (Stage 3)	49,355,001	(20,872,206)	28,482,794	18,225,073	(4,607,400)	13,617,673	3,642	(2,133)	1,508	67,583,716	(25,481,739)	42,101,977
	1,084,786,745	(30,825,315)	1,053,961,430	401,160,074	(5,858,227)	395,301,847	3,583,373	(57,322)	3,526,051	1,489,530,192	(36,740,864)	1,452,789,328
31 December 2021 (Audited)	Tawarruq finance			Murabaha finance			Islamic credit card*			Total		
	P.V of I.F.C.	Allowance for ECL	Net investment in I.F.C.	P.V of I.F.C.	Allowance for ECL	Net investment in I.F.C.	P.V of I.F.C.	Allowance for ECL	Net investment in I.F.C.	P.V of I.F.C.	Allowance for ECL	Net investment in I.F.C.
Performing (Stage 1)	812,453,495	(6,019,104)	806,434,391	341,693,147	(1,719,015)	339,974,132	-	-	-	1,154,146,642	(7,738,119)	1,146,408,523
Under-performing (Stage 2)	9,813,848	(2,067,066)	7,746,782	5,149,276	(574,371)	4,574,905	-	-	-	14,963,124	(2,641,437)	12,321,687
Non-performing (Stage 3)	34,309,239	(15,846,716)	18,462,523	16,004,806	(7,137,399)	8,867,407	-	-	-	50,314,045	(22,984,115)	27,329,930
	856,576,582	(23,932,886)	832,643,696	362,847,229	(9,430,785)	353,416,444	-	-	-	1,219,423,811	(33,363,671)	1,186,060,140

*Also see Note 1.

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(All amounts in Saudi Riyals unless otherwise stated)

6 Trade and other payables

	Note	30 September 2022 (Unaudited)	31 December 2021 (Audited)
Due to related parties	9	36,786,339	41,046,239
Trade payables		32,704,919	13,454,566
Accrued expenses		17,795,617	8,922,883
Accrued salaries and other benefits		5,682,062	8,213,313
Advances from customers		4,132,494	6,585,782
Accrued Board of Directors' fee		1,483,525	1,983,850
Value added tax payable		143,213	98,436
		98,728,169	80,305,069

7 Zakat payable

	For the nine- month period ended 30 September 2022 (Unaudited)	For the year ended 31 December 2021 (Audited)
Opening balance	15,423,663	5,320,509
Provisions		
-For current period/year	16,491,797	15,423,663
-Adjustments related to prior years	(670,786)	(1,115,393)
	15,821,011	14,308,270
Payments	(14,752,877)	(4,205,116)
Closing balance	16,491,797	15,423,663

The Company's zakat assessment since inception are currently under review by the Zakat, Tax and Customs Authority ("ZATCA"). The company has obtained zakat certificates from ZATCA for the years through 2021.

8 Borrowings

	30 September 2022 (Unaudited)	31 December 2021 (Audited)
Long-term borrowings		
Murabaha facilities	573,750,000	674,979,166
Short-term borrowings		
Murabaha facilities	195,000,000	-
	768,750,000	674,979,166
Accrued finance cost	1,243,543	764,738
	769,993,543	675,743,904
Classification of borrowings is presented below:		
Due within 12 months (including short-term borrowings)	347,243,543	158,111,960
Due after 12 months	422,750,000	517,631,944
	769,993,543	675,743,904

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8 Borrowings (continued)

The Company has been allocated amounts under borrowings facilities available to UEC. Details of the type of borrowings facilities as allocated to and availed by the Company are as follows:

Murabaha I

Total amount allocated to the Company under such facility is Saudi Riyals 250 million. Each tranche of facility utilization is repayable in 20 quarterly installments commencing 6 months after receipt of the borrowed amount. As at 30 September 2022, the Company had an outstanding loan balance of Saudi Riyals 198.7 million against this facility (31 December 2021: Saudi Riyals 233.0 million).

Murabaha II

Total amount allocated to the Company 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 in February 2021.

Murabaha III

Total amount allocated to the Company under such facility is Saudi Riyals 500 million. Each tranche of facility utilization is repayable in 48 monthly installments commencing 6 months after receipt of the borrowed amount. During the period ended 30 September 2022, the Company has made early repayment of borrowings in full amounting to Saudi Riyals 360.8 million. As at 31 December 2021, the Company had an outstanding loan balance of Saudi Riyals 392.0 million against this facility.

Murabaha IV

Total amount allocated to the Company under such facility is Saudi Riyals 400.0 million. Each tranche of facility utilization is repayable in 16 quarterly installments commencing 6 months after receipt of the borrowed amount. As at 30 September 2022, the Company had an outstanding loan balance of Saudi Riyals 375 million against this facility (31 December 2021: Saudi Riyals 50.0 million).

Murabaha V

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

Tawarruq I

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

All loan facilities above are denominated in Saudi Riyals and bear financial charges based on Saudi Arabian Interbank Offered Rate ("SAIBOR") ranging between SAIBOR plus 1.1% to 1.4%. Certain credit facility agreements contain financial covenants requiring maintenance of certain financial ratios and other matters, of which the Company was in compliance with at 30 September 2022 and 31 December 2022.

The maturities of the Company's borrowings are as follows:

	30 September 2022	31 December 2021
	(Unaudited)	(Audited)
Less than 6 months	270,500,000	71,638,889
Between 6 to 12 months	75,500,000	85,708,333
Between 1 and 2 years	151,000,000	171,416,667
Between 2 and 5 years	271,750,000	342,215,277
Above 5 years	-	4,000,000
	768,750,000	674,979,166

Maturity profile of borrowings, including finance cost component, is disclosed in Note 16.

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(All amounts in Saudi Riyals unless otherwise stated)

9 Related party transactions and balances

Related parties comprise the shareholders, directors, associated companies (representing entities which are directly or indirectly controlled by or under the significant influence of the Company's shareholder and Ultimate Parent Company), and key management personnel. Related parties also include business entities in which certain directors or senior management have an interest (other related parties).

9.1 Significant transactions with related parties in the ordinary course of business during the period were as follows:

Related party	Relationship			
	United Electronics Company ("UEC")		Ultimate Parent Company	
	Procco Financial Services W.L.L.		Associated Company	
Nature of transaction	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2022	2021	2022	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
United Electronics Company				
Purchases from UEC to be financed to consumers under Murabaha contracts	89,818,728	77,841,824	276,509,230	339,053,080
Payments to UEC	(98,226,290)	(89,087,228)	(299,649,233)	(406,304,526)
Collections made by UEC on behalf of the Company	(2,265)	(909,065)	(241,008)	(7,616,283)
Collections made by Company on behalf of UEC	3,064,329	10,131,606	11,960,347	53,157,582
Expenses incurred on behalf of UEC	-	-	-	(555,649)
Expenses incurred by UEC on behalf of the Company	1,799,854	864,055	5,811,234	4,153,718
Procco Financial Services W.L.L.				
Outsourced personnel expenses	5,314,830	4,393,555	14,161,739	13,399,359
Payments during the period	(3,632,761)	(2,675,882)	(10,735,390)	(9,974,813)

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9 Related party transactions and balances (continued)

9.2 Key management compensation

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2022 (Unaudited)	2021 (Unaudited)	2022 (Unaudited)	2021 (Unaudited)
Short-term employee benefits	2,993,325	2,071,615	7,825,250	6,843,078
Long-term employee benefits	122,181	86,989	341,632	330,158
Board of Directors' fees	549,453	463,500	1,478,784	1,525,500
	3,664,959	2,622,104	9,645,666	8,698,736

As at 30 September 2022, advances to employees include outstanding loans and advances to key management personnel amounting to Saudi Riyals 0.3 million (31 December 2021: Saudi Riyals 0.3 million). Refer Note 4.

9.3 Due to related parties

	30 September 2022 (Unaudited)	31 December 2021 (Audited)
UEC	32,895,991	38,505,520
Procco Financial Services W.L.L.	3,890,348	2,540,719
	36,786,339	41,046,239

Related party balances as at 30 September 2022 and 31 December 2021 are based on the terms agreed as per the signed agreements between the Company and the related parties and bear no financial charges.

10 Share capital

The share capital of the Company as of 30 September 2022 and 31 December 2021 comprised 35,000,000 shares stated at Saudi Riyals 10 per share, wholly owned by UIHC.

During the year ended 31 December 2021, UEC transferred its shareholding in the Company to UIHC, a wholly owned subsidiary of UEC. The legal formalities including update to underlying shareholder's register and By-laws were completed during January 2022.

11 Income from Islamic financing activities

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2022 (Unaudited)	2021 (Unaudited)	2022 (Unaudited)	2021 (Unaudited)
Income from tawarruq finance activities	69,984,401	49,092,938	192,122,638	126,556,307
Income from murabaha finance activities	38,099,870	32,836,491	110,189,683	90,604,124
Income from Islamic credit card activities	154,718	-	154,718	-
Processing fee net of related expenses	(1,234,940)	(1,482,596)	(4,102,483)	(3,640,970)
	107,004,049	80,446,833	298,364,556	213,519,461

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12 General and administrative expenses

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2022	2021	2022	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Salaries and other benefits	11,844,624	6,307,632	26,771,429	19,713,643
Information technology support	1,117,329	1,653,245	3,581,900	4,910,181
Professional fees	1,298,015	770,232	2,861,015	2,002,977
Amortisation	586,739	314,724	1,674,582	890,369
Utilities, printing, and stationery	481,411	83,981	1,304,498	191,519
Rent	262,701	231,498	744,319	557,748
Depreciation	241,407	189,435	714,650	499,126
Other	999,666	492,977	2,402,038	1,564,353
	16,831,892	10,043,724	40,054,431	30,329,916

13 Selling and marketing expenses

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2022	2021	2022	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Salaries and other benefits	10,394,166	11,262,655	33,932,156	33,805,220
Fee and subscription	4,374,619	2,969,891	11,324,655	9,718,574
Advertising	2,005,562	2,866,701	7,288,436	8,873,370
Collection charges	2,176,019	1,450,007	5,828,597	3,827,923
Rent	916,475	741,375	2,571,095	2,167,268
Depreciation	161,181	151,594	470,168	453,448
Other	252,743	615,676	1,033,337	1,480,826
	20,280,765	20,057,899	62,448,444	60,326,629

14 Basic and diluted earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the reported period. As the Company does not have any dilutive potential shares, the diluted earnings per share is the same as the basic earnings per share.

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2022	2021	2022	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit attributable to the shareholders of the Company	45,199,145	35,545,946	144,075,865	81,190,626
Weighted average number of ordinary shares for basic and diluted earnings per share	35,000,000	35,000,000	35,000,000	35,000,000
Basic and diluted earnings per share	1.29	1.02	4.12	2.32

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15 Fair values of financial assets and financial liabilities

As at 30 September 2022 and 31 December 2021, the fair values of the Company'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 the condensed interim statement of financial position. The fair values of the financial liabilities due after twelve months are estimated to approximate their carrying values as these carry interest rates which are based on prevailing market interest rates.

The breakdown of these financial assets and liabilities is as follows:

	30 September 2022	31 December 2021
	(Unaudited)	(Audited)
Financial assets at amortized cost		
Cash and cash equivalents	22,048,440	34,278,848
Investment in Islamic financing contracts	1,452,789,327	1,186,060,140
Prepayments and other receivables	2,033,369	1,537,440
Total	1,476,871,136	1,221,876,428
Financial liabilities at amortized cost		
Borrowings	769,993,543	675,743,904
Trade and other payables	94,452,462	73,620,852
Total	864,446,005	749,364,756

At 30 September 2022, for the purpose of the financial instruments' disclosure, non-financial assets and non-financial liabilities amounting to Saudi Riyals 17.4 million and Saudi Riyals 4.3 million (31 December 2021: Saudi Riyals 13.3 million and Saudi Riyals 6.7 million) have been excluded from prepayments and other receivables and trade and other payables, respectively.

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16 Financial instruments and risk management

The Company's activities expose it to a variety of financial risks: credit risk, market risk and liquidity risk. The Company'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 risks faced by the Company and their respective mitigating strategies are summarized below:

16.1 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 Company. The maximum exposure to credit risk is equal to the carrying amount of financial assets. As at 30 September 2022, the Company has maintained an ECL allowance of Saudi Riyals 36.7 million (31 December 2021: Saudi Riyals 33.4 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, Murabaha and credit card finance contracts is generally exposed to significant credit risk. Therefore, the Company has established procedures to manage credit exposure including evaluation of customers' credit worthiness, formal credit approvals and assigning credit limits to avoid undue concentration of risks. 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. The Company also has an effective installment monitoring system which allows it to identify potential problem accounts. 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.

Cash and cash equivalents

The Company 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.

For banks, parties generally with a rating of A3 and above are accepted. 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 September 2022 and 31 December 2021, the ECL allowance on cash at bank was immaterial.

Other financial assets carried at amortised cost

Other financial assets at amortised cost include other receivables only. These instruments are considered to be 'low credit risk' since they have a low risk of default and the issuers have a strong capacity to meet their contractual cash flow obligations in the near term. At 30 September 2022 and 31 December 2021, the ECL allowance on other financial assets was immaterial.

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16 Financial instruments and risk management (continued)

16.2 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 Company's financing activities and long-term borrowings. As at the statement of financial position date, the Company has profit bearing financial assets of Saudi Riyals 1,452.8 million (31 December 2021: Saudi Riyals 1,186.1 million). However, the profit rates have been agreed with the respective customers upon inception of the Islamic financing contracts. Further, the Company also has variable profit bearing financial liabilities of Saudi Riyals 770 million (31 December 2021: Saudi Riyals 675.7 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 3.9 million (30 September 2021: Saudi Riyals 3.6 million) higher / lower, as a result of lower / higher finance cost on variable rate borrowings.

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

16.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company'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 Company's reputation.

Typically, the Company 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 Company has access to credit facilities as made available by the Ultimate Parent Company.

Total unused credit facilities available to the Company as at 30 September 2022 were approximately Saudi Riyals 701.3 million (2021: Saudi Riyals 594.3 million).

Cash flow forecasting is performed by the management which monitors rolling forecasts of the Company'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 Company does not breach borrowing limits on any of its borrowing facilities allocated by the Ultimate Parent Company.

The tables on the next page analyses the Company'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.

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16 Financial instruments and risk management (continued)

16.3 Liquidity risk (continued)

30 September 2022 (Unaudited)	Nature	Up to 3 months	More than 3 months and up to one year	1 to 3 years	More than 3 years	Total
Financial assets						
Investment in Islamic financing contracts	Profit bearing	271,858,502	680,040,775	947,134,321	241,450,347	2,140,483,945
Prepayments and other receivables	Non-profit bearing	883,490	382,345	92,038	675,496	2,033,369
Cash and cash equivalents	Non-profit bearing	22,089,440	-	-	-	22,089,440
		294,831,432	680,423,120	947,226,359	242,125,843	2,164,606,754
Financial liabilities						
Borrowings	Profit bearing	142,455,964	226,659,705	322,514,388	122,799,324	814,429,381
Trade and other payables	Non-profit bearing	94,452,462	-	-	-	94,452,462
		236,908,426	226,659,705	322,514,388	122,799,324	908,881,843
Net financial assets		57,923,006	453,763,415	624,711,971	119,326,519	1,255,724,911
31 December 2021 (Audited)	Nature	Up to 3 months	More than 3 months and up to one year	1 to 3 years	More than 3 years	Total
Financial assets						
Investment in Islamic financing contracts	Profit bearing	206,951,736	537,868,765	813,088,126	246,269,468	1,804,178,095
Prepayments and other receivables	Non-profit bearing	616,141	245,803	-	675,496	1,537,440
Cash and cash equivalents	Non-profit bearing	34,278,848	-	-	-	34,278,848
		241,846,725	538,114,568	813,088,126	246,944,964	1,839,994,383
Financial liabilities						
Borrowings	Profit bearing	39,757,435	131,576,327	357,275,703	177,520,747	706,130,212
Trade and other payables	Non-profit bearing	73,620,852	-	-	-	73,620,852
		113,378,287	131,576,327	357,275,703	177,520,747	779,751,064
Net financial assets		128,468,438	406,538,241	455,812,423	69,424,217	1,060,243,319

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17 Date of approval of condensed interim financial information

The accompanying condensed interim financial information was approved by the Company's Board of Directors on 25 October 2022.