

**ELECTRICAL INDUSTRIES COMPANY  
(A Saudi Joint Stock Company)**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION  
(UNAUDITED)  
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED  
30 SEPTEMBER 2020 AND REPORT ON REVIEW OF INTERIM  
FINANCIAL INFORMATION**

**ELECTRICAL INDUSTRIES COMPANY**  
**(A Saudi Joint Stock Company)**  
**CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)**  
**FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2020**

	<b>Page</b>
Report on review of interim financial information	2
Condensed consolidated interim statement of profit or loss and other comprehensive income	3
Condensed consolidated interim statement of financial position	4
Condensed consolidated interim statement of changes in equity	5
Condensed consolidated interim statement of cash flows	6
Notes to the condensed consolidated interim financial information	7 - 17



## Report on review of interim financial information

To the shareholders of Electrical Industries Company  
(A Saudi Joint Stock Company)

### Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Electrical Industries Company and its subsidiaries (the "Group") as of 30 September 2020 and the related condensed consolidated statement of profit or loss and other comprehensive income for the three-month and nine-month periods then ended and the condensed consolidated interim statements of changes in equity and cash flows for the nine-month period ended 30 September 2020 and notes, comprising a summary of significant accounting policies 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 H. Al Basri  
License Number 409



27 October 2020

**ELECTRICAL INDUSTRIES COMPANY**  
**(A Saudi Joint Stock Company)**  
**Condensed consolidated interim statement of profit or loss and other comprehensive income**  
(All amounts in Saudi Riyals unless otherwise stated)

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2020 (Unaudited)	2019 (Unaudited)	2020 (Unaudited)	2019 (Unaudited)
Revenue	148,067,522	132,797,549	397,203,833	393,472,080
Cost of sales	(123,262,141)	(110,771,424)	(340,893,060)	(333,033,197)
<b>Gross profit</b>	<b>24,805,381</b>	22,026,125	<b>56,310,773</b>	60,438,883
Selling and distribution expenses	(4,201,377)	(5,640,374)	(19,714,254)	(21,549,560)
General and administrative expenses	(9,054,753)	(9,380,981)	(28,315,972)	(29,172,163)
Expected credit loss allowance	(857,638)	(2,111,230)	(42,490)	(1,272,924)
Other operating (expenses) income - net	(63,757)	36,866	238,572	778,138
<b>Operating profit</b>	<b>10,627,856</b>	4,930,406	<b>8,476,629</b>	9,222,374
Financial costs	(1,215,124)	(2,500,354)	(5,175,863)	(8,340,545)
Share of net loss of an investment accounted for using the equity method	(15,369)	(24,480)	(53,399)	(72,504)
<b>Profit before zakat</b>	<b>9,397,363</b>	2,405,572	<b>3,247,367</b>	809,325
Zakat expense	(2,626,801)	(3,907,493)	(7,204,404)	(8,193,713)
<b>Profit (loss) for the period</b>	<b>6,770,562</b>	(1,501,921)	<b>(3,957,037)</b>	(7,384,388)
<b>Other comprehensive income for the period</b>	-	-	-	-
<b>Total comprehensive income (loss) for the period</b>	<b>6,770,562</b>	(1,501,921)	<b>(3,957,037)</b>	(7,384,388)
<b>Earnings (loss) per share (Saudi Riyals) (Note 8)</b>				
Basic	0.15	(0.03)	(0.09)	(0.16)
Diluted	0.15	(0.03)	(0.09)	(0.16)

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





Yousef Al Quraishi  
Designated member

Tariq Al Tahini  
Managing Director

Medhat A. Ghaleb  
EVP Finance and IT



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

	As at 30 September	As at 31 December
Note	2020 (Unaudited)	2019 (Audited)
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	272,902,571	281,938,379
Right-of-use assets	12,098,125	7,797,828
Intangible assets	10,213,711	12,248,636
Financial asset at fair value through other comprehensive income	9,000,000	9,000,000
<b>Total non-current assets</b>	<b>304,214,407</b>	<b>310,984,843</b>
<b>Current assets</b>		
Inventories	304,334,786	210,857,284
Trade and other receivables	453,576,243	470,600,052
Cash and cash equivalents	41,507,659	24,142,233
<b>Total current assets</b>	<b>799,418,688</b>	<b>705,599,569</b>
<b>Total assets</b>	<b>1,103,633,095</b>	<b>1,016,584,412</b>
<b>Equity and liabilities</b>		
<b>Equity</b>		
Share capital	450,000,000	450,000,000
Statutory reserve	45,481,782	45,481,782
Treasury shares	8 (2,697,043)	(2,697,043)
Share based compensation reserve	9 419,583	-
Retained earnings	55,247,624	59,204,661
<b>Total equity</b>	<b>548,451,946</b>	<b>551,989,400</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Long-term borrowings	6 -	35,853,048
Lease liabilities	10,172,719	6,804,173
Employee benefit obligations	68,776,210	67,975,619
<b>Total non-current liabilities</b>	<b>78,948,929</b>	<b>110,632,840</b>
<b>Current liabilities</b>		
Trade and other payables	253,243,597	148,498,028
Current portion of long-term borrowings	6 43,995,399	7,963,291
Short-term murabaha borrowings	168,157,854	184,419,919
Current portion of lease liabilities	1,863,384	493,833
Zakat payable	8,971,986	12,587,101
<b>Total current liabilities</b>	<b>476,232,220</b>	<b>353,962,172</b>
<b>Total liabilities</b>	<b>555,181,149</b>	<b>464,595,012</b>
<b>Total equity and liabilities</b>	<b>1,103,633,095</b>	<b>1,016,584,412</b>

The condensed consolidated interim financial information including notes was approved and authorized for issue by the Board of Directors on 27 October 2020 and was signed on their behalf by:

		
Yousef Al Quraishi Designated member	Tariq Al Tahini Managing Director	Medhat A. Ghaleb EVP Finance and IT



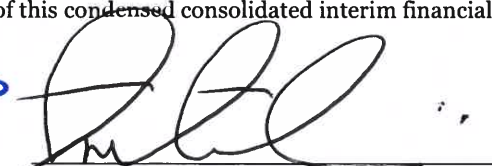
**ELECTRICAL INDUSTRIES COMPANY**  
**(A Saudi Joint Stock Company)**  
**Condensed consolidated interim statement of changes in equity**  
(All amounts in Saudi Riyals unless otherwise stated)

	Share capital	Statutory reserve	Treasury shares	Share based compensation reserve	Retained earnings	Total
<b>At 1 January 2019 (Audited)</b>	450,000,000	45,481,782	-	-	103,386,407	598,868,189
Loss for the period	-	-	-	-	(7,384,388)	(7,384,388)
Other comprehensive income for the period	-	-	-	-	-	-
<b>Total comprehensive loss for the period</b>	-	-	-	-	(7,384,388)	(7,384,388)
<b>At 30 September 2019 (Unaudited)</b>	450,000,000	45,481,782	-	-	96,002,019	591,483,801
<b>At 1 January 2020 (Audited)</b>	450,000,000	45,481,782	(2,697,043)	-	59,204,661	551,989,400
Loss for the period	-	-	-	-	(3,957,037)	(3,957,037)
Other comprehensive income for the period	-	-	-	-	-	-
<b>Total comprehensive loss for the period</b>	-	-	-	-	(3,957,037)	(3,957,037)
Share based compensation (Note 9)	-	-	-	419,583	-	419,583
<b>At 30 September 2020 (Unaudited)</b>	450,000,000	45,481,782	(2,697,043)	419,583	55,247,624	548,451,946


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



Yousef Al Quraishi  
Designated member



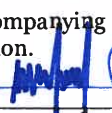
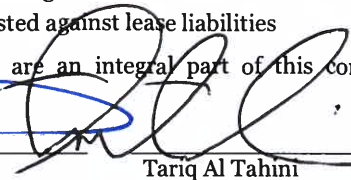
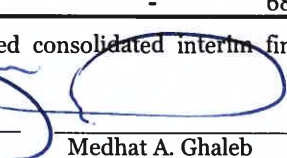
Tariq Al Tahini  
Managing Director



Medhat A. Ghaleb  
EVP Finance and IT

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**ELECTRICAL INDUSTRIES COMPANY**  
**(A Saudi Joint Stock Company)**  
**Condensed consolidated interim statement of cash flows**  
(All amounts in Saudi Riyals unless otherwise stated)

	<b>For the nine-month period ended 30 September</b>	
	<b>2020</b>	<b>2019</b>
<b>Cash flows from operating activities</b>		
Profit before zakat	<b>3,247,367</b>	809,325
<u>Adjustments for</u>		
Depreciation and amortization	<b>18,737,975</b>	20,219,278
Expected credit loss allowance	<b>42,490</b>	1,272,924
Allowance for inventory obsolescence	<b>2,511,241</b>	379,067
Loss on disposal of property and equipment	-	317,708
Share in net loss of an investment accounted for using the equity method	<b>53,399</b>	72,504
Financial costs	<b>5,175,863</b>	8,340,545
Share based compensation expense	<b>419,583</b>	-
Employee benefit obligations	<b>4,554,002</b>	5,502,513
<u>Changes in operating assets and liabilities:</u>		
Decrease (increase) in trade and other receivables	<b>16,981,319</b>	(27,783,797)
(Increase) decrease in inventories	<b>(95,988,743)</b>	22,383,448
Increase (decrease) in trade and other payables	<b>105,835,174</b>	(27,013,924)
Cash generated from operations	<b>61,569,670</b>	4,499,591
Financial costs paid on borrowings	<b>(6,139,807)</b>	(6,546,849)
Employee benefit obligations paid	<b>(3,753,411)</b>	(5,059,654)
Zakat paid	<b>(10,819,519)</b>	(11,297,878)
<b>Net cash inflow (outflow) from operating activities</b>	<b>40,856,933</b>	(18,404,790)
<b>Cash flows from investing activities</b>		
Payments for purchase of property, plant and equipment	<b>(5,637,924)</b>	(7,542,276)
Payments for purchase of intangible assets	<b>(739,951)</b>	(1,228,620)
<b>Net cash outflow from investing activities</b>	<b>(6,377,875)</b>	(8,770,896)
<b>Cash flows from financing activities</b>		
Changes in short-term murabaha borrowings	<b>(16,262,065)</b>	17,375,551
Repayment of long-term borrowings	-	(2,000,000)
Repayments of lease liabilities	<b>(851,567)</b>	(1,120,037)
<b>Net cash (outflow) inflow from financing activities</b>	<b>(17,113,632)</b>	14,255,514
<b>Net change in cash and cash equivalents</b>	<b>17,365,426</b>	(12,920,172)
Cash and cash equivalents at beginning of period	<b>24,142,233</b>	27,928,776
<b>Cash and cash equivalents at end of period</b>	<b>41,507,659</b>	15,008,604
<b>Non-cash operating, investing and financing activities:</b>		
Loss on an investment accounted for using the equity method classified under trade and other payables	<b>53,399</b>	72,504
Right-of-use assets recorded against lease liabilities	<b>5,589,664</b>	-
Prepaid lease rentals adjusted against lease liabilities	-	683,358
The accompanying notes are an integral part of this condensed consolidated interim financial information.		
 Yousef Al Qurishi Designated member	 Tariq Al Tahini Managing Director	 Medhat A. Ghaleb EVP Finance and IT

**ELECTRICAL INDUSTRIES COMPANY**  
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**Notes to the condensed consolidated interim financial information (Unaudited)**  
**For the three-month and nine-month periods ended 30 September 2020**  
(All amounts in Saudi Riyals unless otherwise stated)

**1 General information**

Electrical Industries Company (the “Company” or “EIC”) and its subsidiaries (collectively the “Group”) consist of the Company and its following subsidiaries registered as limited liability companies in the Kingdom of Saudi Arabia:

	<b>Effective ownership at</b>	
	<b>30 September</b>	<b>31 December</b>
	<b>2020</b>	<b>2019</b>
Wahah Electric Supply Company of Saudi Arabia Limited (“WESCOSA”)	<b>100%</b>	100%
Saudi Transformer Company Limited (“STC”)	<b>100%</b>	100%
Saudi Power Transformer Company Limited (“SPTC”)	<b>100%</b>	100%

The Group is principally engaged in the manufacturing, assembly, supply and repair and maintenance of transformers, compact substations and low voltage distribution panels, electrical distribution boards, cable trays, switch gears and other electrical equipment as well as provision of technical services relating to these activities.

The Company is a Saudi joint stock company registered in the Kingdom of Saudi Arabia under Commercial Registration (“CR”) number 2050056359 issued in Dammam on 22 Shaban 1428 H (4 September 2007). The accompanying condensed consolidated interim financial information includes the operations of the Company and its branch registered in Dammam under CR number 2050105757 dated 24 Rajab 1436H (13 May 2015). The registered address of the Company is P.O. Box 6033, Al Khobar 31442, Kingdom of Saudi Arabia.

SPTC is dependent on financial support from the Company. The Company intends to provide adequate financial support to SPTC to enable it to continue its operations and believes that it will generate positive cash flows in the future. Total property, plant and equipment of SPTC amounted to Saudi Riyals 78.0 million as at 30 September 2020 (31 December 2019: Saudi Riyals 81.4 million).

In response to the spread of the COVID-19 as a pandemic, the Group’s management is continuously assessing the situation and is taking proactive measures to minimize its impacts on the Group’s operations due to the slow down in the economic activities, including those to ensure the health and safety of its employees and contractors. During the nine-month period ended 30 September 2020, the Group’s production and sales were negatively impacted as two of the Group’s factories located in the Dammam Industrial City did not operate at the budgeted capacity for approximately 45 days as the Group stayed in compliance with the preventive measures applied by the government of Saudi Arabia, including curfew and lockdown in the Dammam Industrial City. Such restrictions were eased out with effect from 31 May 2020 and the lockdown and curfew was completely lifted on 21 June 2020. The Group has achieved sales of Saudi Riyals 397.2 million for the nine-month period ended 30 September 2020 which were less than the budgeted sales for such period. Further, the Group has taken certain measures to reduce its operating costs during the nine-month period ended 30 September 2020. Considering the above, the Group’s management believes no material negative impact is expected on the results for the fourth quarter of 2020.

As of 30 September 2020, the Group has a current ratio of 1.68, confirmed order back log of Saudi Riyals 989.6 million, cash and cash equivalent of Saudi Riyals 41.5 million and unutilized credit facilities of Saudi Riyals 311.1 million. The Group’s management has also forecasted its liquidity position and, based on these factors, believes that the Group will be adequately able to meet its working capital and capital expenditure needs for the coming twelve months from the reporting date.



**ELECTRICAL INDUSTRIES COMPANY**  
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**Notes to the condensed consolidated interim financial information (Unaudited)**  
**For the three-month and nine-month periods ended 30 September 2020**  
(All amounts in Saudi Riyals unless otherwise stated)

**2 Accounting policies**

The principal accounting policies applied in the preparation of condensed consolidated interim financial information of the Group are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of certain amendments to the standards and interpretations and adoption of accounting policy as set out in Note 2.2 and 2.3, respectively.

**2.1 Basis of preparation**

This 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 Certified Public 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 2019.

**2.2 Standards adopted and issued but not yet effective**

*New Standards, Amendment to Standards and Interpretations:*

There are no new standards issued, however, there are number of amendments to standards which are effective from 1 January 2020 and have been explained in the Group's 2019 annual consolidated financial statements, but they do not have a material effect on the Group's condensed consolidated interim financial information.

*Standards issued but not yet effective:*

Certain new accounting standards and interpretations have been published that are mandatory from 1 January 2021 or later reporting periods and have not been early adopted by the Group. Such standards are not expected to have a material impact in the future reporting periods and on foreseeable future transactions.

**2.3 Adoption of accounting policy**

*Share based compensation*

The Group has announced an Employee Share Incentive Plan effective 1 April 2020, whereby qualifying employees of the Group receive remuneration in the form of share-based payments, and employees render services as consideration for equity instruments.

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model, further details of which are given in Note 9.

The cost mentioned above is recognised in employee benefits expense, together with a corresponding increase in equity (share based compensation reserve), over the period in which the service conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

**ELECTRICAL INDUSTRIES COMPANY**  
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**Notes to the condensed consolidated interim financial information (Unaudited)**  
**For the three-month and nine-month periods ended 30 September 2020**  
(All amounts in Saudi Riyals unless otherwise stated)

**2 Accounting policies** (continued)

**2.3 Adoption of accounting policy** (continued)

*Share based compensation (continued)*

Service conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. There are no market performance conditions or non-market performance conditions attached to the award. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because service conditions have not been met. Where awards include a non-vesting condition, the transactions are treated as vested irrespective of whether the non-vesting condition is satisfied, provided that service conditions are satisfied. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share (further details are given in Note 8).

**3 Fair value of assets and liabilities**

As at 30 September 2020 and 31 December 2019, the fair values of the Group's financial instruments are estimated to approximate their carrying values since the financial instruments are short term in nature, carry interest rates which are based on prevailing market interest rates and are expected to be realized at their current carrying values within twelve months from the date of condensed consolidated statement of financial position. The fair values of the non-current financial liabilities are estimated to approximate their carrying values as these carry interest rates which are based on prevailing market interest rates.

**4 Critical accounting estimates and judgements**

The preparation of condensed consolidated interim financial information in conformity with IFRS 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 revenue and expenses during the reporting period. Estimates and judgments 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 judgments concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

However, as explained in Note 1, the Group's management, has proactively assessed the potential of the COVID-19 pandemic for any further regulatory and government restrictions both locally and in the market in which the Group operates that could adversely affect the Group's supply chain, production capabilities, demand of its products, as well as the sales distribution network that could cause a negative impact on the financial performance. Management has concluded that the Group's critical accounting judgements, estimates and assumptions remain appropriate under the current circumstances. Further, as the situation is rapidly evolving with future uncertainties, management will continue to assess the impact based on prospective developments.

The estimates that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve months period are discussed below:

(a) *Useful lives of property, plant and equipment*

The management determines the estimated useful lives of property, plant and equipment for computing depreciation. This estimate is determined after considering expected usage of the assets or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charges are adjusted where management believes the useful lives differ from previous estimates.

**ELECTRICAL INDUSTRIES COMPANY**  
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**For the three-month and nine-month periods ended 30 September 2020**  
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**4 Critical accounting estimates and judgements (continued)**

*(b) Expected credit loss ("ECL")*

Measurement of ECL is a significant estimate that involves determination methodology, models and data inputs. Details of ECL measurement methodology are disclosed in the Group's annual consolidated financial statements. The following components have a major impact on credit loss allowance: definition of default, significant increase in credit risk, probability of default, exposure at default, and loss given default, as well as models of macro-economic scenarios. The Group regularly reviews and validates the models and inputs to the models to reduce any differences between expected credit loss estimates and actual credit loss experience.

*(c) Allowance for inventory obsolescence*

The Group determines its allowance for inventory obsolescence based upon historical experience, current condition, and current and future expectations with respect to its use. The estimate of the Group's allowance for inventory obsolescence could change from period to period, which could be due to assessment of the future usage of inventory.

*(d) RoU assets and lease liabilities*

Extension and termination options are included in a number of leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

*(e) Estimated impairment of non-current assets*

The Group's management, in accordance with the Group's accounting policy, tests assets or Cash-Generating Units ("CGU") for impairment whenever impairment indicators exist. Among others, the events or changes in circumstances which could indicate that an asset or CGU may be impaired mainly include the following:

- A significant decrease in the market prices of Group's products;
- A significant change in the extent or manner in which an asset is being used or in its physical condition including a significant decrease in current and projected sales volumes; and
- Evidence is available from internal reporting that indicates that the economic performance of the asset is, or will be, worse than expected.

The Group's management determines the recoverable amounts of CGUs based on value-in-use calculations. These calculations require the use of estimates in relation to the future cash flows and use of an appropriate discount rate applicable to the circumstances of the Group.

Future events could cause the estimates used in these value-in-use calculations to change adversely with a consequent effect on the future results of the Group. As at 30 September 2020, the management has performed impairment assessments for non-current assets of all CGUs in the Group, which have not resulted in an impairment loss. Further, with regard to the assessment of the value-in-use, the Group's management believes that no reasonably possible change in any of the key assumptions would cause the carrying values of the CGUs to materially exceed their recoverable amounts.

**ELECTRICAL INDUSTRIES COMPANY**  
**(A Saudi Joint Stock Company)**  
**Notes to the condensed consolidated interim financial information (Unaudited)**  
**For the three-month and nine-month periods ended 30 September 2020**  
(All amounts in Saudi Riyals unless otherwise stated)

**5 Segment information**

The Group operates principally in the following two operating segments:

- (i) Manufacturing, assembly and supply of various types of electrical equipment; and
- (ii) Provision of technical services.

Selected financial information as of 30 September 2020 and 31 December 2019 and for the three-month and nine-month periods ended 30 September 2020 and 2019, summarized by the above operating segments, is as follows:

	<b>Manufacturing, assembly and supply</b>	<b>Services</b>	<b>Total</b>
<b>For the three-month period ended 30 September 2020</b>			
Revenue			
- At a point in time	134,873,577	-	<b>134,873,577</b>
- Over time	-	13,193,945	<b>13,193,945</b>
	134,873,577	13,193,945	<b>148,067,522</b>
Cost of sales	(118,160,094)	(5,102,047)	<b>(123,262,141)</b>
<b>Gross profit</b>	16,713,483	8,091,898	<b>24,805,381</b>
Selling and distribution expenses	(3,469,213)	(732,164)	<b>(4,201,377)</b>
General and administrative expenses	(8,509,005)	(545,748)	<b>(9,054,753)</b>
Expected credit loss allowance	(857,638)	-	<b>(857,638)</b>
Other operating expenses - net	(63,757)	-	<b>(63,757)</b>
<b>Operating profit</b>	3,813,870	6,813,986	<b>10,627,856</b>
Financial costs	(842,266)	(372,858)	<b>(1,215,124)</b>
Segment results	2,971,604	6,441,128	<b>9,412,732</b>
	<b>Manufacturing, assembly and supply</b>	<b>Services</b>	<b>Total</b>
<b>For the nine-month period ended 30 September 2020</b>			
Revenue			
- At a point in time	357,610,968	-	<b>357,610,968</b>
- Over time	-	39,592,865	<b>39,592,865</b>
	357,610,968	39,592,865	<b>397,203,833</b>
Cost of sales	(325,758,755)	(15,134,305)	<b>(340,893,060)</b>
<b>Gross profit</b>	31,852,213	24,458,560	<b>56,310,773</b>
Selling and distribution expenses	(18,059,728)	(1,654,526)	<b>(19,714,254)</b>
General and administrative expenses	(26,510,942)	(1,805,030)	<b>(28,315,972)</b>
Expected credit loss allowance	(42,490)	-	<b>(42,490)</b>
Other operating income - net	238,572	-	<b>238,572</b>
<b>Operating (loss) profit</b>	(12,522,375)	20,999,004	<b>8,476,629</b>
Financial costs	(3,798,819)	(1,377,044)	<b>(5,175,863)</b>
Segment results	(16,321,194)	19,621,960	<b>3,300,766</b>
<b>As at 30 September 2020</b>			
Property, plant and equipment	252,286,918	20,615,653	<b>272,902,571</b>
Total assets	1,044,119,572	59,513,523	<b>1,103,633,095</b>
Total liabilities	549,395,464	5,785,685	<b>555,181,149</b>

**ELECTRICAL INDUSTRIES COMPANY**  
**(A Saudi Joint Stock Company)**  
**Notes to the condensed consolidated interim financial information (Unaudited)**  
**For the three-month and nine-month periods ended 30 September 2020**  
(All amounts in Saudi Riyals unless otherwise stated)

**5 Segment information (continued)**

	<b>Manufacturing, assembly and supply</b>	<b>Services</b>	<b>Total</b>
<b>For the three-month period ended 30 September 2019</b>			
Revenue			
- At a point in time	118,347,454	-	118,347,454
- Over time	-	14,450,095	14,450,095
	118,347,454	14,450,095	132,797,549
Cost of sales	(104,823,270)	(5,948,154)	(110,771,424)
<b>Gross profit</b>	13,524,184	8,501,941	22,026,125
Selling and distribution expenses	(4,979,746)	(660,628)	(5,640,374)
General and administrative expenses	(8,756,093)	(624,888)	(9,380,981)
Expected credit loss allowance	(2,111,230)	-	(2,111,230)
Other operating income - net	36,866	-	36,866
<b>Operating (loss) profit</b>	(2,286,019)	7,216,425	4,930,406
Financial costs	(2,389,292)	(111,062)	(2,500,354)
Segment results	(4,675,311)	7,105,363	2,430,052
	<b>Manufacturing, assembly and supply</b>	<b>Services</b>	<b>Total</b>
<b>For the nine-month period ended 30 September 2019</b>			
Revenue			
- At a point in time	356,271,082	-	356,271,082
- Over time	-	37,200,998	37,200,998
	356,271,082	37,200,998	393,472,080
Cost of sales	(316,974,897)	(16,058,300)	(333,033,197)
<b>Gross profit</b>	39,296,185	21,142,698	60,438,883
Selling and distribution expenses	(19,702,261)	(1,847,299)	(21,549,560)
General and administrative expenses	(27,265,026)	(1,907,137)	(29,172,163)
Expected credit loss allowance	(1,272,924)	-	(1,272,924)
Other operating income - net	481,802	296,336	778,138
<b>Operating (loss) profit</b>	(8,462,224)	17,684,598	9,222,374
Financial costs	(7,944,817)	(395,728)	(8,340,545)
Segment results	(16,407,041)	17,288,870	881,829
<b>As at 31 December 2019</b>			
Property, plant and equipment	262,393,074	19,545,305	281,938,379
Total assets	940,636,930	75,947,482	1,016,584,412
Total liabilities	457,729,280	6,865,732	464,595,012

**ELECTRICAL INDUSTRIES COMPANY**  
**(A Saudi Joint Stock Company)**  
**Notes to the condensed consolidated interim financial information (Unaudited)**  
**For the three-month and nine-month periods ended 30 September 2020**  
(All amounts in Saudi Riyals unless otherwise stated)

**5 Segment information** (continued)

**Reconciliation of segment results with (loss) profit before zakat**

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2020	2019	2020	2019
Total segment results	<b>9,412,732</b>	2,430,052	<b>3,300,766</b>	881,829
Share in net loss of an investment accounted for using the equity method	<b>(15,369)</b>	(24,480)	<b>(53,399)</b>	(72,504)
Profit before zakat	<b>9,397,363</b>	2,405,572	<b>3,247,367</b>	809,325

The business activities of the Group are mainly concentrated in the Kingdom of Saudi Arabia. All operating assets of the Group are located in the Kingdom of Saudi Arabia. The revenue for the three-month and nine-month periods ended 30 September 2020 and 2019, categorized by the geographical segments is as follows:

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2020	2019	2020	2019
Kingdom of Saudi Arabia	<b>118,090,214</b>	120,850,936	<b>350,621,736</b>	349,579,735
Other countries	<b>29,977,308</b>	11,946,613	<b>46,582,097</b>	43,892,345
	<b>148,067,522</b>	132,797,549	<b>397,203,833</b>	393,472,080

**6 Long-term borrowings**

	Note	30 September 2020	31 December 2019
Saudi Industrial Development Fund ("SIDF")	6.1	<b>44,400,000</b>	44,400,000
Less: unamortized transaction costs		<b>(404,601)</b>	(583,661)
		<b>43,995,399</b>	43,816,339

Long-term borrowings are presented as follows:

Current maturity shown under current liabilities	<b>43,995,399</b>	7,963,291
Long-term borrowings	-	35,853,048
	<b>43,995,399</b>	43,816,339

Movements in unamortized transaction costs are as follows:

	30 September 2020	31 December 2019
Balance at beginning of period / year	<b>583,661</b>	855,862
Less: amortization	<b>(179,060)</b>	(272,201)
Balance at end of period / year	<b>404,601</b>	583,661

**ELECTRICAL INDUSTRIES COMPANY**  
**(A Saudi Joint Stock Company)**  
**Notes to the condensed consolidated interim financial information (Unaudited)**  
**For the three-month and nine-month periods ended 30 September 2020**  
(All amounts in Saudi Riyals unless otherwise stated)

**6 Long-term borrowings (continued)**

**6.1 SIDF loan**

This represents loan obtained by SPTC from SIDF of Saudi Riyals 56.9 million to finance the construction of SPTC's plant facilities, which was fully drawn as of 30 September 2020 and 31 December 2019. The loan is denominated in Saudi Riyals. During 2015, SPTC rescheduled the loan and as per the rescheduling agreement the loan is payable in fifteen un-equal semi-annual installments which commenced in 2017. During August 2020, SPTC again rescheduled the loan repayments with no changes to other terms of the borrowing agreement. The revised payment plan is as follows:

	<b>30 September 2020</b>	<b>31 December 2019</b>
2020	-	8,200,000
2021	<b>13,000,000</b>	10,700,000
2022	<b>14,750,000</b>	12,300,000
2023	<b>16,650,000</b>	13,200,000
	<b>44,400,000</b>	<b>44,400,000</b>

The loan is secured by a mortgage on property, plant and equipment of SPTC as of 30 September 2020. The covenants of the loans agreements require SPTC to maintain certain level of financial conditions, place limitations on dividend distributions and on annual capital and rental expenditures.

As at 30 September 2020, SPTC was not in compliance with certain loan covenants related to maintenance of certain financial ratios as per the agreement with SIDF. Accordingly, the non-current portion of SIDF loan, with original maturity from 2021 through 2023 amounting to Saudi Riyals 38.4 million has been classified as current in the accompanying condensed consolidated interim financial information.

**7 Related party transactions**

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

(a) Following are the significant transactions entered into by the Group:

<b>Nature of transactions and relationship</b>	<b>For the three-month period ended 30 September</b>		<b>For the nine-month period ended 30 September</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Revenue from other related parties	<b>11,600</b>	1,568,956	<b>8,139,530</b>	4,969,581
Costs and expenses charged by other related parties	-	-	<b>3,090</b>	40,549
Royalty charged by other related party	<b>177,237</b>	67,310	<b>336,257</b>	255,338

**ELECTRICAL INDUSTRIES COMPANY**  
**(A Saudi Joint Stock Company)**  
**Notes to the condensed consolidated interim financial information (Unaudited)**  
**For the three-month and nine-month periods ended 30 September 2020**  
(All amounts in Saudi Riyals unless otherwise stated)

**7 Related party transactions (continued)**

(b) Key management personnel compensation:

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2020	2019	2020	2019
Salaries and other short-term employee benefits	<b>1,650,979</b>	1,727,321	<b>4,797,409</b>	4,835,298
Employee benefit obligations	<b>127,787</b>	115,720	<b>380,179</b>	350,353
	<b>1,778,766</b>	1,843,041	<b>5,177,588</b>	5,185,651

Board of directors' fee for the three-month and nine-month periods ended 30 September 2020 was Saudi Riyals 400,000 and Saudi Riyals 1,200,000, respectively (three-month and nine-month periods ended 30 September 2019: Saudi Riyals 400,000 and Saudi Riyals 1,200,000, respectively).

**8 Basic and diluted earnings (loss) per share**

Basic and diluted earnings (loss) per share are calculated as follows:

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2020	2019	2020	2019
Profit (loss) for the period attributable to the Shareholders of the Company	<b>6,770,562</b>	(1,501,921)	<b>(3,957,037)</b>	(7,384,388)
Weighted average number of ordinary shares for the purpose of basic earnings*	<b>44,812,867</b>	45,000,000	<b>44,812,867</b>	45,000,000
Weighted average number of ordinary shares under employee share incentive program	<b>245,567</b>	-	-	-
Weighted average number of ordinary shares for the purpose of diluted earnings	<b>45,058,434</b>	45,000,000	<b>44,812,867</b>	45,000,000
Basic earnings (loss) per share	<b>0.15</b>	(0.03)	<b>(0.09)</b>	(0.16)
Diluted earnings (loss) per share	<b>0.15</b>	(0.03)	<b>(0.09)</b>	(0.16)

\* Weighted average number of ordinary shares outstanding as at 30 September 2020 are adjusted by 187,133 treasury shares bought back by the Company for the purpose of issuing shares under the employee share incentive program.

**9 Employee share incentive program ("ESIP")**

Qualifying employees of the Group are eligible to purchase the Company's shares (the "initial shares") either through upfront payment or payroll deductions over a period of three years. The value of such shares will be determined using the average share price of the preceding month, and should not exceed the employee's three basic salaries. Any employee who withdraws from the ESIP before completion of three years, will receive back the amount contributed for the initial shares. As of 30 September 2020, qualifying employees have subscribed to 192,683 shares.



**ELECTRICAL INDUSTRIES COMPANY**  
**(A Saudi Joint Stock Company)**  
**Notes to the condensed consolidated interim financial information (Unaudited)**  
**For the three-month and nine-month periods ended 30 September 2020**  
(All amounts in Saudi Riyals unless otherwise stated)

**9 Employee share incentive program (“ESIP”) (continued)**

*Bonus type 1 shares:*

The employees who have subscribed for the initial shares, are eligible for additional bonus shares which will be allocated to employees without any additional consideration, subject to completion of service condition of three years, based on employee categories as detailed below.

<b>Employee designation</b>	<b>Number of shares for each year of service with the Group at the time of subscription with the ESIP</b>
Employee	50 shares
Managers	75 shares
Executives	100 shares

*Bonus type 2 shares:*

The employees who continue in the scheme are eligible for additional bonus shares without any additional consideration, subject to completion of service condition as mentioned below, if they continue to hold the initial and bonus type 1 shares:

<b>Numbers of years of service (from date of joining ESIP)</b>	<b>Additional shares for every 1,000 initial shares held</b>
5 years	200 shares
10 years	450 shares
15 years	750 shares
20 years	1,100 shares
25 years	1,500 shares
28 years	2,000 shares

The Group has recognized share-based compensation expense amounting to Saudi Riyals 0.4 million for the nine-month period ended 30 September 2020 in the accompanying condensed consolidated interim statement of profit or loss and other comprehensive income with corresponding credit in share based compensation reserve in the condensed interim statement of changes in equity.

The fair value for each option is estimated at the grant date using the Stochastic Simulation Pricing model, taking into account the terms and conditions upon which the share options were granted.

Following are the key assumptions used:

	<b>30 September 2020</b>
Share Price - this is the average share price of the preceding month at the date of joining ESIP	14.44 - 14.74
Risk-free interest rate	1.26%
Standard deviation of historical returns of Share Price	12%
Retirement age	60 years

Expected volatility has been based on an evaluation of the historical volatility of the Company’s share price, particularly over the historical period commensurate with the expected term. The expected term of the instruments has been based on historical experience and general option holder behavior.

**ELECTRICAL INDUSTRIES COMPANY**  
**(A Saudi Joint Stock Company)**  
**Notes to the condensed consolidated interim financial information (Unaudited)**  
**For the three-month and nine-month periods ended 30 September 2020**  
(All amounts in Saudi Riyals unless otherwise stated)

**10 Contingencies and commitments**

- (i) At 30 September 2020, the Group was contingently liable for bank guarantees and letters of credit issued in the normal course of business amounting to Saudi Riyals 416.5 million (31 December 2019: Saudi Riyals 251.9 million).
- (ii) The capital expenditure contracted by the Group but not yet incurred until 30 September 2020 was approximately Saudi Riyals 4.4 million (31 December 2019: Saudi Riyals 4.3 million).
- (iii) During 2018, the Group received additional zakat assessments from GAZT for the years from 2005 through 2014 amounting to Saudi Riyals 75.4 million. The Company has signed an agreement with its founding shareholders, prior to its initial public offering in 2014, whereby any additional zakat liability pertaining to the year 2014 or earlier will be borne by its founding shareholders. In 2019, the Group has accepted and paid an amount of Saudi Riyals 1.6 million related to the years from 2011 to 2014 and has filed appeals against the remaining amounts. The amount of Saudi Riyals 1.6 million was reimbursed by the founding shareholders. Based on appeals, GAZT accepted certain positions taken by the Group and issued the revised assessments amounting to Saudi Riyals 33.0 million. The Group filed appeals against such revised assessments.

During the nine-month period ended 30 September 2020, the Group has accepted an amount of Saudi Riyals 12.9 million as final assessments for the respective years and paid an amount of Saudi Riyals 10.6 million to GAZT, which has been reimbursed by the founding shareholders. The remaining balance of Saudi Riyals 2.3 million is payable in two equal monthly installments in October and November 2020, which has been recorded as payable to GAZT and receivable from the founding shareholders as at 30 September 2020.

Subsequent to the reporting date, the Group has paid one installment of Saudi Riyals 1.1 million to GAZT which has been reimbursed by the founding shareholders.

- (iv) Also see Note 1.