

**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 2021
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 2021

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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 2021 and the related condensed consolidated statement of profit or loss and other comprehensive income for the three-month and nine-month periods then ended and the condensed consolidated interim statements of changes in equity and cash flows for the nine-month period ended 30 September 2021 and other explanatory notes. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34"), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

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

Conclusion

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

PricewaterhouseCoopers

Ali H. Al Basri
License Number 409

26 October 2021

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)

	Note	For the three-month period ended 30 September		For the nine-month period ended 30 September	
		2021 (Unaudited)	2020 (Unaudited)	2021 (Unaudited)	2020 (Unaudited)
Revenue	9	207,630,156	148,067,522	541,081,052	397,203,833
Cost of sales	9	(165,732,107)	(123,262,141)	(437,963,454)	(340,893,060)
Gross profit		41,898,049	24,805,381	103,117,598	56,310,773
Selling and distribution expenses		(8,678,858)	(4,201,377)	(24,412,354)	(19,714,254)
General and administrative expenses	9	(16,341,277)	(9,054,753)	(39,343,958)	(28,315,972)
Expected credit loss allowance		(2,454,774)	(857,638)	(3,031,516)	(42,490)
Other operating income (expenses) - net		824,925	(63,757)	2,682,522	238,572
Operating profit		15,248,065	10,627,856	39,012,292	8,476,629
Financial costs		(2,195,307)	(1,215,124)	(5,785,386)	(5,175,863)
Share of net loss of an investment accounted for using the equity method		-	(15,369)	-	(53,399)
Profit before zakat		13,052,758	9,397,363	33,226,906	3,247,367
Zakat expense		(2,914,309)	(2,626,801)	(8,133,077)	(7,204,404)
Profit (loss) for the Period		10,138,449	6,770,562	25,093,829	(3,957,037)
Other comprehensive Income (loss)					
Items that may be reclassified to profit or loss		-	-	-	-
Exchange differences on translation of foreign operations		(505,500)	-	(1,128,732)	-
Total comprehensive income (loss) for the period		9,632,949	6,770,562	23,965,097	(3,957,037)
Earnings (loss) per share					
Basic	10	0.23	0.15	0.56	(0.09)
Diluted	10	0.23	0.15	0.56	(0.09)

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)

	Note	As at 30 September 2021 (Unaudited)	As at 31 December 2020 (Audited)
Assets			
Non-current assets			
Property, plant and equipment	6	268,878,243	269,717,594
Right-of-use assets	7	31,799,475	11,590,699
Intangible assets		7,595,587	9,387,732
Financial asset at fair value through other comprehensive income		15,300,000	15,300,000
Total non-current assets		323,573,305	305,996,025
Current assets			
Inventories		416,878,537	261,718,456
Trade and other receivables		386,765,835	455,553,574
Cash and cash equivalents		55,499,068	70,792,172
Total current assets		859,143,440	788,064,202
Total assets		1,182,716,745	1,094,060,227
Equity and liabilities			
Equity			
Share capital		450,000,000	450,000,000
Statutory reserve		47,874,050	47,874,050
Treasury shares		(9,861,621)	(9,861,621)
Share based payment reserve		1,098,541	629,375
Foreign currency translation reserve		(1,128,732)	-
Retained earnings		79,629,347	76,873,742
Total equity		567,611,585	565,515,546
Liabilities			
Non-current liabilities			
Long-term borrowings	8	24,256,564	31,237,480
Lease liabilities		29,232,690	9,408,799
Employee benefit obligations		76,411,947	73,894,933
Total non-current liabilities		129,901,201	114,541,212
Current liabilities			
Trade and other payables		298,655,923	235,642,860
Current portion of long-term borrowings	8	13,936,025	12,815,568
Short-term murabaha borrowings		160,625,712	151,173,913
Current portion of lease liabilities		3,796,016	1,881,389
Zakat payable		8,190,283	12,489,739
Total current liabilities		485,203,959	414,003,469
Total liabilities		615,105,160	528,544,681
Total equity and liabilities		1,182,716,745	1,094,060,227

The condensed consolidated interim financial information including notes was authorized for issue by the Board of Directors on 26 October 2021 and was signed on their behalf by:

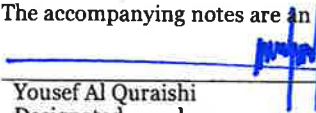
		
Yousef Al Quraishi Designated member	Tariq Al Tahini Managing Director	Medhat A. Ghaleb EVP Finance and IT

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 payment reserve	Foreign currency translation reserve	Retained earnings	Total
At 1 January 2020 (Audited)	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	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	-	(3,957,037)	(3,957,037)
Transactions with owners in their capacity as owners							
Share based payment	-	-	-	419,583	-	-	419,583
At 30 September 2020 (Unaudited)	450,000,000	45,481,782	(2,697,043)	419,583	-	55,247,624	548,451,946
At 1 January 2021 (Audited)	450,000,000	47,874,050	(9,861,621)	629,375	-	76,873,742	565,515,546
Profit for the period	-	-	-	-	-	25,093,829	25,093,829
Other comprehensive loss for the period	-	-	-	-	(1,128,732)	-	(1,128,732)
Total comprehensive income for the Period	-	-	-	-	(1,128,732)	25,093,829	23,965,097
Transactions with owners in their capacity as owners							
Share based payment	-	-	-	629,374	-	-	629,374
Utilisation of share based payment reserve	-	-	-	(160,208)	-	-	(160,208)
Dividends (Note 12)	-	-	-	469,166	-	-	469,166
	-	-	-	-	-	(22,338,224)	(22,338,224)
At 30 September 2021 (Unaudited)	450,000,000	47,874,050	(9,861,621)	1,098,541	(1,128,732)	79,629,347	567,611,585

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


 Yousef Al Quraishi
 Designated member


 Tariq Al Tahimi
 Managing Director


 Medhat A. Ghaleb
 EVP Finance and IT

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

	For the nine-month period ended 30 September	
	2021	2020
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Profit before zakat	33,226,906	3,247,367
<u>Adjustments for:</u>		
Depreciation and amortization	21,729,567	18,737,975
Expected credit loss allowance	3,031,516	42,490
Allowance for inventory obsolescence	22,426	2,511,241
Loss on disposal of property and equipment	15,686	-
Share in net loss of an investment accounted for using the equity method	-	53,399
Financial costs	5,785,386	5,175,863
Share based payment expense	629,374	419,583
Employee benefit obligations	5,457,361	4,554,002
<u>Changes in operating assets and liabilities:</u>		
Decrease in trade and other receivables	65,756,223	16,981,319
Increase in inventories	(155,803,697)	(95,988,743)
Increase in trade and other payables	63,077,243	105,835,174
Cash generated from operations	42,927,991	61,569,670
Financial costs paid on borrowings	(5,688,358)	(6,139,807)
Employee benefit obligations paid	(2,940,347)	(3,753,411)
Zakat paid	(12,432,533)	(10,819,519)
Net cash inflow from operating activities	21,866,753	40,856,933
Cash flows from investing activities		
Payments for purchase of property, plant and equipment	(16,441,990)	(5,637,924)
Payments for purchase of intangible assets	(734,283)	(739,951)
Net cash outflow from investing activities	(17,176,273)	(6,377,875)
Cash flows from financing activities		
Changes in short-term murabaha borrowings	9,451,799	(16,262,065)
Repayment of long-term borrowings	(6,000,000)	-
Principal elements of lease payments	(936,951)	(851,567)
Payments against share based payments reserve	(160,208)	-
Dividends paid	(22,338,224)	-
Net cash outflow from financing activities	(19,983,584)	(17,113,632)
Net change in cash and cash equivalents	(15,293,104)	17,365,426
Cash and cash equivalents at beginning of period	70,792,172	24,142,233
Cash and cash equivalents at end of period	55,499,068	41,507,659
Non-cash operating, investing and financing activities:		
Loss on an investment accounted for using the equity method classified under trade and other payables	-	53,399
Right-of-use assets recorded against lease liabilities	22,675,469	5,589,664
Exchange differences on property, plant and equipment	529,209	-

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)
Notes to the condensed consolidated interim financial information (Unaudited)
For the three-month and nine-month periods ended 30 September 2021
(All amounts in Saudi Riyals unless otherwise stated)

1 General information

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

	Effective ownership at	
	30 September	31 December
	2021	2020
<u>Kingdom of Saudi Arabia:</u>		
Wahah Electric Supply Company of Saudi Arabia Limited (“WESCOA”)	100%	100%
Saudi Transformers Company Limited (“STC”)	100%	100%
Saudi Power Transformers Company Limited (“SPTC”)	100%	100%
<u>United Arab Emirates:</u>		
Gulf Electrical Equipment Company L.L.C. (“GEEC”)	100%	100%
<u>Belgium:</u>		
Pauwels Transformers NV (“PTNV”) (100% owned by GEEC)	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.

During the nine-month period ended 30 September 2021, the Group incorporated PTNV, a limited liability company in Belgium. PTNV acquired certain assets from a third party, principally property, plant and equipment of Saudi Riyals 10.9 million and inventories of Saudi Riyals 12.2 million. PTNV is principally engaged in manufacturing of transformers and providing related services.

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 73.4 million as at 30 September 2021 (31 December 2020: Saudi Riyals 76.8 million).

In response to the spread of the Covid-19 pandemic in the GCC and other territories where the Group operates and its consequential disruption to the social and economic activities in those markets, the Group’s management has proactively assessed its impacts on its operations and has taken a series of proactive and preventative measures to ensure the health and safety of its employees and contractors as well as the wider community where it is operating and minimizing the impact of the pandemic on its operations.

Notwithstanding these challenges, the Group was successful in maintaining stable operations. The Group’s management believes that the Covid-19 pandemic, by itself, has had limited direct material effects on the Group’s reported results for the three-month and nine-month periods ended 30 September 2021. The Group’s management continues to monitor the situation closely.

As of 30 September 2021, the Group has a current ratio of 1.77, confirmed order back-log of Saudi Riyals 1.17 billion, cash and cash equivalent of Saudi Riyals 55.5 million and unutilized credit facilities of Saudi Riyals 329.4 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
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial information (Unaudited)
For the three-month and nine-month periods ended 30 September 2021
(All amounts in Saudi Riyals unless otherwise stated)

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 2020, except for the adoption of certain amendments to the standards and interpretations as set out in Note 2.2.

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 Chartered and Professional Accountants ("SOCPA").

The condensed consolidated interim financial information does not include all the information and disclosures required in the annual consolidated financial statements. Accordingly, this condensed consolidated interim financial information is to be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2020.

2.2 Standards and amendments to the standards adopted and issued but not yet effective

New IFRS standards, amendments to standards and interpretations not yet adopted

Certain new accounting standards, amendments to standards and interpretations have been published by the IASB that are not mandatory for 30 September 2021 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

New and amended IFRS standards adopted by the Group

There are no new standards applicable to the Group, however, the Group has applied the following amendments to the standards for the first time for their reporting period commencing on 1 January 2021:

IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest rate benchmark (IBOR) reform - Phase 2

Phase 1 of these amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that Interbank Offered Rate ("IBOR") reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the statement of profit or loss and other comprehensive income.

The Phase 2 amendments require an entity to prospectively cease to apply the Phase 1 reliefs to a non-contractually specified risk component at the earlier of when changes are made to the non-contractually specified risk component, or when the hedging relationship is discontinued.

Amendment to IFRS 16, 'Leases', Covid 19 - Related rent concessions

The amendment provides the lessees with option to account for rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as a variable lease payment. The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments due on or before 30 September 2021; and
- there is no substantive change to other terms and conditions of the lease.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

2.3 Seasonality of operations

There are no seasonal changes that may affect the operations of the Group.

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 2021
(All amounts in Saudi Riyals unless otherwise stated)

3 Fair value of assets and liabilities

As at 30 September 2021 and 31 December 2020, the fair values of the Group's financial instruments are estimated to approximate their carrying values since the financial instruments are short term in nature, carry interest rates which are based on prevailing market interest rates and are expected to be realized at their current carrying values within twelve months from the date of condensed consolidated 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 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. Critical accounting estimates and judgements used by management in the preparation of the condensed consolidated interim financial information are the same as those that were applied and disclosed in the Group's consolidated financial statements for the year ended 31 December 2020.

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 ("Services").

Selected financial information as of 30 September 2021 and 31 December 2020 and for the three-month and nine-month periods ended 30 September 2021 and 2020, summarized by the above operating segments, is as follows:

	Manufacturing, assembly and supply	Services	Total
For the three-month period ended 30 September 2021 (Unaudited)			
Revenue			
- At a point in time	193,464,555	-	193,464,555
- Over time	-	14,165,601	14,165,601
	193,464,555	14,165,601	207,630,156
Cost of sales	(160,700,152)	(5,031,955)	(165,732,107)
Gross profit	32,764,403	9,133,646	41,898,049
Selling and distribution expenses	(8,273,777)	(405,081)	(8,678,858)
General and administrative expenses	(15,634,880)	(706,397)	(16,341,277)
Expected credit loss allowance	(2,454,774)	-	(2,454,774)
Other operating income - net	824,925	-	824,925
Operating profit	7,225,897	8,022,168	15,248,065
Financial costs	(2,103,197)	(92,110)	(2,195,307)
Segment results	5,122,700	7,930,058	13,052,758

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 2021
(All amounts in Saudi Riyals unless otherwise stated)

5 Segment information (continued)

	Manufacturing, assembly and supply	Services	Total
For the nine-month period ended 30 September 2021 (Unaudited)			
Revenue			
- At a point in time	496,642,009	-	496,642,009
- Over time	-	44,439,043	44,439,043
	496,642,009	44,439,043	541,081,052
Cost of sales	(421,269,802)	(16,693,652)	(437,963,454)
Gross profit	75,372,207	27,745,391	103,117,598
Selling and distribution expenses	(22,604,829)	(1,807,525)	(24,412,354)
General and administrative expenses	(37,257,731)	(2,086,227)	(39,343,958)
Expected credit loss allowance	(2,971,669)	(59,847)	(3,031,516)
Other operating income - net	2,682,522	-	2,682,522
Operating profit	15,220,500	23,791,792	39,012,292
Financial costs	(5,516,340)	(269,046)	(5,785,386)
Segment results	9,704,160	23,522,746	33,226,906
As at 30 September 2021 (Unaudited)			
Property, plant and equipment	247,030,690	21,847,553	268,878,243
Total assets	1,134,367,203	48,349,542	1,182,716,745
Total liabilities	613,213,147	1,892,013	615,105,160
	Manufacturing, assembly and supply	Services	Total
For the three-month period ended 30 September 2020 (Unaudited)			
Revenue			
- At a point in time	134,873,577	-	134,873,577
- Over time	-	13,193,945	13,193,945
	134,873,577	13,193,945	148,067,522
Cost of sales	(118,160,094)	(5,102,047)	(123,262,141)
Gross profit	16,713,483	8,091,898	24,805,381
Selling and distribution expenses	(3,469,213)	(732,164)	(4,201,377)
General and administrative expenses	(8,509,005)	(545,748)	(9,054,753)
Expected credit loss allowance	(857,638)	-	(857,638)
Other operating expenses - net	(63,757)	-	(63,757)
Operating profit	3,813,870	6,813,986	10,627,856
Financial costs	(842,266)	(372,858)	(1,215,124)
Segment results	2,971,604	6,441,128	9,412,732

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 2021
(All amounts in Saudi Riyals unless otherwise stated)

5 Segment information (continued)

	Manufacturing, assembly and supply	Services	Total
For the nine-month period ended 30 September 2020 (Unaudited)			
Revenue			
- At a point in time	357,610,968	-	357,610,968
- Over time	-	39,592,865	39,592,865
	357,610,968	39,592,865	397,203,833
Cost of sales	(325,758,755)	(15,134,305)	(340,893,060)
Gross profit	31,852,213	24,458,560	56,310,773
Selling and distribution expenses	(18,059,728)	(1,654,526)	(19,714,254)
General and administrative expenses	(26,510,942)	(1,805,030)	(28,315,972)
Expected credit loss allowance	(42,490)	-	(42,490)
Other operating income - net	238,572	-	238,572
Operating (loss) profit	(12,522,375)	20,999,004	8,476,629
Financial costs	(3,798,819)	(1,377,044)	(5,175,863)
Segment results	(16,321,194)	19,621,960	3,300,766
As at 31 December 2020 (Audited)			
Property, plant and equipment	251,248,010	18,469,584	269,717,594
Total assets	1,026,207,176	67,853,051	1,094,060,227
Total liabilities	517,656,901	10,887,780	528,544,681

Reconciliation of segment results with profit (loss) before zakat

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2021 (Unaudited)	2020 (Unaudited)	2021 (Unaudited)	2020 (Unaudited)
Total segment results	13,052,758	9,412,732	33,226,906	3,300,766
Share in net loss of an investment accounted for using the equity method	-	(15,369)	-	(53,399)
Profit before zakat	13,052,758	9,397,363	33,226,906	3,247,367

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 2021
(All amounts in Saudi Riyals unless otherwise stated)

5 Segment information (continued)

The revenue for the three-month and nine-month periods ended 30 September 2021 and 2020, categorized by the geographical segments is as follows:

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2021	2020	2021	2020
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Kingdom of Saudi Arabia	194,118,815	118,090,214	498,652,748	350,621,736
Other countries	13,511,341	29,977,308	42,428,304	46,582,097
	207,630,156	148,067,522	541,081,052	397,203,833

The non-current operating assets of the Group as at 30 September 2021 and 31 December 2020 are categorized by the geographical segments as follows:

	30 September 2021	31 December 2020
	(Unaudited)	(Audited)
Kingdom of Saudi Arabia	292,306,313	305,996,025
Belgium	31,266,992	-
	323,573,305	305,996,025

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 2021**

(All amounts in Saudi Riyals unless otherwise stated)

6 Property, plant and equipment

	Land	Buildings and leasehold improvements	Plant and machinery	Furniture, fixtures and office equipment	Vehicles	Construction- in-progress	Total
<u>At 31 December 2020</u>							
(Audited)							
Cost	41,741,269	241,352,146	268,445,041	42,122,118	6,094,897	9,121,407	608,876,878
Accumulated depreciation	-	(107,169,412)	(186,867,611)	(40,569,846)	(4,552,415)	-	(339,159,284)
Net book value	41,741,269	134,182,734	81,577,430	1,552,272	1,542,482	9,121,407	269,717,594
<u>Nine-months ended 30</u>							
<u>September 2021</u>							
(Unaudited)							
Opening net book value	41,741,269	134,182,734	81,577,430	1,552,272	1,542,482	9,121,407	269,717,594
Additions	-	-	10,771,348	362,088	-	5,308,554	16,441,990
Disposals	-	-	(12,396)	(3,290)	-	-	(15,686)
Depreciation charge	-	(5,969,720)	(10,023,512)	(728,271)	(14,943)	-	(16,736,446)
Transfers	-	766,188	2,346,621	953,285	-	(4,066,094)	-
Exchange differences	-	-	(514,490)	(14,719)	-	-	(529,209)
Net book value	41,741,269	128,979,202	84,145,001	2,121,365	1,527,539	10,363,867	268,878,243

Additions include plant and machinery and furniture, fixtures and office equipment amounting to Saudi Riyals 10.9 million acquired by PTNV (see Note 1).

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7 Right-of-use assets

	Land	Building	Vehicles	Total
<u>At 31 December 2020</u> (Audited)				
Cost	8,430,104	-	5,589,664	14,019,768
Accumulated depreciation	(1,264,553)	-	(1,164,516)	(2,429,069)
	<u>7,165,551</u>	<u>-</u>	<u>4,425,148</u>	<u>11,590,699</u>
<u>Nine-month ended 30</u> <u>September 2021</u> (Unaudited)				
Opening net book value	7,165,551	-	4,425,148	11,590,699
Additions	-	22,675,469	-	22,675,469
Disposals	-	-	-	-
Depreciation charge	(474,241)	(944,390)	(1,048,062)	(2,466,693)
Exchange differences	-	-	-	-
Net book amount	<u>6,691,310</u>	<u>21,731,079</u>	<u>3,377,086</u>	<u>31,799,475</u>

Additions represent RoU assets and corresponding lease liabilities related to lease of a building contracted by PTNV for a period of 9 years.

8 Long-term borrowings

	Note	30 September 2021 (Unaudited)	31 December 2020 (Audited)
Saudi Industrial Development Fund ("SIDF")	8.1	38,400,000	44,400,000
Less: unamortized transaction costs		<u>(207,411)</u>	<u>(346,952)</u>
		<u>38,192,589</u>	<u>44,053,048</u>
Long-term borrowings are presented as follows:			
Current maturity shown under current liabilities		13,936,025	12,815,568
Non-current portion		<u>24,256,564</u>	<u>31,237,480</u>
		<u>38,192,589</u>	<u>44,053,048</u>

Movements in unamortized transaction costs are as follows:

	30 September 2021 (Unaudited)	31 December 2020 (Audited)
Balance at beginning of period / year	346,952	583,661
Less: amortization	<u>(139,541)</u>	<u>(236,709)</u>
Balance at end of period / year	<u>207,411</u>	<u>346,952</u>

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8 Long-term borrowings (continued)

8.1 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 by 31 December 2014. 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 July 2020, SPTC again rescheduled the loan repayments with no changes to other terms of the borrowing agreement.

Below is the repayment schedule as per the agreement:

	30 September (Unaudited)	31 December (Audited)
30 September 2021 - 30 September 2022 / 31 December 2021	14,000,000	13,000,000
30 September 2022 - 30 September 2023 / 31 December 2022	15,500,000	14,750,000
30 September 2023 - 30 September 2024 / 31 December 2023	8,900,000	16,650,000
	<u>38,400,000</u>	<u>44,400,000</u>

The loan is secured by a mortgage on property, plant and equipment of SPTC as of 30 September 2021. As per the loan agreements between SPTC and SIDF, SPTC had to comply with certain loan covenants related to maintenance of financial ratios (current ratio of 1:1 and liabilities to tangible net worth ratio of 3:1). As at 30 September 2021, SPTC was in compliance with the loan covenants. Accordingly, the non-current portion of SIDF loan, with original maturity from 2022 through 2023 amounting to Saudi Riyals 24.3 million has been classified as non-current liabilities in the accompanying condensed consolidated interim financial information.

9 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:*

Nature of transactions and relationship	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2021 (Unaudited)	2020 (Unaudited)	2021 (Unaudited)	2020 (Unaudited)
Revenue from other related parties	229,869	11,600	304,125	8,139,530
Costs and expenses charged by other related parties	790	-	790	3,090
Royalty charged by other related party	-	177,237	-	336,257

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9 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	
	2021 (Unaudited)	2020 (Unaudited)	2021 (Unaudited)	2020 (Unaudited)
Salaries and other short-term employee benefits	3,552,051	1,650,979	6,269,315	4,797,409
Employee benefit obligations	256,523	127,787	503,575	380,179
Share based payment expense	34,708	34,708	104,124	104,124
	3,843,282	1,813,474	6,877,014	5,281,712

Board of directors' fee for the three-month and nine-month periods ended 30 September 2021 was Saudi Riyals 400,000 and Saudi Riyals 1,200,000, respectively (three-month and nine-month periods ended 30 September 2020: Saudi Riyals 400,000 and Saudi Riyals 1,200,000, respectively).

10 Basic and diluted earnings per share

Basic and diluted earnings per share are calculated as follows:

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2021 (Unaudited)	2020 (Unaudited)	2021 (Unaudited)	2020 (Unaudited)
Profit (loss) for the period attributable to the shareholders of Electrical Industries Company	10,138,449	6,770,562	25,093,829	(3,957,037)
Weighted average number of ordinary shares for the purpose of basic earnings*	44,500,000	44,812,867	44,500,000	44,812,867
Weighted average number of ordinary shares under employee share incentive program	312,215	245,567	312,215	-
Weighted average number of ordinary shares for the purpose of diluted earnings	44,812,215	45,058,434	44,812,215	44,812,867
Basic earnings per share	0.23	0.15	0.56	(0.09)
Diluted earnings per share	0.23	0.15	0.56	(0.09)

* Weighted average number of ordinary shares outstanding as at 30 September 2021 and 2020 are adjusted by weighted average number of treasury shares bought back by the Company for the purpose of issuing shares under the employee share incentive program.

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11 Contingencies and commitments

- (i) At 30 September 2021, the Group was contingently liable for bank guarantees and letters of credit issued in the normal course of business amounting to Saudi Riyals 478.0 million (31 December 2020: Saudi Riyals 332.8 million).
- (ii) The capital expenditure contracted by the Group but not yet incurred until 30 September 2021 was approximately Saudi Riyals 3.2 million (31 December 2020: Saudi Riyals 5.0 million).
- (iii) During 2020, the Group received additional zakat and withholding tax assessments for the years from 2015 to 2018 amounting to Saudi Riyals 6.4 million and Saudi Riyals 1.3 million respectively. The Group filed appeals against such assessments with Zakat, Tax and Customs Authority ("ZATCA"), and as result ZATCA accepted the appeals for 2015 and 2017 in full, with partial acceptance of 2016 and 2018 objections. Accordingly, the Group has filed appeals against such revised assessments related to 2016 and 2018 with the General Secretariat of Tax Committees relating to additional zakat and withholding tax assessments of Saudi Riyals 6.2 million and Saudi Riyals 0.4 million respectively. The Group believes that their contentions are in accordance with the applicable ZATCA regulations and no material liability will arise upon finalisation of such assessments. Accordingly, no provision for such outstanding assessments has been made in the accompanying condensed consolidated interim financial information.
- (iv) Also see Note 1.

12 Dividends

The Company's shareholders, at their annual general meeting held on 26 April 2021, have approved cash dividend of Saudi Riyals 0.5 per share totaling to Saudi Riyals 22.5 million (2020: Nil) out of which dividend of Saudi Riyals 0.3 million was related to treasury shares which was received back by the Company. Out of the dividend of Saudi Riyals 0.3 million related to treasury shares, dividend of Saudi Riyals 0.1 million was paid to employees under employee share incentive program. The net dividend of Saudi Riyals 22.3 million was fully paid during the period.

13 Subsequent events

Subsequent to the reporting date, the Group received additional zakat assessments for the years 2019 and 2020 amounting to Saudi Riyals 7.4 million. The Group is in the process of filing an appeal against such assessments with ZATCA and believes that the Group's contentions are in accordance with the applicable ZATCA regulations and no material liability will arise upon finalisation of such assessments. Accordingly, no provision has been made in the accompanying condensed consolidated interim financial information for such assessments.

There have been no other events subsequent to 30 September 2021 and before the date of signing the independent auditor's review report that could have a material effect on the condensed consolidated interim financial information as at 30 September 2021.