

**ELECTRICAL INDUSTRIES COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2023  
WITH  
INDEPENDENT AUDITOR'S REVIEW REPORT**

**Electrical Industries Company**  
**(A Saudi Joint Stock Company)**

**Condensed consolidated interim financial statements with independent auditor's review report**  
**For the three month period ended 31 March 2023**

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<b>INDEX</b>	<b>PAGE</b>
Independent auditor's report on review of condensed consolidated interim financial statements	-
Condensed consolidated statement of financial position	1
Condensed consolidated statement of profit or loss and other comprehensive income	2
Condensed consolidated statement of changes in equity	3
Condensed consolidated statement of cash flows	4
Notes to the condensed consolidated interim financial statements	5 – 14



## KPMG Professional Services

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Kingdom of Saudi Arabia  
Commercial Registration No 2051062328

Headquarters in Riyadh

## كي بي إم جي للاستشارات المهنية

الطابق ١٦، برج البرغش  
٦١٨٩ طريق الأمير تركي، الكورنيش  
ص.ب ٤٨٠٣  
الخبير ٣٤٤١٢ - ٣١٤٦  
المملكة العربية السعودية  
سجل تجاري رقم ٢٠٥١٠٦٢٣٢٨

المركز الرئيسي في الرياض

# Independent auditor's report on review of condensed consolidated interim financial statements

To the Shareholders of Electrical Industries Company

## Introduction

We have reviewed the accompanying 31 March 2023 condensed consolidated interim financial statements of **Electrical Industries Company** ("the Company") and its subsidiaries ("the Group") which comprises:

- the condensed consolidated statement of financial position as at 31 March 2023;
- the condensed consolidated statement of profit or loss and other comprehensive income for the three-month period ended 31 March 2023;
- the condensed consolidated statement of changes in equity for the three-month period ended 31 March 2023;
- the condensed consolidated statement of cash flows for the three-month period ended 31 March 2023;
- and
- the notes to the condensed consolidated interim financial statements.

Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

## Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' that is 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 that are 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 31 March 2023 condensed consolidated interim financial statements of Electrical Industries Company and its subsidiaries are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.



# Independent auditor's report on review of condensed consolidated interim financial statements

To the Shareholders of Electrical Industries Company (continued)

## Other Matter

The condensed consolidated interim financial statements of the Group for the three-month period ended 31 March 2022, were reviewed by another auditor who expressed an unmodified conclusion on those condensed consolidated interim financial statements on 27 Ramadan 1443H corresponding to 28 April 2022G.

## For KPMG Professional Services

A blue ink signature of Abdulaziz Abdullah Alnaim, written in a cursive style.

**Abdulaziz Abdullah Alnaim**  
License no. 394

Al Khobar,  
Date: 10 May 2023  
Corresponding to: 20 Shawwal 1444H

**Electrical Industries Company**  
(A Saudi Joint Stock Company)

**Condensed consolidated statement of financial position**

**As at 31 March 2023**

**(All amounts stated in Saudi Riyals unless otherwise stated)**

	Note	31 March 2023 (Unaudited)	31 December 2022 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	252,187,514	253,890,680
Right-of-use assets	4	24,400,332	24,561,440
Intangible assets		10,148,907	10,052,760
Financial assets at fair value through other comprehensive income ("FVOCI")		15,485,030	15,500,032
<b>Total non-current assets</b>		<b>302,221,783</b>	<b>304,004,912</b>
<b>Current assets</b>			
Inventories		752,342,875	718,865,713
Trade and other receivables		606,522,557	528,603,252
Cash and cash equivalents		95,210,416	122,295,427
<b>Total current assets</b>		<b>1,454,075,848</b>	<b>1,369,764,392</b>
<b>Total assets</b>		<b>1,756,297,631</b>	<b>1,673,769,304</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		450,000,000	450,000,000
Statutory reserve		62,175,598	62,175,598
Treasury shares		(9,861,621)	(9,861,621)
Share based payment reserve		1,637,005	1,432,378
Foreign currency translation reserve		(1,406,067)	(2,121,897)
Fair value reserve		111,334	126,336
Retained earnings		164,149,495	129,010,081
<b>Total equity</b>		<b>666,805,744</b>	<b>630,760,875</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Lease liabilities		23,598,361	22,619,993
Employee' benefit obligations		92,493,836	90,870,112
<b>Total non-current liabilities</b>		<b>116,092,197</b>	<b>113,490,105</b>
<b>Current liabilities</b>			
Current portion of long-term borrowings	5	16,618,707	16,605,296
Short-term murabaha borrowings	5	340,753,536	415,017,949
Trade and other payables	6	592,532,819	477,724,275
Current portion of lease liabilities		2,839,026	3,290,115
Zakat and income tax payable	9	20,655,602	16,880,689
<b>Total current liabilities</b>		<b>973,399,690</b>	<b>929,518,324</b>
<b>Total liabilities</b>		<b>1,089,491,887</b>	<b>1,043,008,429</b>
<b>Total equity and liabilities</b>		<b>1,756,297,631</b>	<b>1,673,769,304</b>

  
Yousef Al Quraishi  
(Designated member)

  
Tariq Al Tahini  
(Managing Director)


  
Medhat A. Ghaleb  
(EVP Finance and IT)

The accompanying notes 1 through 14 form an integral part of these condensed consolidated interim financial statements.

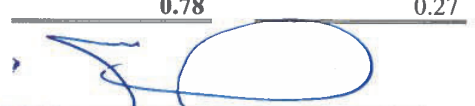
**Electrical Industries Company**  
**(A Saudi Joint Stock Company)**

**Condensed consolidated statement of profit or loss and other comprehensive income**  
**For the three month period ended 31 March 2023**  
**(All amounts stated in Saudi Riyals unless otherwise stated)**

	Notes	For the three-month period ended 31 March	
		2023 (Unaudited)	2022 (Unaudited)
Revenue	11	380,168,055	229,076,547
Cost of revenue		(301,341,128)	(189,197,333)
<b>Gross profit</b>		<b>78,826,927</b>	<b>39,879,214</b>
Selling and distribution expenses		(12,023,928)	(11,000,101)
General and administrative expenses		(15,748,417)	(13,637,771)
Expected credit loss allowance / reversal		(3,023,242)	2,166,581
Other operating (expenses) / income		(1,013,446)	351,636
<b>Operating profit</b>		<b>47,017,894</b>	<b>17,759,559</b>
Finance cost		(8,119,393)	(2,585,533)
<b>Profit before zakat</b>		<b>38,898,501</b>	<b>15,174,026</b>
Zakat and income tax expense		(3,759,087)	(3,000,020)
<b>Profit for the period</b>		<b>35,139,414</b>	<b>12,174,006</b>
<b>Other comprehensive income / (loss)</b>			
<i>Items that are or may be reclassified subsequently to the condensed consolidated statement of profit or loss:</i>			
Foreign currency translation differences		715,830	(209,341)
<i>Items that will not be reclassified subsequently to the condensed consolidated statement of profit or loss:</i>			
Equity investments at FVOCI – net change in fair value		(15,002)	65,537
<b>Other comprehensive income / (loss) for the period</b>		<b>700,828</b>	<b>(143,804)</b>
<b>Total comprehensive income for the period</b>		<b>35,840,242</b>	<b>12,030,202</b>
<b>Earnings per share (Saudi Riyals)</b>			
Basic		0.79	0.27
Diluted		0.78	0.27

  
**Yousef Al Quraishi**  
 (Designated member)

  
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 (Managing Director)

  
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 (EVP Finance and IT)

The accompanying notes 1 through 14 form an integral part of these condensed consolidated interim financial statements.

**Electrical Industries Company**  
(A Saudi Joint Stock Company)

**Condensed consolidated statement of changes in equity**  
**For the three-month period ended 31 March 2023**  
(All amounts stated in Saudi Riyals unless otherwise stated)

	Share capital	Statutory reserve	Treasury shares	Share based payment reserve	Foreign currency translation reserve	Fair value reserve	Retained earnings	Total
As at 1 January 2022 (Audited)	450,000,000	52,758,597	(9,861,621)	1,308,332	(1,457,106)	36,848	95,017,743	587,802,793
<i>Total comprehensive income for the period</i>								
Profit for the period	-	-	-	-	-	-	12,174,006	12,174,006
Other comprehensive loss for the period	-	-	-	-	(209,341)	65,537	-	(143,804)
<b>Total comprehensive income for the period</b>	-	-	-	-	(209,341)	65,537	12,174,006	12,030,202
Share based compensation				209,788				209,788
As at 31 March 2022 (Unaudited)	450,000,000	52,758,597	(9,861,621)	1,518,120	(1,666,447)	102,385	107,191,749	600,042,783
As at 1 January 2023 (Audited)	450,000,000	62,175,598	(9,861,621)	1,432,378	(2,121,897)	126,336	129,010,081	630,760,875
<i>Total comprehensive income for the period</i>								
Profit for the period	-	-	-	-	-	-	35,139,414	35,139,414
Other comprehensive income for the period	-	-	-	-	715,830	(15,002)	-	700,828
<b>Total comprehensive income for the period</b>	-	-	-	-	715,830	(15,002)	35,139,414	35,840,242
Share based compensation	-	-	-	204,627	-	-	-	204,627
As at 31 March 2023 (Unaudited)	450,000,000	62,175,598	(9,861,621)	1,637,005	(1,406,067)	111,334	164,149,495	666,805,744

  
**Yousef Al Quraishi**  
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**Electrical Industries Company**  
(A Saudi Joint Stock Company)

**Condensed consolidated statement of cash flows**  
**For the three-month period ended 31 March 2023**  
**(All amounts stated in Saudi Riyals unless otherwise stated)**

	<b>For the three-month period ended 31 March</b>	
	<b>2023</b>	<b>2022</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Cash flows from operating activities</b>		
Profit before zakat and income tax	38,898,501	15,174,026
<i>Adjustment for:</i>		
Depreciation and amortization	6,865,635	6,980,726
Gain on disposal of property, plant and equipment	-	(53,336)
Provision / (reversal) for expected credit loss	3,023,242	(2,166,581)
Allowance for inventories obsolescence	258,854	76,595
Finance cost	8,119,393	2,585,533
Share based payment expense	204,627	209,788
Employee benefit obligations	2,420,775	2,012,077
	59,791,027	24,818,828
<i>Changes in:</i>		
Inventories	(33,424,294)	(22,382,618)
Trade and other receivables	(80,139,092)	(25,720,460)
Trade and other payables	114,218,292	(27,874,232)
<b>Cash generated from / (used in) operations</b>	<b>60,445,933</b>	<b>(51,158,482)</b>
Finance cost paid	(8,105,982)	(2,312,898)
Employee benefit obligations paid	(797,050)	(725,039)
<b>Net cash generated from / (used in) operating activities</b>	<b>51,542,901</b>	<b>(54,196,419)</b>
<b>Cash flows from investing activities</b>		
Additions to property, plant and equipment	(3,305,938)	(2,226,036)
Additions to intangible assets	(666,082)	(324,810)
Proceeds from disposal of property, plant and equipment	-	173,759
<b>Net cash used in investing activities</b>	<b>(3,972,020)</b>	<b>(2,377,087)</b>
<b>Cash flows from financing activities</b>		
Net changes in short-term murabaha borrowings	(74,264,413)	47,848,525
Principal payment of lease liabilities	(490,516)	(714,467)
<b>Net cash (used in) / generated from financing activities</b>	<b>(74,754,929)</b>	<b>47,134,058</b>
<b>Net change in cash and cash equivalents</b>	<b>(27,184,048)</b>	<b>(9,439,448)</b>
Cash and cash equivalents at the beginning of the period	122,295,427	65,630,379
Effect of exchange rate fluctuations on cash and cash equivalents	99,037	(6,590)
<b>Cash and cash equivalents at the end of the period</b>	<b>95,210,416</b>	<b>56,184,341</b>
<b>Significant non-cash transactions</b>		
Amortization of transaction costs	13,411	26,776
Addition in right of use assets	587,612	-
Exchange differences on property, plant and equipment	151,587	427,106
Exchange differences on right of use assets	386,289	(1,226,680)
Exchange differences on lease liabilities	430,184	318,853

**Yousef Al Quraishi**  
(Designated member)

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The accompanying notes 1 through 14 form an integral part of these condensed consolidated interim financial statements.

**Electrical Industries Company**  
**(A Saudi Joint Stock Company)**

**Notes to the condensed consolidated interim financial statements**  
**For the three month period ended 31 March 2023**  
**(All amounts stated in Saudi Riyals unless otherwise stated)**

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**1. CORPORATE 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:

	<b>Effective ownership at</b>	
	<b>31 March 2023</b>	<b>31 December 2022</b>
<b><u>Kingdom of Saudi Arabia:</u></b>		
Wahah Electric Supply Company of Saudi Arabia Limited (“WESCOSA”)	100%	100%
Saudi Transformers Company Limited (“STC”)	100%	100%
Saudi Power Transformers Company Limited (“SPTC”)	100%	100%
<b><u>United Arab Emirates:</u></b>		
Gulf Electrical Equipment Company L.L.C. (“GEEC”)	100%	100%
<b><u>Belgium:</u></b>		
Pauwels Transformers NV (“PTNV”) (100% owned by GEEC)	100%	100%

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). These condensed consolidated interim financial statements includes the operations of the Company and its above-mentioned subsidiaries. The registered address of the Company is P.O. Box 6033, Al Khobar 31442, Kingdom of Saudi Arabia.

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.

These condensed consolidated interim financial statements were approved by the Board of Directors and authorized for issue on 10 May 2023G (corresponding to 19 Shawwal 1444H).

**2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES**

**2.1 Statement of compliance**

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (IAS 34) that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2022 (“Last Annual Consolidated Financial Statements”). However, changes in accounting policies, if any and selected explanatory notes are included to explain events and transactions that are significant to understanding of the changes in the Group’s consolidated financial position and performance since the last annual consolidated financial statements.

**Electrical Industries Company**  
**(A Saudi Joint Stock Company)**

**Notes to the condensed consolidated interim financial statements**  
**For the three month period ended 31 March 2023**  
**(All amounts stated in Saudi Riyals unless otherwise stated)**

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**2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2.2 Basis of preparation**

These condensed consolidated interim financial statements have been prepared on a going concern basis, applying a historical cost convention, except for employee benefits obligation which is recognized at the present value of future obligations using the Projected Unit Credit Method, employee share options program and financial assets classified as fair value through other comprehensive income items that have been measured at fair value.

**2.3 Functional and presentation currency**

These condensed consolidated interim financial statements are presented in Saudi Riyals ("SR") which is the functional and presentation currency of the Group.

**2.4 Use of judgements and estimates**

In preparing these condensed consolidated interim financial statements, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. Significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual consolidated financial statements.

**2.5. Significant accounting policies**

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2022.

Effective 1 May 2022, the Group changed its cost formula from weighted average to first in first out (FIFO) to determine the value of its inventories. This change in the cost formula represents a change in accounting policy. The change in accounting policy for current period resulted in increase in cost of sales amounting to SR 1 million with corresponding decrease in inventories, net profit for the period and decrease in basic and diluted earnings per share by SR 0.02. The impact of change in accounting policy relating to 31 March 2022 is not material, accordingly comparatives have not been restated.

A number of amendments to existing standards, as detailed in note 2.6 below, became effective from 1 January 2023 but they do not have a material effect on the condensed consolidated interim financial statements of the Group. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

**2.6. New standards, amendments and interpretations**

**a) New and revised standards with no material effect on the condensed consolidated interim financial statements**

The following revised IFRSs have been adopted. The application of these revised IFRSs did not have any material impact on the amounts reported for current and prior periods.

- IFRS 17 Insurance contracts (Amendments to IFRS 17), effective for annual periods beginning on or after 1 January 2023.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2), effective for annual periods beginning on or after 1 January 2023.

**Electrical Industries Company**  
(A Saudi Joint Stock Company)

**Notes to the condensed consolidated interim financial statements**  
**For the three month period ended 31 March 2023**  
**(All amounts stated in Saudi Riyals unless otherwise stated)**

**2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2.6 New standards, amendments and interpretations (Continued)**

**a) New and revised standards with no material effect on the condensed consolidated interim financial statements (continued)**

- Definition of Accounting Estimate (Amendments to IAS 8), effective for annual periods beginning on or after 1 January 2023.
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 12 Income Taxes, effective for annual periods beginning on or after 1 January 2023.
- Initial Application of IFRS 17 and IFRS 9 – Comparative Information (Amendments to IFRS 17), effective for annual periods beginning on or after 1 January 2023.

**b) New and revised standards issued but not yet effective**

The amendments to existing standards that are issued, but not yet effective, up to the date of issuance of the Group's condensed consolidated interim financial statements are disclosed below. The Group intends to adopt these amendments to existing standards, if applicable, when they become effective.

- Classification of liabilities as current or non-current (Amendments to IAS 1), effective for annual periods beginning on or after 1 January 2024.
- Lease Liabilities in a Sale and Leaseback (Amendments to IFRS 16) effective for annual periods beginning on or after 1 January 2024.
- Non-current Liabilities with Covenants (Amendments to IAS 1), effective for annual periods beginning on or after 1 January 2024.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28).

The above-mentioned standards are not expected to have a significant impact on the condensed consolidated interim financial statement of the Group.

**3. Property, plant and equipment**

The movement of property, plant and equipment is as follows:

	<b>31 March 2023</b>	<b>31 December 2022</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Carrying value at the beginning of the period / year	<b>253,890,680</b>	270,564,761
Additions	<b>3,305,938</b>	8,748,694
Exchange difference	<b>151,587</b>	(536,729)
Transfers to intangible assets	-	(2,911,977)
Depreciation for the period / year	<b>(5,160,691)</b>	(21,974,069)
Carrying value at the end of the period/ year	<b>252,187,514</b>	253,890,680

Depreciation expense for the three month period ended 31 March 2023 is SR 5.1 million (three month period ended 31 March 2022: SR 5.4 million).

**Electrical Industries Company**  
(A Saudi Joint Stock Company)

**Notes to the condensed consolidated interim financial statements**  
**For the three month period ended 31 March 2023**  
**(All amounts stated in Saudi Riyals unless otherwise stated)**

**4. Right-of-use assets**

The movement of right-of-use assets is as follows:

	<b>31 March 2023</b>	31 December 2022
	<b>(Unaudited)</b>	(Audited)
Carrying value at the beginning of the period / year	<b>24,561,440</b>	29,986,060
Additions	<b>587,612</b>	-
Exchange difference	<b>386,289</b>	(1,226,680)
Depreciation for the period / year	<b>(1,135,009)</b>	(4,197,940)
Carrying value at the end of the period / year	<b>24,400,332</b>	24,561,440

Depreciation expense for the three month period ended 31 March 2023 is SR 1.1 million (three month period ended 31 March 2022: SR 1.08 million).

**5. Borrowings**

	<b>31 March 2023</b>	31 December 2022
	<b>(Unaudited)</b>	(Audited)
<i>Long term borrowings:</i>		
Saudi Industrial Development Fund ("SIDF")	<b>16,650,000</b>	16,650,000
Less: unamortized transaction cost	<b>(31,293)</b>	(44,704)
	<b>16,618,707</b>	16,605,296
Long-term borrowings are presented as follows:		
Current maturity under current liabilities	<b>16,618,707</b>	16,605,296
	<b>16,618,707</b>	16,605,296
Movement in unamortized transaction cost is as follows:	<b>2023</b>	2022
Balance at beginning of the period / year	<b>44,704</b>	162,520
Less: amortization	<b>(13,411)</b>	(117,816)
Balance at end of the period / year	<b>31,293</b>	44,704

As per the loan agreement between SPTC and SIDF, SPTC had to comply with certain loan covenants related to maintenance of financial ratios (current ratio 1:1 and liabilities to tangible net worth ratio 3:1), place limitations on dividend distributions and on annual capital and rental expenditures. As of 31 March 2023 and 31 December 2022, SPTC was in compliance with the loan covenants.

*Short-term murabaha borrowings:*

These represent short-term murabaha borrowings obtained from commercial banks and bear financial charges at prevailing market rates. The loans are principally secured by corporate guarantees provided by the Company.

**6. Trade and other payables**

	<b>31 March 2023</b>	31 December 2022
	<b>(Unaudited)</b>	(Audited)
Trade payables	<b>146,072,536</b>	150,432,521
Accrued expenses	<b>177,906,091</b>	160,150,016
Advance from customers	<b>260,081,423</b>	153,250,903
Value added tax payable	<b>2,964,696</b>	8,581,388
Others	<b>5,508,073</b>	5,309,447
	<b>592,532,819</b>	477,724,275

**Electrical Industries Company**  
(A Saudi Joint Stock Company)

**Notes to the condensed consolidated interim financial statements**  
**For the three month period ended 31 March 2023**  
**(All amounts stated in Saudi Riyals unless otherwise stated)**

**7. Basic and diluted earnings per share**

Basic and diluted earnings per share are calculated as follows:

	<b>For the three-month period ended 31 March</b>	
	<b>2023</b>	<b>2022</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Profit attributable to the shareholders of Electrical Industries Company	<b>35,139,414</b>	12,174,006
Weighted average number of ordinary shares for basic earnings per share	<b>44,500,000</b>	44,500,000
Weighted average number of ordinary shares deemed to be issued under employee share incentive program	<b>319,347</b>	317,594
Weighted average number of ordinary shares for the purpose of diluted earnings	<b>44,819,347</b>	44,817,594
Basic earnings per share	<b>0.79</b>	0.27
Diluted earnings per share	<b>0.78</b>	0.27

**8. Contingencies and commitments**

	<b>31 March 2023</b>	<b>31 December 2022</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Bank guarantees	<b>393,045,755</b>	357,945,609
Letters of credit	<b>168,773,832</b>	142,145,333
Capital expenditure	<b>13,469,252</b>	10,935,731

**9. Zakat assessments**

The Group has obtained zakat certificates from ZATCA for the years through 2021. ZATCA has finalized the Group's zakat assessments for the years through 2014. Assessments for the years 2015 to 2022 are currently under review by ZATCA.

In 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 ZATCA, and ZATCA accepted the appeals for 2015 and 2017 in full, with partial acceptance of 2016 and 2018 objections. Accordingly, the Group filed appeals against such revised assessments related to 2016 and 2018 with the General Secretariat of Tax Committees ("GSTC") relating to additional zakat and withholding tax assessments of Saudi Riyals 6.2 million and Saudi Riyals 0.4 million, respectively. In 2021, the GSTC's Committee for the Resolution of tax Violation and Disputes issued revised assessments and reduced the Zakat and withholding tax assessments to Saudi Riyals 3.9 million and Saudi Riyals 80 thousand respectively. The Group has not accepted the revised assessments and filed appeals against GSTC's appeal committee for Tax Violations and Disputes.

In 2021, the Group received zakat assessments for the years 2019 and 2020 amounting to Saudi Riyals 4.7 million and Saudi Riyals 2.7 million, respectively. The Group accepted and paid Saudi Riyals 290,945 and filed appeal against the balance amounts with ZATCA. In 2022, ZATCA cancelled the appealed zakat assessments and notified the Group that it will receive new assessments. The Group has not accepted this action taken by ZATCA and filed appeals against it with the General Secretariat of Tax Committees ("GSTC").

The Group believes that their contentions are in accordance with the applicable ZATCA regulations, and no material liability will arise upon finalization of such assessments. Accordingly, no provision for such outstanding assessments has been made in the condensed consolidated interim financial statements for the three-month period ended 31 March 2023.

**Electrical Industries Company**  
**(A Saudi Joint Stock Company)**

**Notes to the condensed consolidated interim financial statements**  
**For the three month period ended 31 March 2023**  
**(All amounts stated in Saudi Riyals unless otherwise stated)**

**10. Fair value measurement**

The Group's principal financial assets include cash and cash equivalents, investments classified at fair value through other comprehensive income, trade and certain other receivables that arise directly from its operations. The Group's principal financial liabilities comprise long term and short-term loans, trade and other payables.

*Fair values hierarchy*

All financial instruments for which fair value is recognized or disclosed are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. There were no such transfers during the period and year ended 31 March 2023 and 31 December 2022 respectively.

The table below presents the financial assets at their fair values based on the fair value hierarchy:

<b>Financial Assets at FVOCI</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>31 March 2023</b>				
Non- listed equity investments	-	-	15,300,000	15,300,000
Listed equity investments	185,030	-	-	185,030
<b>Total as at 31 March 2023</b>	<b>185,030</b>	<b>-</b>	<b>15,300,000</b>	<b>15,485,030</b>
<b>31 December 2022</b>				
Non- listed equity investments			15,300,000	15,300,000
Listed equity investments	200,032	-	-	200,032
<b>Total as at 31 December 2022</b>	<b>200,032</b>	<b>-</b>	<b>15,300,000</b>	<b>15,500,032</b>

As on 31 March 2023, the Group has investment of SR 15.3 million (31 December 2022: SR 15.3 million) in a non-listed company which is classified under level 3. This represents the cost of investment which approximates to its fair value as on 31 March 2023 and 31 December 2022.

Further, the Group has invested in the shares of a listed company, which have been valued using Level 1 fair value hierarchy. Therefore, the fair value is calculated with reference to the quoted price as on 31 March 2023 and 31 December 2022. The Group has recorded fair value loss of SR 0.015 million in other comprehensive income during the period ended 31 March 2023.

As at 31 March 2023 and 31 December 2022, the fair values of the Group's financial instruments, other than mentioned above, 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.

**Electrical Industries Company**  
(A Saudi Joint Stock Company)

**Notes to the condensed consolidated interim financial statements**  
**For the three month period ended 31 March 2023**  
**(All amounts stated in Saudi Riyals unless otherwise stated)**

**11. Segment information**

The Board of Directors monitors the operating results of business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on segments profits and is measured consistently in the consolidated financial statements.

The Group operates principally in the following two operating segments, and these are identified as operating segments based on the products and services offered:

The Group operates principally in the following two operating segments:

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

No operating segments have been aggregated to form the above reportable operating segments. There is no inter-segment revenue.

**(a) Information about reportable segments**

Selected financial information as of 31 March 2023 and 31 December 2022 and for the three month period ended 31 March 2023 and 2022, summarized by the above operating segments, is as follows:

<b>For the three-month period ended 31 March 2023 (Unaudited)</b>	<b>Manufacturing, assembly &amp; supply</b>	<b>Services</b>	<b>Total</b>
Revenue from external customers	365,359,448	14,808,607	380,168,055
Cost of revenue	(291,557,103)	(5,151,787)	(296,708,890)
Selling and distribution expenses	(10,469,232)	(1,432,616)	(11,901,848)
General and administrative expenses	(14,541,405)	(800,639)	(15,342,044)
Depreciation of property, plant and equipment	(4,661,404)	(499,287)	(5,160,691)
Other operating expenses	(1,013,446)	-	(1,013,446)
<b>Segment results</b>	<b>43,116,858</b>	<b>6,924,278</b>	<b>50,041,136</b>
<b>As at 31 March 2023 (Unaudited)</b>			
Segment assets	1,456,927,432	90,340,873	1,547,268,305
Segment liabilities	145,298,819	773,717	146,072,536
<b>For the three-month period ended 31 March 2022 (Unaudited)</b>	<b>Manufacturing, assembly &amp; supply</b>	<b>Services</b>	<b>Total</b>
Revenue from external customers	216,873,720	12,202,827	229,076,547
Cost of revenue	(178,606,095)	(5,752,743)	(184,358,838)
Selling and distribution expenses	(10,077,037)	(666,837)	(10,743,874)
General and administrative expenses	(12,614,481)	(664,768)	(13,279,249)
Depreciation of property, plant and equipment	(5,012,965)	(440,279)	(5,453,244)
Other operating income	351,636	-	351,636
<b>Segment results</b>	<b>10,914,778</b>	<b>4,678,200</b>	<b>15,592,978</b>
<b>As at 31 December 2022 (Audited)</b>			
Segment assets	1,345,265,690	91,689,858	1,436,955,548
Segment liabilities	148,609,059	1,823,462	150,432,521

**Electrical Industries Company**  
(A Saudi Joint Stock Company)

**Notes to the condensed consolidated interim financial statements**  
**For the three month period ended 31 March 2023**  
**(All amounts stated in Saudi Riyals unless otherwise stated)**

**11. Segment information (Continued)**

Finance cost, zakat and income tax expense and expected credit loss allowance are not allocated to individual segments as the underlying instruments are managed on a group basis.

Certain financial and non-financial assets such as financial asset at fair value through other comprehensive income, right of use assets, intangibles assets, prepayment and other current assets and cash and cash equivalents are not allocated to those segments as they are managed on a group basis.

Certain financial and non-financial liabilities such as lease liabilities, employee benefit obligations, loans and borrowings, accrued expenses and other current liabilities are not allocated to those segments as they are also managed on a group basis.

**(b) Reconciliation of information on reportable segments to the amount reported in the condensed consolidated interim financial statements:**

**Reconciliation of profit before zakat and income tax**

	<b>For the three-month period ended 31 March</b>	
	<b>2023</b>	<b>2022</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Segments results	<b>50,041,136</b>	15,592,978
Finance cost	<b>(8,119,393)</b>	(2,585,533)
Expected credit loss allowance	<b>(3,023,242)</b>	2,166,581
<b>Profit before zakat and income tax</b>	<b>38,898,501</b>	15,174,026

As at 31 March 2023, segment assets did not include unallocated assets amounting to SR 209 million (31 December 2022: SR 237 million).

As at 31 March 2023, segment liabilities did not include unallocated liabilities amounting to SR 944 million (31 December 2022: SR 892 million).

**(c) Geographic information**

The revenue for the three-month period ended 31 March 2023 and 2022, categorized by the geographical segments is as follows:

	<b>For the three-month period ended 31 March</b>	
	<b>2023</b>	<b>2022</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Kingdom of Saudi Arabia	<b>339,250,759</b>	201,889,311
Other countries	<b>40,917,296</b>	27,187,236
	<b>380,168,055</b>	229,076,547

The non-current operating assets of the Group as at 31 March 2023 and 31 December 2022 are categorized by the geographical segments as follows:

	<b>31 March 2023</b>	<b>31 December 2022</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Kingdom of Saudi Arabia	<b>263,293,315</b>	264,748,159
Belgium	<b>23,443,438</b>	23,756,721
	<b>286,736,753</b>	288,504,880

**Electrical Industries Company**  
(A Saudi Joint Stock Company)

**Notes to the condensed consolidated interim financial statements**  
**For the three month period ended 31 March 2023**  
**(All amounts stated in Saudi Riyals unless otherwise stated)**

**12. Related party transactions and balances**

Related parties include the Company's shareholders, associated companies and their shareholders, key management personnel, Board of Directors, and entities controlled, jointly controlled or significantly influenced by such parties ("Other Related Parties"). Terms and conditions of these transactions are approved by the Group's management. During the period, the Group transacted with the following related parties.

<u>Name of related party</u>	<u>Nature of relationship</u>
Ajda Industrial and Technology Services Company	Major shareholder
Saad Abdullah Al-Tuwaijri Sons Holding Company	Major shareholder
Ali Zaid Al Quraishi and Partners Electrical Services of Saudi Arabia	Other related party
Al Toukhi Company for Industrial Trading and Contracting	Other related party

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

	<b>For the three-month period ended 31 March</b>	
	<b>2023</b>	<b>2022</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Ali Zaid Al-Quraishi and Partners Electrical Services of Saudi Arabia</b>		
Sales	<b>1,818,487</b>	-
Costs and expenses charged by a related party	<b>7,899</b>	423,163

b) *Balances with related parties:*

	<b>31 March 2023</b>	<b>31 December 2022</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Due from related parties</b>		
Ali Zaid Al Quraishi and Partners Electrical Services of Saudi Arabia	<b>1,377,128</b>	1,400,190
Al Toukhi Company for Industrial Trading and Contracting	<b>2,203,894</b>	2,203,894
	<b>3,581,022</b>	3,604,084

c) *Key management personnel compensation:*

	<b>For the three-month period ended 31 March</b>	
	<b>2023</b>	<b>2022</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Salaries and other short-term employee benefits	<b>2,198,264</b>	2,902,408
Employee benefit obligations	<b>143,331</b>	128,700
Share based payment expense	<b>65,553</b>	34,707
	<b>2,407,148</b>	3,065,815

Additionally, board of directors' fee for the three-month period ended 31 March 2023 was SR 400,000 (three-month month period ended 31 March 2022: SR 400,000).

Advances to employees includes advances to key management personnel amounting to SR 1.2 million as of 31 March 2023 (31 December 2022: SR 1.3 million).

**Electrical Industries Company**  
**(A Saudi Joint Stock Company)**

**Notes to the condensed consolidated interim financial statements**  
**For the three month period ended 31 March 2023**  
**(All amounts stated in Saudi Riyals unless otherwise stated)**

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**13. Dividends**

The Company's board of directors recommended in its meeting held on 28 March 2023 for capital increase by way of granting one share to every four shares. The Company is in process of obtaining the required approvals from the relevant authorities and Extraordinary General Assembly on the capital increase and the number of shares to be granted.

The Company's Board of Directors, at their meeting held on 17 March 2022, have proposed cash dividends of Saudi Riyals 1 per share totaling to Saudi Riyals 45 million, for the year ended 31 December 2021, which was approved in the annual general meeting held on 20 April 2022.

**14. Subsequent events**

No significant subsequent event occurred between 31 March 2023 and the date of authorization of these condensed consolidated interim financial statements by the Board, which may have material impact on these condensed consolidated interim financial statements.