

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

**CONDENSED CONSOLIDATED INTERIM
FINANCIAL INFORMATION (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED 31
MARCH 2022
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 PERIOD ENDED 31 MARCH 2022

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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 31 March 2022 and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three-month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with the 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

Mufaddal A. Ali
License Number 447



28 April 2022

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 31 March	
		2022 (Unaudited)	2021 (Unaudited)
Revenue	7	229,076,547	167,833,215
Cost of sales	7	(189,197,333)	(136,426,941)
Gross profit		39,879,214	31,406,274
Selling and distribution expenses		(11,000,101)	(8,444,270)
General and administrative expenses	7	(13,637,771)	(10,965,890)
Changes in expected credit loss allowance		2,166,581	(546,873)
Other operating income (expenses) - net		351,636	(896)
Operating profit		17,759,559	11,448,345
Financial costs		(2,585,533)	(1,795,496)
Profit before zakat		15,174,026	9,652,849
Zakat expense		(3,000,020)	(2,694,309)
Profit for the period		12,174,006	6,958,540
Other comprehensive income for the period			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		(209,341)	-
<i>Items that will not be reclassified to profit or loss</i>			
Change in fair value of financial assets at fair value through other comprehensive income		65,537	-
Other comprehensive loss for the year		(143,804)	-
Total comprehensive income for the period		12,030,202	6,958,540
Earnings per share			
Basic	8	0.27	0.16
Diluted	8	0.27	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. Chaleb
EVP Finance and IT

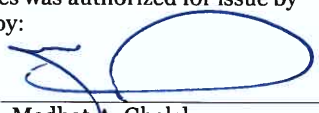
ELECTRICAL INDUSTRIES COMPANY
(A Saudi Joint Stock Company)
Condensed consolidated interim statement of financial position
(All amounts in Saudi Riyals unless otherwise stated)

	Note	As at 31 March 2022 (Unaudited)	As at 31 December 2021 (Audited)
Assets			
Non-current assets			
Property, plant and equipment		267,088,566	270,564,761
Right-of-use assets		28,603,661	29,986,060
Intangible assets		6,803,666	6,922,481
Financial asset at fair value through other comprehensive income ("FVOCI")		15,476,081	15,410,544
Total non-current assets		317,971,974	322,883,846
Current assets			
Inventories		463,320,636	441,200,314
Trade and other receivables		446,163,104	418,318,752
Cash and cash equivalents		56,184,341	65,630,379
Total current assets		965,668,081	925,149,445
Total assets		1,283,640,055	1,248,033,291
Equity and liabilities			
Equity			
Share capital		450,000,000	450,000,000
Statutory reserve		52,758,597	52,758,597
Treasury shares		(9,861,621)	(9,861,621)
Foreign currency translation reserve		(1,666,447)	(1,457,106)
Share based payment reserve		1,518,120	1,308,332
Financial assets at FVOCI reserve		102,385	36,848
Retained earnings		107,191,749	95,017,743
Total equity		600,042,783	587,802,793
Liabilities			
Non-current liabilities			
Long-term borrowings	6	16,605,296	16,605,296
Lease liabilities		26,588,518	27,167,506
Employee benefit obligations		81,815,499	80,528,461
Total non-current liabilities		125,009,313	124,301,263
Current liabilities			
Trade and other payables		279,003,837	306,766,102
Current portion of long-term borrowings	6	14,658,960	14,632,184
Short-term murabaha borrowings		244,376,063	196,527,538
Current portion of lease liabilities		3,570,343	4,024,675
Zakat payable		16,978,756	13,978,736
Total current liabilities		558,587,959	535,929,235
Total liabilities		683,597,272	660,230,498
Total equity and liabilities		1,283,640,055	1,248,033,291

The condensed consolidated interim financial information including notes was authorized for issue by the Board of Directors on 28 April 2022 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	Foreign currency translation reserve	Share based payment reserve	Financial assets at FVOCI reserve	Retained earnings	Total
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	-	-	-	-	-	-	6,958,540	6,958,540
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	6,958,540	6,958,540
Share based compensation	-	-	-	-	209,791	-	-	209,791
At 31 March 2021 (Unaudited)	450,000,000	47,874,050	(9,861,621)	-	839,166	-	83,832,282	572,683,877
At 1 January 2022 (Audited)	450,000,000	52,758,597	(9,861,621)	(1,457,106)	1,308,332	36,848	95,017,743	587,802,793
Profit for the period	-	-	-	-	-	-	12,174,006	12,174,006
Other comprehensive (loss) income for the period	-	-	-	(209,341)	-	6,5537	-	(143,804)
Total comprehensive income for the period	-	-	-	(209,341)	-	6,5537	12,174,006	12,030,202
Share based compensation	-	-	-	-	209,788	-	-	209,788
At 31 March 2022 (Unaudited)	450,000,000	52,758,597	(9,861,621)	(1,666,447)	1,518,120	102,385	107,191,749	600,042,783


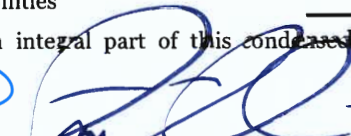
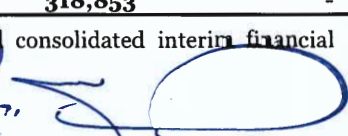
The accompanying notes are an integral part of this condensed consolidated interim financial information.

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 cash flows
(All amounts in Saudi Riyals unless otherwise stated)

	For the three-month period ended 31 March	
	2022	2021
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Profit before zakat	15,174,026	9,652,849
<u>Adjustments for</u>		
Depreciation and amortization	6,980,726	6,140,343
Changes in expected credit loss allowance	(2,166,581)	546,873
Allowance for inventory obsolescence	76,595	22,426
Gain on disposal of property and equipment	(53,336)	-
Financial costs	2,585,533	1,795,496
Share based payment expense	209,788	209,791
Employee benefit obligations	2,012,077	1,904,279
<u>Changes in operating assets and liabilities:</u>		
Employee benefit obligations paid	(725,039)	(767,257)
(Increase) decrease in trade and other receivables	(25,720,460)	35,287,865
Increase in inventories	(22,382,618)	(4,152,584)
(Decrease) increase in trade and other payables	(27,874,232)	2,591,961
Cash (used in) generated from operations	(51,883,521)	53,232,042
Financial costs paid on borrowings	(2,312,898)	(1,877,228)
Net cash (outflow) inflow from operating activities	(54,196,419)	51,354,814
Cash flows from investing activities		
Payments for property, plant and equipment	(2,226,036)	(1,802,281)
Payments for purchase of intangible assets	(324,810)	(100,571)
Proceeds for disposal of property, plant and equipment	173,759	-
Net cash outflow from investing activities	(2,377,087)	(1,902,852)
Cash flows from financing activities		
Changes in short-term murabaha borrowings	47,848,525	(29,870,009)
Repayments of lease liabilities	(714,467)	(269,726)
Net cash inflow (outflow) from financing activities	47,134,058	(30,139,735)
Net change in cash and cash equivalents	(9,439,448)	19,312,227
Cash and cash equivalents at beginning of period	65,630,379	70,792,172
Effect of exchange rate changes on cash and cash equivalents	(6,590)	-
Cash and cash equivalents at end of period	56,184,341	90,104,399
Non-cash operating, investing and financing activities:		
Amortisation of transaction costs	26,776	49,270
Exchange differences on property, plant and equipment	427,106	-
Exchange differences on lease liabilities	318,853	-
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 period ended 31 March 2022
(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:

	Effective ownership at	
	31 March 2022	31 December 2021
<u>Kingdom of Saudi Arabia:</u>		
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%
<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%	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 72 million as at 31 March 2022 (31 December 2021: Saudi Riyals 73 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-months period ended 31 March 2022. The Group’s management continues to monitor the situation closely.

ELECTRICAL INDUSTRIES COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial information (Unaudited)
For the three-month period ended 31 March 2022
(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 2021, 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 2021.

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 effective

Certain new accounting standards, amendments to standards and interpretations have been published by the IASB that are not mandatory for 31 March 2022 reporting periods and have not been early adopted by the Group. The Group is in the process of evaluating the impact of those standards, amendments to standards and interpretations.

New and amended IFRS standards, amendments to standards and interpretations 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 2022:

A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16

Amendments to IFRS 3 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

Amendments to IAS 16 'Property, plant and equipment' prohibit a Company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the Company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

Amendments to IAS 37 'Provisions, contingent liabilities and contingent assets' specify which costs a Company includes when assessing whether a contract will be loss-making.

Annual improvements make minor amendments to IFRS 1 'First-time Adoption of IFRS' and IFRS 9 'Financial instruments'.

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.

ELECTRICAL INDUSTRIES COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial information (Unaudited)
For the three-month period ended 31 March 2022
(All amounts in Saudi Riyals unless otherwise stated)

3 Fair value of assets and liabilities

As at 31 March 2022 and 31 December 2021, 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 interim 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 2021.

ELECTRICAL INDUSTRIES COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial information (Unaudited)
For the three-month period ended 31 March 2022
(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 ("Services").

Selected financial information as of 31 March 2022 and 31 December 2021 and for the three-month periods ended 31 March 2022 and 2021, summarized by the above operating segments, is as follows:

	Manufacturing, assembly and supply	Services	Total
For the three-month period ended 31 March 2022 (Unaudited)			
Revenue			
- At a point in time	216,873,720	-	216,873,720
- Over time	-	12,202,827	12,202,827
	<u>216,873,720</u>	<u>12,202,827</u>	<u>229,076,547</u>
Cost of sales	<u>(183,444,590)</u>	<u>(5,752,743)</u>	<u>(189,197,333)</u>
Gross profit	33,429,130	6,450,084	39,879,214
Selling and distribution expenses	(10,333,264)	(666,837)	(11,000,101)
General and administrative expenses	(12,973,003)	(664,768)	(13,637,771)
Changes in expected credit loss allowance	2,166,581	-	2,166,581
Other operating income - net	<u>351,636</u>	<u>-</u>	<u>351,636</u>
Operating profit	<u>12,641,080</u>	<u>5,118,479</u>	<u>17,759,559</u>
Financial costs	<u>(2,524,320)</u>	<u>(61,213)</u>	<u>(2,585,533)</u>
Segment results	<u>10,116,760</u>	<u>5,057,266</u>	<u>15,174,026</u>
As at 31 March 2022 (Unaudited)			
Property, plant and equipment	<u>245,243,946</u>	<u>21,844,620</u>	<u>267,088,566</u>
Total assets	<u>1,228,571,737</u>	<u>55,068,318</u>	<u>1,283,640,055</u>
Total liabilities	<u>681,504,950</u>	<u>2,092,322</u>	<u>683,597,272</u>

ELECTRICAL INDUSTRIES COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial information (Unaudited)
For the three-month period ended 31 March 2022
(All amounts in Saudi Riyals unless otherwise stated)

5 Segment information (continued)

	Manufacturing, assembly and supply	Services	Total
For the three-month period ended 31 March 2021 (Unaudited)			
Revenue			
- At a point in time	154,008,693	-	154,008,693
- Over time	-	13,824,522	13,824,522
	154,008,693	13,824,522	167,833,215
Cost of sales	(132,897,401)	(3,529,540)	(136,426,941)
Gross profit	21,111,292	10,294,982	31,406,274
Selling and distribution expenses	(7,699,283)	(744,987)	(8,444,270)
General and administrative expenses	(10,282,393)	(683,497)	(10,965,890)
Expected credit loss allowance	(487,026)	(59,847)	(546,873)
Other operating income - net	(896)	-	(896)
Operating profit	2,641,694	8,806,651	11,448,345
Financial costs	(1,720,848)	(74,648)	(1,795,496)
Segment results	920,846	8,732,003	9,652,849
As at 31 December 2021 (Audited)			
Property, plant and equipment	248,838,807	21,725,954	270,564,761
Total assets	1,194,480,760	53,552,531	1,248,033,291
Total liabilities	646,445,819	13,784,679	660,230,498

The revenue for the three-months period ended 31 March 2022 and 2021, categorized by the geographical segments is as follows:

	For the three-month period ended 31 March	
	2022 (Unaudited)	2021 (Unaudited)
Kingdom of Saudi Arabia	201,889,311	153,056,296
Other countries	27,187,236	14,776,919
	229,076,547	167,833,215

The non-current operating assets of the Group as at 31 March 2022 and 31 December 2021 are categorized by the geographical segments as follows:

	31 March 2022 (Unaudited)	31 December 2021 (Audited)
Kingdom of Saudi Arabia	290,034,766	293,657,538
Belgium	27,937,208	29,226,308
	317,971,974	322,883,846

ELECTRICAL INDUSTRIES COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial information (Unaudited)
For the three-month period ended 31 March 2022
(All amounts in Saudi Riyals unless otherwise stated)

6 Long-term borrowings

	Note	31 March 2022 (Unaudited)	31 December 2021 (Audited)
Saudi Industrial Development Fund ("SIDF")	6.1	31,400,000	31,400,000
Less: unamortized transaction costs		(135,744)	(162,520)
		31,264,256	31,237,480
Long-term borrowings are presented as follows:			
Current maturity shown under current liabilities		14,658,960	14,632,184
Non-current portion		16,605,296	16,605,296
		31,264,256	31,237,480

Movements in unamortized transaction costs are as follows:

	31 March 2022 (Unaudited)	31 December 2021 (Audited)
Balance at beginning of period / year	162,520	346,952
Less: amortization	(26,776)	(184,432)
Balance at end of period / year	135,744	162,520

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 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. In July 2020, SPTC again rescheduled the loan repayments with no changes to other terms of the borrowing agreement. The revised payment plan is as follows:

	2022 (Unaudited)	2021 (Audited)
Years ending 31 December:		
2021	-	13,000,000
2022	14,750,000	14,750,000
2023	16,650,000	16,650,000
	31,400,000	44,400,000

The loan is secured by a mortgage on property, plant and equipment of SPTC as of 31 March 2022 and 31 December 2021. 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 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). As of 31 March 2022, SPTC was in compliance with the loan covenants. Accordingly, the non-current portion of SIDF loan, with original maturity in 2023 amounting to Saudi Riyals 16.7 million has been classified as non-current liabilities in the accompanying condensed consolidated interim financial information.

ELECTRICAL INDUSTRIES COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial information (Unaudited)
For the three-month period ended 31 March 2022
(All amounts in Saudi Riyals unless otherwise stated)

7 Related party transactions

Related parties comprise the shareholders, directors, associated companies (representing entities which are directly or indirectly controlled by or under the significant influence of the Company's shareholders), 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 31 March	
	2022 (Unaudited)	2021 (Unaudited)
Revenue from other related parties	-	46,424
Costs and expenses charged by other related parties	423,163	-

The transactions are based on terms agreed as per signed agreements between the Group and the respective related parties.

(b) *Key management personnel compensation:*

	For the three-month period ended 31 March	
	2022 (Unaudited)	2021 (Unaudited)
Salaries and other short-term employee benefits	2,902,408	2,717,264
Employee benefit obligations	128,700	247,052
Share based payment expense	34,707	34,707
	3,065,815	2,999,023

Board of directors' fee for the three-months period ended 31 March 2022 and 2021 was Saudi Riyals 400,000.

Advances to employees includes advances to a key management personnel amounting to Saudi Riyals 1.5 million as of 31 March 2022 (2021: Saudi Riyals 1.4 million).

ELECTRICAL INDUSTRIES COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial information (Unaudited)
For the three-month period ended 31 March 2022
(All amounts in Saudi Riyals unless otherwise stated)

8 Basic and diluted earnings per share

Basic and diluted earnings per share are calculated as follows:

	For the three-month period ended 31 March	
	2022	2021
	(Unaudited)	(Unaudited)
Profit attributable to the shareholders of Electrical Industries Company	12,174,006	6,958,540
Weighted average number of ordinary shares for basic earnings per share*	44,500,000	44,500,000
Weighted average number of ordinary shares deemed to be issued under employee share incentive program	317,594	288,616
Weighted average number of ordinary shares for the purpose of diluted earnings	45,817,594	44,788,616
Basic earnings per share	0.27	0.16
Diluted earnings per share	0.27	0.16

* Weighted average number of ordinary shares outstanding as at 31 March 2022 and 2021 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.

9 Contingencies and commitments

- (i) At 31 March 2022, the Group was contingently liable for bank guarantees and letters of credit issued in the normal course of business amounting to 400.8 million (31 December 2021: Saudi Riyals 412.9 million).
- (ii) The capital expenditure contracted by the Group but not yet incurred until 31 March 2022 was approximately 3.2 million (31 December 2021: Saudi Riyals 4.6 million).
- (iii) 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 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 ("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 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. 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 condensed consolidated interim financial information for the three-months period ended 31 March 2022.
- (iv) Also see Note 1.

ELECTRICAL INDUSTRIES COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial information (Unaudited)
For the three-month period ended 31 March 2022
(All amounts in Saudi Riyals unless otherwise stated)

10 Dividends

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

The Company's Board of Directors, at their meeting held on 16 March 2021, has proposed cash dividends of Saudi Riyals 0.5 per share totalling to Saudi Riyals 22.5 million, for the year ended 31 December 2020, which is approved by the annual general meeting held on 26 April 2021.

11 Subsequent events

See Note 10.

There have been no other events subsequent to 31 March 2022 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 31 March 2022.