

AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY
(A Saudi Joint Stock Company)
Consolidated Financial Statements
and the Independent Auditor's Report
for the Year Ended 31 December 2021

AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY
(A Saudi Joint Stock Company)
Consolidated Financial Statements and the Independent Auditor's Report
For the Year Ended 31 December 2021

	Pages
Independent Auditor's Report on the consolidated Financial Statements	1-5
Statement of consolidated Financial Position as at 31 December 2021	6
Statement of consolidated Profit or Loss for the year ended 31 December 2021	7
Statement of consolidated Comprehensive Income for the year ended 31 December 2021	8
Statement of consolidated Changes in Equity for the year ended 31 December 2021	9
Statement of consolidated Cash Flows for the year ended 31 December 2021	10
Notes to the consolidated Financial Statements for the year ended 31 December 2021	54-11

INDEPENDENT AUDITOR'S REPORT

**To The Shareholders of Al-Babtain Power and Telecommunications Company
(A Saudi Joint Stock Company)**

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Al-Babtain Power and Telecommunications Company ("the Company") and its subsidiaries (together the "Group"), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021, and its consolidated financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ('IFRSs') that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants ('SOCPA').

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with professional code of conduct and ethics, that are endorsed in the Kingdom of Saudi Arabia, that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The consolidated financial statements of the Group for the year ended 31 December 2020 were audited by another auditor, who expressed an unmodified opinion dated 29 March 2021.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT (Continued)

**To The Shareholders of Al-Babtain Power and Telecommunications Company
 (A Saudi Joint Stock Company)**

Report on the Audit of the Consolidated Financial Statements (Continued)

Key Audit Matters (Continued)

1) Inventory Valuation	How the matter was addressed in our audit
<p>This item was considered a key audit matter due to the nature and value of the account balance and the significant judgments and key assumptions applied by the management in determining the provision of obsolete inventory, as at 31 December 2021, the Group's inventories balance was SR 697.9 million net of provision for obsolete inventory of SR 9.4 million (2020: SR 461 million net of provision for obsolete inventory of SR 12 million).</p> <p>Inventory are stated at the lower of cost and net realizable value and provision is made by the Group, where necessary, for obsolete inventory. The management determines the level of obsolescence of inventory considering the nature, aging profile and sales expectations using historical trends and other qualitative factors.</p> <p>Further, at each reporting date, management reviews the valuation of inventory and costs of inventory is written down where inventory is forecasted to be sold at below cost.</p> <p><i>Refer to Note 5-5 of the Consolidated financial statements for accounting policy and Note 14 for the related disclosures in the accompanying consolidated financial statements.</i></p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> - Evaluated the Group's policy for provision for obsolete inventories by performing retrospective testing, comparing historical estimates with actual results; - Tested the accuracy of inventory aging report used by the Group in the valuation of the provision of obsolete inventory. - Checked that the provision for obsolete inventory is computed in accordance with the Group's policy and based on the inventory's aging report; - Inquired for any identified obsolete inventory during our attendance of physical counts; - Tested the net realizable values of finished goods inventory by considering actual sales post-year-end and the assumptions used by the management to check whether inventory is valued at the lower of cost and net realizable value.

INDEPENDENT AUDITOR'S REPORT (Continued)

To The Shareholders of Al-Babtain Power and Telecommunications Company (A Saudi Joint Stock Company)

Report on the Audit of the Consolidated Financial Statements (Continued)

Other information

Other information consists of the information included in the Group's 2021 annual report, other than the consolidated financial statements and our auditors' report thereon. Management is responsible for the other information in its annual report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated Financial Statements in accordance with IFRSs that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by SOCPA, and the applicable requirements of the Regulation for Companies and the Company's By-laws, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, i.e. the Board of Directors, are responsible for overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT (Continued)

**To The Shareholders of Al-Babtain Power and Telecommunications Company
(A Saudi Joint Stock Company)**

Report on the Audit of the Consolidated Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITOR'S REPORT (Continued)

**To The Shareholders of Al-Babtain Power and Telecommunications Company
(A Saudi Joint Stock Company)**

Report on the Audit of the Consolidated Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group. To express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for the audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For Al-Bassam & Co.

Ibrahim A. Al Bassam
Chartered Accountant
License no. 337



**3 Ramadan 1443H
4 April 2022G**

AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY

(A Saudi Joint Stock Company)

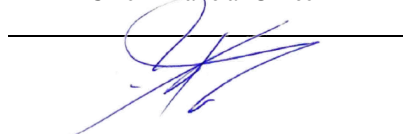
Statement of Consolidated Financial Position**For the Year Ended 31 December 2021****(All amounts in Saudi Riyals unless otherwise stated)**

	Note	31 December 2021	31 December 2020
ASSETS			
Non-current assets			
Property, Plant and equipment	6	396,136,751	400,726,447
Intangible assets	7	27,573,686	26,477,799
Investment properties	8	29,077,079	29,077,079
Investment at fair value through other comprehensive income (FVOCI)	9	85,639,196	79,973,734
Investment at fair value through profit or loss	10	379,800	-
unconsolidated structured entities	11	205,000	205,000
Investment in joint venture	12	9,335,550	3,812,207
Right-of-use assets	13	27,918,093	27,704,126
Total Non-current assets		576,265,155	567,976,392
Current assets			
Inventory	14	697,875,882	460,953,941
Trade receivables	15	648,491,964	600,136,016
Due from related parties	16	53,788,354	54,009,024
Prepaid expenses and other receivables	17	90,302,904	78,758,042
Contract assets	18	208,153,276	157,182,183
Cash and cash equivalents	19	210,709,260	143,358,837
Total current assets		1,909,321,640	1,494,398,043
Total assets		2,485,586,795	2,062,374,435
Shareholder's equity and liabilities			
Shareholder's equity			
Share capital	20	426,313,120	426,313,120
Statutory reserve	21	127,893,936	127,893,936
Foreign currency translation reserve		(60,265,098)	(82,394,050)
Revaluation losses of investment at fair value through FVTOCI		(35,256,672)	(65,897,134)
Actuarial losses		(1,288,761)	(4,033,740)
Retained earnings		377,767,089	374,596,224
Total equity attributable to the company's shareholders		835,163,614	776,478,356
Non-controlling interest	24	15,427,262	15,239,798
Total Shareholder's Equity		850,590,876	791,718,154
Total Current liabilities			
Non-current liabilities			
Long term loans – non-current portion	25-1	465,766,896	147,703,725
Lease obligation – non current portion	13	21,803,224	22,736,522
Employees' post-employment benefits	26	78,218,261	80,588,110
Total Non-current liabilities		565,788,381	251,028,357
Current liabilities			
Short term loans	25-2	572,609,037	640,557,736
Long term loans - current portion	25-1	228,583,341	124,033,333
Lease obligation – current portion	13	4,795,360	4,104,252
Trade payables	27	117,638,987	97,226,306
Due to related parties	16	16,131,833	15,457,015
Accruals expenses and other payables	28	117,250,257	125,013,148
Provision for Zakat and income tax	29	12,198,723	13,236,134
Total current liabilities		1,069,207,538	1,019,627,924
Total liabilities		1,634,995,919	1,270,656,281
Total Shareholder's equity and liabilities		2,485,586,795	2,062,374,435
Contingent liabilities and capital commitments			

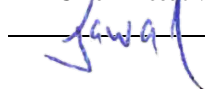
36

The accompanying notes 1 to 43 form an integral part of these financial statements.

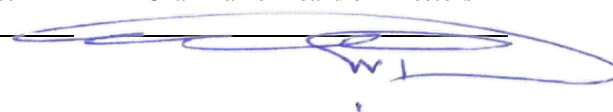
Chief Financial Officer



Chief Executive Officer



Chairman of Board of Directors



AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY

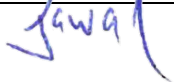
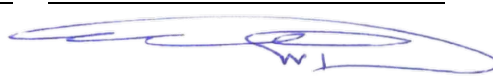
(A Saudi Joint Stock Company)

Statement of Consolidated Profit or Loss**For the Year Ended 31 December 2021****(All amounts in Saudi Riyals unless otherwise stated)**

	Note	31 December 2021	31 December 2020
Revenues	37	1,474,465,609	1,387,133,518
Cost of revenues	30	(1,307,335,291)	(1,184,569,275)
Gross profit		167,130,318	202,564,243
Selling and marketing expenses	31	(25,150,110)	(25,682,064)
General and administrative expenses	32	(80,439,167)	(77,821,552)
Other revenues	33	31,051,950	36,582,398
Reversal of provision for Excepted credit losses		4,972,102	7,286,918
Net profit from operating activities		97,565,093	142,929,943
Finance cost	34	(36,379,256)	(34,809,606)
Profit (loss) from investments in joint venture	12	5,523,343	(3,011,838)
Dividends		3,881,791	8,998,004
Net income before Zakat		70,590,971	114,106,503
Zakat and income tax	29	(19,374,477)	(30,705,579)
Net profit of the year		51,216,494	83,400,924
Income for the year attributable to:			
Majority-Shareholders		51,029,030	80,310,153
Non-controlling interest		187,464	3,090,771
		51,216,494	83,400,924
Profit per share - basic and diluted from net Profit for the year	35	1.2	1.88

The accompanying notes 1 to 43 form an integral part of these financial statements.

Chief Financial Officer

Chief Executive Officer

Chairman of Board of Directors


AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY

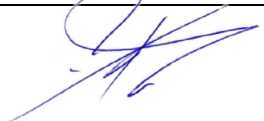
(A Saudi Joint Stock Company)

Statement of Consolidated Comprehensive Income**For the Year Ended 31 December 2021****(All amounts in Saudi Riyals unless otherwise stated)**

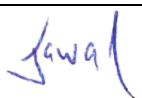
	Note	31 December 2021	31 December 2020
Net profit of the year		51,216,494	83,400,924
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Revaluation Gain /(loss) of financial assets carried at fair value through other comprehensive income	9	30,640,462	(65,897,134)
Gain / (loss) for employee's past – employment benefit	26	2,744,979	(3,934,026)
Items that can be reclassified to profit or loss			
Foreign currency translation		22,128,952	(6,936,924)
Total other comprehensive loss		55,514,393	(76,768,084)
Total comprehensive for the year		106,730,887	6,632,840
Comprehensive income for the year attributable to			
Majority -Shareholders		106,543,423	3,542,069
Non-controlling interest		187,464	3,090,771
		106,730,887	6,632,840

The accompanying notes 1 to 43 form an integral part of these financial statements.

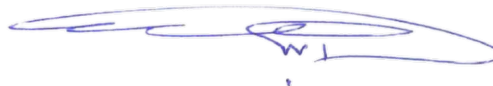
Chief Financial Officer



Chief Executive Officer



Chairman of Board of Directors



AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY

(A Saudi Joint Stock Company)

Statement of Consolidated Changes in Equity



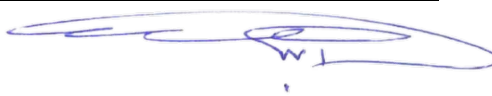
For the Year Ended 31 December 2021

(All amounts in Saudi Riyals unless otherwise stated)

Total equity attributable to the shareholders of the main company

	Share capital	Statutory reserve	Reserve foreign currency translation	Revaluation losses of investment at fair value through FVTOCI	Actuarial gain / (loss) reserve	Retained earnings	Total equity attributable to the main shareholders of company	Non-controlling equity	Total shareholders' equity
Year ended at December 31, 2020									
Balance at January 1, 2020	426,313,120	127,893,936	(75,457,126)	-	(99,714)	320,365,356	799,015,572	7,385,428	806,401,000
Adjustments	-	-	-	-	-	(4,763,599)	(4,763,599)	4,763,599	-
Net income for the period	-	-	-	-	-	80,310,153	80,310,153	3,090,771	83,400,924
Other comprehensive income items	-	-	(6,936,924)	(65,897,134)	(3,934,026)	-	(76,768,084)	-	(76,768,084)
Net comprehensive income for the period	-	-	(6,936,924)	(65,897,134)	(3,934,026)	80,310,153	3,542,069	3,090,771	6,632,840
Dividends paid - Note 23-B	-	-	-	-	-	(21,315,686)	(21,315,686)	-	(21,315,686)
Year ended at December 31, 2021	426,313,120	127,893,936	(82,394,050)	(65,897,134)	(4,033,740)	374,596,224	776,478,356	15,239,798	791,718,154
Balance at January 1, 2021	426,313,120	127,893,936	(82,394,050)	(65,897,134)	(4,033,740)	374,596,224	776,478,356	15,239,798	791,718,154
Affiliate company adjustments-Note (23-1)	-	-	-	-	-	(2,219,470)	(2,219,470)	-	(2,219,470)
Adjustments-Note (22-2)	-	-	-	-	-	(3,007,383)	(3,007,383)	-	(3,007,383)
Net income of the year	-	-	-	-	-	51,029,030	51,029,030	187,464	51,216,494
Other comprehensive income items	-	-	22,128,952	30,640,462	2,744,979	-	55,514,393	-	55,514,393
Net comprehensive income for the period	-	-	22,128,952	30,640,462	2,744,979	51,029,030	106,543,423	187,464	106,730,887
Dividends paid-Note (23 A)	-	-	-	-	-	(42,631,312)	(42,631,312)	-	(42,631,312)
Balance at 31 December 2021	426,313,120	127,893,936	(60,265,098)	(35,256,672)	(1,288,761)	377,767,089	835,163,614	15,427,262	850,590,876

The accompanying notes 1 to 43 form an integral part of these financial statements.

Chief Financial Officer	Chief Executive Officer	Chairman of Board of Directors
		

AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY

(A Saudi Joint Stock Company)

Statement of Consolidated Changes in Equity**For the Year Ended 31 December 2021****(All amounts in Saudi Riyals unless otherwise stated)**

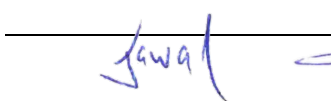
	Notes	31 December 2021	31 December 2020
Cash flows from operating activities			
Net income for the period before Zakat		70,590,971	114,106,503
Adjustments on:			
Depreciation		27,259,257	28,417,407
Gain on disposal of property plans, and equipment	6	(82,484)	(515,756)
Amortization	7	1,792,529	1,638,390
Depreciation on right-of-use assets	13	3,483,170	2,239,645
Interest on obligations against right of use assets	13	2,220,544	774,110
Foreign currency translation differences		22,183,229	(6,936,924)
Provision for employee's benefits	26	7,391,382	13,629,271
Additions of expected credit loss during the year	15	(2,299,117)	-
Reversal for impairment of trader receivable		(4,972,102)	(7,286,918)
Provision for slow-moving inventory	14	(2,501,561)	767,395
Loss/(gain) in investment in joint venture	12	(5,523,343)	3,011,838
Changes in operating assets and liabilities			
Trade receivables		(44,054,303)	(68,547,253)
Inventory		(234,420,380)	(25,331,335)
Prepaid expenses and other receivables		3,201,125	25,512,980
contract assets		(50,971,093)	(51,196,914)
Trade payables		20,412,681	(25,989,726)
Accrued expenses and other payables		(7,762,891)	(5,999,489)
Due to related parties		895,488	(10,679,504)
Employees' post-employment benefits paid		(9,273,531)	(9,635,087)
Zakat and income tax paid	26	(20,411,888)	(31,827,240)
Net cash used in operating activities	29	(222,842,317)	(53,848,607)
Cash flows from investing activities			
unconsolidated structured entities		-	5,200,000
Addition of financial assets at fair value through profit or loss	10	(379,800)	-
Disposal of financial assets at fire value through other comprehensive income		10,229,013	-
Addition of intangible assets	7	(2,858,980)	(131,180)
Addition of property plant, and equipments	6	(25,888,759)	(41,338,737)
Proceeds from disposal of property and equipments		3,241,204	869,838
Net cash used in investing activities		(15,657,322)	(35,400,079)
Cash flows from financing activities			
Net movement in short term loans		(67,948,699)	(19,528,564)
Net movement in long term loans		422,613,179	141,937,058
Lease liabilities paid		(6,183,106)	(4,436,595)
Dividends paid	23	(42,631,312)	(21,315,686)
Net cash used in financing activities		305,850,062	96,656,213
Net change in cash and cash equivalents		67,350,423	7,407,527
Cash and cash equivalents at beginning of the year		143,358,837	135,951,310
Cash and cash equivalents at the ending of the year	19	210,709,260	143,358,837
Non-monetary transaction	41		

The accompanying notes 1 to 43 form an integral part of these financial statements.

Chief Financial Officer



Chief Executive Officer



Chairman of Board of Directors



AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY

(A Saudi Joint Stock Company)

Statement of Consolidated Changes in Equity

For the Year Ended 31 December 2021

(All amounts in Saudi Riyals unless otherwise stated)

Legal Status and Activity

Al-Babtain Power and Telecommunications Company - a Saudi joint stock company (hereinafter referred to as "the company") was established under Commercial Registration No. 1010063868 issued at Riyadh on 19/2/1407 H corresponding to 23/10/1986. The Company practice its activity pursuant to the resolution of Ministry of Trade and Industry No.1304 dated 27 Jumada Al-Awal 1424 H corresponding to 27 July 2003.

The Company's activity represents in establishing and repairing of stations and towers of wired and wireless communication and radars.

The current period of Company starts on January 1, 2021, and ends on 31 December,2021 and the fiscal year of the Group start from January 1st of each calendar year and ends at end of December of the same year.

On December 31, 2021, the Company owns, directly or indirectly, majority interests that enable it to control subsidiaries collectively known as the "Group." The Company's business and its subsidiaries, set forth below, is focused on the production of lighting poles, power transmission and accessories, power transmission towers and accessories, telecommunication towers, as well as operation and maintenance of communication software and systems, and the following are the subsidiaries and their shareholding percentages:

<u>Subsidiary</u>	<u>Headquarter</u>	<u>Effective shareholding</u>	
		31 December 2021	31 December 2020
<u>First: directly owned companies</u>			
Al-Babtain Power and Telecommunication Company	Egypt	100%	100%
Al Babtain LeBlanc Telecommunication Systems Ltd.	KSA	100%	100%
Al-Babtain Operation and Maintenance Co. Ltd	KSA	100%	100%
Integrated Lighting Co., Ltd.	KSA	100%	100%
Al Babtain Contracting Company (1/1/1)	Qatar	100%	100%
International Wind Energy Company	KSA	100%	100%
Al-Babtain Metalogalva Co. Ltd. (1/1/2)	KSA	60%	60%
<u>Second: indirectly owned companies</u>			
Al-Babtain Leblanc Egypt Telecommunication Engineering Co.	Egypt	85%	85%
Al Babtain LeBlanc Emirates Telecommunication Systems LLC	UAE	100%	100%
Al-Babtain Middle East for the Installation of Communications Systems	UAE	70%	70%

1/1/1 -The financial statements have not been consolidated because the Company is under restructuring.

1/1/2- The commercial register of Al-Babtain Advanced Energy Solutions Company was cancelled in order to transfer its headquarters to the city of Dammam, and its trade name was changed to become (Al-Babtain Metalogaiva Company Limited) a mixed limited liability Company.

1/2- Important events

At the beginning of the elapsed year 2020, the new Corona pandemic (Covid-19) spread, causing disruption to business and economic activities worldwide, including the Kingdom of Saudi Arabia. The extent of the impact of the Corona pandemic on the company's business and its operations and financial results is something management believes, but the amounts are not specified and depend on many factors and future developments and this required the group management to reassessed the assumption ,estimates and sources applicable to consolidated financial statement for the year ended in 31 December 2021.

During the period, with the discovery of vaccines for this epidemic and the decline of the effects resulting from that pandemic, the management evaluated all the effects on the operations and activities of the company, and based on this evaluation, there was no need to make any fundamental amendments to the consolidated financial statements for the year ending on December 31, 2021, but in view of the situation current uncertainty, any future change in assumptions and estimates may result in results that require material adjustments to the carrying amounts of assets and/or liabilities in future periods, and given the rapid development in the current situation with a state of uncertainty about the future, management will continue to assess the impact Based on future developments.

AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY

(A Saudi Joint Stock Company)

Statement of Consolidated Changes in Equity

For the Year Ended 31 December 2021

(All amounts in Saudi Riyals unless otherwise stated)

2. BASIS OF PREPARATION

2-1 Statement of compliance

This financial statement have been prepared in accordance with International Financial Reporting Standards, as adopted in Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by Saudi Organization for Chartered and Professional Accountants (“SOCPA”)

2-2 Basis of consolidation

The consolidated financial statements include the financial statements of Al-Babtain Power and Telecommunications Company and its subsidiaries (collectively the “Group”) as disclosed within note (1). Accordingly, comprises of the financial statements of the parent company and its subsidiaries as at 31 December 2021. Subsidiaries are entities which are controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group maintains less than the majority of voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the over voting holders of the investee
- Rights arising from other contractual arrangements
- The Groups voting rights and potential rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses its control the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed during the year are included in the consolidated financial statements from the date that the Group gains until the date the Group ceases to control over subsidiary.

Profit or loss and each component of consolidated comprehensive income are attributed to shareholders of the parent company of the Group and to the non-controlling interest, even if this results in the non-controlling interest having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group accounting policies. All intra-group asset and liabilities, equity, income, expenses and cash flows relating to transaction between members of the Group are eliminated in full upon consolidation.

A change in the ownership interest of subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group losses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any non-controlling interest
- Derecognizes the cumulative translation differences recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in consolidated statement of profit or loss
- Reclassifies the parent company share of components previously recognized in the comprehensive income to consolidated statement of profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY

(A Saudi Joint Stock Company)

Statement of Consolidated Changes in Equity

For the Year Ended 31 December 2021

(All amounts in Saudi Riyals unless otherwise stated)

2-3 Basis of measurement

These financial statements have been prepared in accordance with the historical cost principle, except for:

A- Investments measured at fair value.

B- Employees' end of service benefits are recognized at the present value of future obligations using the expected unit credit method.

As required by the Capital Market Authority through its circular issued on 16 October, 2016, the group must apply a cost model to measure property, equipment, investment properties and intangible assets when adopting IFRS for a period of three years starting from the date of applying IFRS. Later extended until December 31, 2021

2-4 Currency Presentation and activity

These financial statements are presented in Saudi Riyals, which is the functional and presentation currency of the Company. All amounts have been rounded to the nearest Saudi Riyal, unless otherwise indicated.

3- New standards, amendments to standards and interpretations

Amendments

A number of new amendments to the standards, described below, are effective during the current year but do not have a material impact on the Group's financial statements, except as indicated below.

New amendments to standards issued and applied as of 2021.

Amendments to standard	Description	Effective for annual years beginning on or after	Summary of the amendment
IFRS 9, IAS 39 IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2	January 1, 2021	These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms. The amendments also introduce new disclosure requirements to IFRS 7 for hedging relationships that are subject to the exceptions introduced by the amendments to IFRS 9.
IFRS 16	Amendments to IFRS 16 Leasing - Covid-19 Related Rent Concessions	April 1, 2021	This amendment extend the exemption from assessing whether a COVID-19-related rent concession is a lease modification for payments originally due on or before June 30, 2022 (rather than payment due on or before June 30, 2021).

AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY

(A Saudi Joint Stock Company)

Statement of Consolidated Changes in Equity**For the Year Ended 31 December 2021****(All amounts in Saudi Riyals unless otherwise stated)****3. New standards and interpretations (continued)****New standards, amendments, and revised IFRS issued but not yet effective (continued)**

The Company has not applied the following new and revised IFRSs and amendments to IFRS that have been issued but are not yet effective.

Amendments to standard	Description	Effective for annual beginning on or after	Summary of the amendment
IAS 37	Onerous Contracts – Cost of Fulfilling a Contract	January 1, 2022	The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract. These amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments.
IFRS 16, IFRS 9, IAS 41 and IFRS 1	Annual Improvements to IFRS Standards 2018–2020	January 1, 2022	IFRS 16: The amendment removes the illustration of the reimbursement of leasehold improvements IFRS 9: The amendment clarifies that in applying the ‘10 percent’ test to assess whether to derecognize a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender. The amendment is to be applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment. IAS 41: The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. IFRS 1: The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation difference.
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use	January 1, 2022	The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use. Additionally, the amendments also clarify the meaning of ‘testing whether an asset is functioning properly’.

AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY

(A Saudi Joint Stock Company)

Statement of Consolidated Changes in Equity**For the Year Ended 31 December 2021****(All amounts in Saudi Riyals unless otherwise stated)****3. New standards and interpretations (continued)****New standards, amendments, and revised IFRS issued but not yet effective (continued)**

The Company has not applied the following new and revised IFRSs and amendments to IFRS that have been issued but are not yet effective

Amendments to standard	Description	Effective for annual years beginning on or after	Summary of the amendment
IFRS 3	Reference to the Conceptual Framework	January 1, 2022	The amendment as a whole updated IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework.
IFRS 17	Insurance Contracts	January 1, 2023	This is comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 (along with its subsequent amendments) will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005.
IAS 1	Classification of Liabilities as Current or Non-current	January 1, 2023	The amendment has clarified what is meant by a right to defer settlement, that a right to defer must exist at the end of the reporting period, that classification is unaffected by the likelihood that an entity will exercise its deferral right and that only if an embedded derivative in a convertible liability is itself an equity instrument the terms of a liability would not impact its classification.
IAS 1 and IFRS Practice Statement 2	Disclosure of accounting policies	January 1, 2023	This amendment deals with assisting entities to decide which accounting policies to disclose in their financial statements
IAS 8	Amendment to definition of accounting estimate	January 1, 2023	This amendments regarding the definition of accounting estimates to help entities to distinguish between accounting policies and accounting estimates.
IAS 12	Income taxes	January 1, 2023	This amendment deals with clarification regarding accounting of deferred tax on transactions such as leases and decommissioning obligations
Amendment to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	N/A	The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary.

Management anticipates that these new standards interpretations and amendments will be adopted in the Company's financial statements as and when they are applicable and adoption of these interpretations and amendments may have no material impact on the financial statements of the Company in the period of initial application.

AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY

(A Saudi Joint Stock Company)

Statement of Consolidated Changes in Equity

For the Year Ended 31 December 2021

(All amounts in Saudi Riyals unless otherwise stated)

4. Significant accounting estimates and judgments

In preparing these financial statements, management has used judgments and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which are the basis for making judgments about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. A revision of accounting estimates is recognized in the period in which the estimates are revised if the revision affects only that period, or in the revision period and future periods if the revision affects both current and future periods.

Important judgments in applying the company's accounting policies

The following are the significant judgments, except for the estimations described below made by management in the process of applying the company's accounting policies that have a material effect on the amounts recognized in the financial statements.

Impact of the COVID-19 pandemic on expected credit losses

On March 11, 2020, the World Health Organization declared the outbreak of the Coronavirus ("Covid-19") a pandemic in recognition of its rapid spread throughout the world. This outbreak has also affected the GCC region, including Saudi Arabia. Governments around the world have taken steps to contain the spread of the virus. Saudi Arabia in particular has implemented border closures, issued social distancing directives and imposed a kingdom-wide curfew.

Oil prices have also seen significant fluctuations during the current period, not only due to demand problems arising from Covid-19 as global economies stop closing, but also supply problems due to the volume that preceded the epidemic.

Collectively, these current events and prevailing conditions require the Company to analyze the potential impact of these events on the Company's business operations. The Board of Directors and the Company's management have assessed the situation and, accordingly, have activated business continuity planning and other risk management practices to manage the business disruption that the COVID-19 outbreak has caused to its operations and financial performance. In the current situation, the size and duration of this outbreak and its impact on credit, market and operational risks remain uncertain, and the Board of Directors and management of the company are constantly assessing the evolving situation in coordination with regulatory agencies and further quantification of the impact cannot be ascertained at this stage.

The Company's management has assessed the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in the future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern. Therefore, the financial statements have been prepared on the going concern basis.

Determine the discount rate to calculate the present value

Discount rates represent the current market assessment of the risks involved in scheduling cash flows, considering the time value of money and the individual risks of the underlying assets that have not been included in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the company.

Actuarial valuation of employees' end of service benefits

The cost of employee end-of-service benefits ("employee benefits") under the defined benefit program is determined using the projected unit credit method. The actuarial valuation involves making various assumptions that may differ from actual developments in the future. These assumptions include determining the discount rate, future salary increases, mortality and employee turnover. Given the complexity of the evaluation and its long-term nature; The defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are adjusted on an annual basis, or more frequently, if necessary.

Fair value measurement and valuation process

Certain assets and liabilities of the Company have been measured at fair value for financial reporting purposes. The Company's management is responsible for determining appropriate valuation inputs and methods for measuring fair value. In estimating the fair value of an asset or a liability, the Company uses market observable data to the extent available. In the event that Level 1 inputs are not available, the company will hire accredited third-party evaluators to conduct the

AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY

(A Saudi Joint Stock Company)

Statement of Consolidated Changes in Equity

For the Year Ended 31 December 2021

(All amounts in Saudi Riyals unless otherwise stated)

assessment. Company management works closely with approved external evaluators to determine appropriate inputs and valuation techniques in the model.

4-Significant accounting estimates and judgments (continued)

Useful lives of property, plant and equipment and intangible assets

As explained in Note 4, the Company estimates the useful lives of its property, plant and equipment at the end of each annual reporting period. These estimates are determined after considering the expected usage of the assets or depreciation arising from physical use. Management reviews the residual value and useful lives annually and future depreciation charges will be adjusted as management believes that the useful lives differ from previous estimates.

Zakat provision

The management has evaluated the zakat position taking into consideration the local zakat legislations, the resolutions issued periodically and the agreements. The interpretation of legislative decrees and agreements is not always clear and requires completion of the assessment by the Zakat, Tax and Customs Authority.

Allowance for impairment losses of receivable value

Management has estimated the recoverability of the receivable value and has taken into account the required provisions. Management has estimated the provisions for receivables based on past experience and the current economic environment to recover outstanding long-term receivables. Estimating the amount of the provision required significant judgment and use of estimates regarding the amount and timing of estimated losses based on past experience of losses, current conflicts, and consideration of current economic trends and conditions, all of which may be subject to significant change. The provision is charged to operations based on management's periodic evaluation of the aforementioned factors, as well as other relevant factors. To the extent that actual results differ from management's estimates, a provision may be made for impairment of trade receivables or reversal of the excess provision that could adversely or positively affect earnings or financial position in future periods.

Investment classification

On acquisition of an investment, management must decide if it is to be classified as "at fair value through profit or loss," "available for sale," or "loans and advances." In doing so, management considers the primary purpose for which it was acquired and how it intends management in it, and reporting on its performance. This decision determines whether it should be measured later at cost or fair value, and whether changes in the fair value of financial instruments are reported in the statement of profit or loss or directly within equity.

AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY

(A Saudi Joint Stock Company)

Statement of Consolidated Changes in Equity

For the Year Ended 31 December 2021

(All amounts in Saudi Riyals unless otherwise stated)

5. Significant accounting policies

5-1 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment, except for land and capital work in progress which are stated at cost and are not depreciated. Capital work in progress represents costs directly attributable to new projects in progress and is capitalized as property, plant and equipment when the project is completed. However, depreciation of these assets under construction begins when the asset becomes available for use.

Subsequent expenditures are capitalized only if it is probable that the future economic benefits associated with the expenditures will flow to the company and the amount can be measured reliably.

Finance costs on loans to finance the construction of qualifying assets, if any, are capitalized during the period of time required to complete and prepare the qualifying asset for use.

When parts of property, plant and equipment are cost-significant compared to the total cost of the item, and where such parts/components have a different useful life than the other parts and need to be replaced at different intervals, the company records those parts as individual assets with a specific useful life and depreciates them accordingly. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated from the date that an item of property, plant and equipment is available for use or in respect of self-constructed assets, from the date these assets are ready for use.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the asset as follows:

<u>Description</u>	<u>Percentage</u>
Buildings	3% - 5%
Roads and networks	10%
Machine and equipment	5% - 25%
Furniture and office equipment	10% - 25%
Vehicles	20% - 25%
Computers	10% - 15%
Tools	12,5% - 25%

If there is an indication that there has been a significant change in the useful life or residual value of an item, future depreciation is revised to reflect the new estimates.

An item of property, plant and equipment and any significant part that is recognized initially is derecognized when it has been disposed of or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

Items such as spare parts, auxiliary equipment and servicing equipment, if any, are recognized in accordance with this IFRS when they meet the definition of property, plant and equipment. Otherwise, these items are classified as inventory.

5-2 projects in progress

Projects in progress are stated at cost less impairment losses. All expenses incurred during the installation and construction period are recorded and charged to projects in progress, then the cost of assets in progress is transferred to the appropriate category of property and equipment when they are ready to use. The cost of projects in progress includes purchase costs and costs that are directly attributable to bringing the assets under construction for their intended purpose or use.

5-3 Investment property

Investment properties include property held for capital appreciation or long-term rental returns or both and are carried at cost less accumulated depreciation and accumulated impairment losses, if any. Real estate investments also include real estate that is being constructed or developed for future use as investment real estate. In addition, land, if any, held for indefinite use is classified as investment property and is not depreciated.

When development of real estate investments commences, they are classified as "Projects in Progress" until development is completed, at which time they are transferred to the respective category and depreciated using the straight-line method at rates calculated to reduce the cost of the assets to their estimated residual value over their expected useful life of 15 to 21 years old. Buildings on leased land are depreciated over the lease term or useful life, whichever is less.

AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY

(A Saudi Joint Stock Company)

Statement of Consolidated Changes in Equity

For the Year Ended 31 December 2021

(All amounts in Saudi Riyals unless otherwise stated)

5-Significant accounting policies (continued)

5-3 Investment property (continued)

Regular maintenance and repairs that do not materially extend the estimated useful life of the asset are charged to profit or loss when incurred.

5-4 Intangible Assets

The Intangible assets acquired separately are measured at cost on initial recognition. After initial recognition, intangible assets are stated at cost less accumulated amortization and accumulated impairment losses, if any.

Intangible assets with finite lives are amortized over their economic life of 6 to 7 years and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss and expense in the expense category consistent with the function of the intangible asset.

The residual values of intangible assets, useful lives and indicators of impairment are reviewed at the end of each financial year and adjusted prospectively, if necessary.

5-4-1 In return for emptying land

It represents the consideration for emptying the land in the amounts initially paid, other than the rent, in exchange for usufruct rights to non-owned lands used for the company's purposes. These amounts are amortized using the straight-line method over the estimated period of its future benefit over the period of the lease term, and it is amortized over a period of 26 years.

5-4-2 Automated software application costs

The costs of automated software applications are the costs of licensing automated software after deducting the accumulated amortization expenses, and they are amortized using the straight-line method over the estimated period of use and are amortized over a period of 10 years.

5-4-3 Research and development costs

Development expenditures are capitalized if they can be measured reliably and the product, service or process is technically and practically economically feasible and has potential future economic benefits from development and that the company intends and has full resources to complete the development and then the asset can be used and sold. The capitalized costs include the cost of materials, labor and other related additional expenses. Immediately by preparing the asset for use, it is measured at cost after deducting the amortization expenses and any decrease in value, and it is amortized using the straight-line method over the related benefit periods.

5-4-4 Goodwill

Goodwill is the amount that arises when the fair value of the consideration transferred for an acquired business exceeds the net fair value of the identifiable assets, liabilities and contingent liabilities. When the Group creates a business combination, the acquisition method is used. Goodwill is allocated from the date of the business combination to the cash-generating units that are expected to benefit from the business combination. Each cash-generating unit represents the lowest level at which goodwill is monitored for internal management purposes and is never higher than the operating segment.

AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY

(A Saudi Joint Stock Company)

Statement of Consolidated Changes in Equity

For the Year Ended 31 December 2021

(All amounts in Saudi Riyals unless otherwise stated)

5-Significant accounting policies (continued)

5-4 Intangible Assets (Continued)

5-4-5 Impairment test for goodwill

The Group's management performs an annual test of goodwill to ensure that there is no impairment in its value and to determine whether the carrying amount of the goodwill is less than the recoverable amount. The recoverable amount is determined based on the information used in the expected business plans for the five-year period following the date of the financial statements and the cash flows related thereto. The impairment test is carried out based on measuring the present value of the future cash flows for a period of five years based on reasonable and objective assumptions for estimating cash flows according to the latest budgets approved by the management.

5-5 Inventory

Inventory is valued at cost or net realizable value, whichever is lower, and cost is determined on a weighted average basis. The cost of finished and semi-finished goods includes the cost of raw materials, labor and indirect industrial expenses that contribute to converting raw materials into a final product. Net realizable value consists of the estimated selling price in the ordinary course of business, less incremental production costs to complete it and any other costs required to make the sale. The company reviews the carrying amount of inventories on a regular basis. When necessary, inventories are written down to their net realizable value or provision is made for obsolescence if there is a change in the usage pattern or physical form of the related inventories.

Management estimates the net realizable value of inventory, considering the most reliable evidence at the time the estimates are used and making a provision for obsolete inventory. These estimates take into account changes in demand for goods, changes in technology, and fluctuations in quality and prices. Accordingly, the Company considers and takes into account these factors in calculating the provision for obsolete, slow moving and obsolete inventory.

Spare parts are valued at cost or net realizable value, whichever is lower. Cost is determined on a weighted average cost basis. The provision for obsolete and slow-moving inventory, if any, is estimated at each reporting date.

5-5-1 Impairment in the value of inventory and slow-moving inventory

The group's management determines at the statement of financial position date whether there is a decrease in the value of inventory or idle store. The determination of impairment requires making significant decisions involving evaluating factors including the nature of the industry and market conditions.

5-6 Cash and cash equivalents

Cash and cash equivalents include cash in banks and bank deposits that mature after three months or less, if any. It also includes bank overdrafts that are an integral part of the company's cash management and are likely to fluctuate from overdraft to positive balances.

5-7 Impairment of non-financial assets

At each reporting date, the non-financial assets are reviewed to determine whether there is an indication that those assets have incurred an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of similar assets), is estimated and compared to its carrying amount. If the estimated recoverable amount is less the carrying amount is reduced to its estimated recoverable amount, and the impairment loss is recognized immediately in the statement of profit or loss.

Impairment occurs when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, which is greater than its fair value less costs of disposal and value in use.

The recoverable amount is sensitive to the discount rate used for the (discounted cash flow) model as well as expected future cash flows and the growth rate used for extrapolation purposes.

AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY

(A Saudi Joint Stock Company)

Statement of Consolidated Changes in Equity

For the Year Ended 31 December 2021

(All amounts in Saudi Riyals unless otherwise stated)

5-Significant accounting policies (continued)

5-7 Impairment of non-financial assets (Continued)

Similarly, at each reporting date, inventory is assessed for any impairment by comparing the carrying amount of each inventory asset (or group of similar assets) to its selling price less costs to complete and sell. If there is a decrease on one of the inventory asset (or group of similar asset), its carrying amount is reduced to the selling price less the costs necessary to complete and sell, and the impairment loss is recognized immediately in the statement of profit or loss.

When the impairment loss entry is subsequently reversed, the carrying amount of the assets (or group of related assets) is increased to the revised estimate of its recoverable amount (selling price less costs to complete and selling, in the case of inventory), provided that the carrying amount does not increase in excess of the carrying amount that would have been determined had no impairment loss been recognized for those assets for the previous year. The reversal of the impairment loss is recognized immediately in the statement of comprehensive income or comprehensive loss.

5-8 Investment in associates and joint venture

An associate is the entity over which the Group exercises significant influence. Significant influence is the Group's ability to participate in the financial and operating decisions of the investee, but is not joint control over these policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the net assets of the joint arrangement have rights. Joint control is a jointly controlled contractual arrangement that exists when decisions about activities require the unanimous consent of the parties sharing control.

The results of the assets and liabilities of associates or joint ventures are included in these consolidated financial statements using the equity method, according to which the investment in the associate or joint venture is recorded at cost in the consolidated statement of financial position and the cost is then adjusted so that the group's share in profit or loss and other comprehensive income is recorded. For the associate company or joint venture. When the Group's share of losses in the associate or joint venture exceeds its ownership in the associate or joint venture (which includes any long-term ownership that in substance is part of the Group's net investment in the associate or joint venture), the Group stops recognizing its share of the additional losses. Additional losses are recognized only to the extent that the Group has incurred legal or contractual obligations or made payments on behalf of the associate or joint venture. If the associate or joint venture records profits at a later period, the group shall resume recording its share of these profits only when its share of the profits equals its share of the unrecorded losses.

The group's investment in the associate or joint venture is accounted for using the equity method, starting from the date on which the investee becomes an associate or a joint venture. Upon acquiring the investment in the associate or joint venture, any excess of the investment cost over the group's share in the net fair value of the identifiable assets and liabilities of the investee company is recorded as goodwill and included in the book value of the investment. Any excess of the group's share of the net fair value of the identifiable assets and liabilities of the associate or joint venture over the cost of the investment, after reassessment, is recorded directly in the consolidated statement of profit or loss in the year in which the investment is acquired.

When a group company deals with an associate company or a joint venture of the group, the profits and losses resulting from this transaction are recorded in the group's consolidated financial statements only to the extent of its ownership in the associate companies or joint venture that is not related to the group.

5-9 Statutory reserve

In accordance with Company's by-laws the Regulations for Companies in Kingdom of Saudi Arabia, the Company is required to transfer 10% of its net profit for the year to a statutory reserve until such reserve equals 30% of its share capital. This Statutory Reserve is not available for distribution to shareholders. However, it can be used to raise capital after obtaining shareholders' approval.

AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY

(A Saudi Joint Stock Company)

Statement of Consolidated Changes in Equity

For the Year Ended 31 December 2021

(All amounts in Saudi Riyals unless otherwise stated)

5-Significant accounting policies (continued)

5-10 Provisions

A provision is recognized if, as a result of past events, it appears that the company has a present legal or contractual obligation whose amount can be estimated reliably and that it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, considering the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that payment will be received, and the amount of the receivable can be measured reliably.

5-11 Contingent liabilities

All possible obligations arising from past events whose existence will be confirmed only by the occurrence or non-occurrence one or more uncertain future events that are not under the full control of the company, or all current obligations arising from past events but not established for the following reasons:

(1) there is no possibility that an outflow of resources embedded in the economic benefits will be required to settle the obligation, or

(2) the obligation amount cannot be measured sufficient reliability; they all must be evaluated at each statement of financial position and disclosed in the company financial statements as possible liabilities.

5-12 Borrowings

Borrowings are initially recognized at fair value (as proceeds received), net of transaction costs, if any. Subsequent to initial recognition, long-term loans are measured at amortized cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in the consolidated statement of profit or loss over the term of the borrowings using the effective interest rate method. Fees paid on loan facilities are recognized in transaction costs of the loan to the extent.

that it is probable that some or all of the facility will be withdrawn. In this case, the fees are deferred until the facility is withdrawn, and the fees are capitalized within the advance payments for liquidity services to the extent that there is no evidence that part or all of the facility may be withdrawn, and are amortized over the period of the related facility.

Borrowings are derecognized in the consolidated statement of financial position when the obligation is discharged, canceled or expires. The difference between the carrying amount of a financial liability that has been amortized or transferred to a third party and the consideration paid, including non-monetary assets transferred or liabilities assumed, is recognized in the consolidated statement of profit and loss in other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting year.

General and specific borrowings directly related to the purchase, construction or production of assets eligible for capitalization are capitalized over the period of time required to complete and prepare the asset for its intended use or sale, as appropriate. Qualifying assets are assets that necessarily take a significant period of time to become ready for use or sale for which they are intended. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other borrowing costs are recognized as an expense in the year in which they are incurred in the consolidated statement of profit or loss.

AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY

(A Saudi Joint Stock Company)

Statement of Consolidated Changes in Equity

For the Year Ended 31 December 2021

(All amounts in Saudi Riyals unless otherwise stated)

5-Significant accounting policies (continued)

5-13 Zakat and income tax

The Zakat provision is calculated in accordance with the Zakat regulations issued by the Zakat, Tax and Customs Authority in the Kingdom of Saudi Arabia ("the Authority"). The income tax provision for foreign companies is calculated in the financial statements in accordance with the tax regulations of the countries in which they operate.

The adjustments resulting from the zakat assessment and the final tax are processed during the fiscal year in which the assessments are issued.

Income tax expense or credit for the period represents the tax payable on taxable income for the current period at the applicable income tax rate for each range adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses.

The current income tax expense is calculated on the basis of the tax laws that are or will actually be applied at the end of the reporting period in the countries in which the company's subsidiaries and associates operate and generate taxable income. The administration conducts a periodic evaluation of the cases taken regarding tax returns for cases in which the applicable tax regulations are subject to interpretation. The necessary provisions are made on the basis of the amounts expected to be paid to the tax collection authorities.

5-14 Employee benefits

Short-term obligations

The obligations related to wages and salaries, including non-cash benefits, accumulated vacations and travel tickets expected to be paid in full within 12 months after the end of the period in which employees provide related services, they are recognized in relation to employee services until the end of the reporting period and measured at the amounts expected to be paid when the obligations are settled. Current employee benefit obligations are shown in the statement of financial position.

End of employment benefits

The obligation or asset recognized in the statement of financial position in connection with a defined end-of-service benefit plan is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated by independent actuaries using the projected unit credit method.

The present value of the receivable obligation is determined by discounting the estimated future cash flows using interest rates of high-quality corporate bonds that are determined in the currency in which the benefits will be paid, and that have terms that approximate the terms of the relevant obligation.

Defined benefit costs are categorized as:

Service cost

Service costs include current service and past service is recognized in profit or loss immediately.

Changes in the present value of defined benefit obligations resulting from program adjustments or labor reductions are recognized directly in the statement of profit or loss and other comprehensive income as past service costs.

Interest cost

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation. This cost is included in the employee benefits account in the statement of profit or loss.

Remeasurement gain or losses

Remeasurement gains or losses arising from experience adjustments and changes in actuarial assumptions in the period in which they occur are recognized in the statement of comprehensive income.

5-14-1 Foreign currency

at the spot rates of its functional currency on the date that the transaction qualifies for recognition. Monetary assets and obligations denominated in foreign currencies are translated at the spot exchange rates for the functional currency at the reporting date.

Differences arising from the settlement or transfer of monetary items are recognized in the statement of comprehensive income.

AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY

(A Saudi Joint Stock Company)

Statement of Consolidated Changes in Equity

For the Year Ended 31 December 2021

(All amounts in Saudi Riyals unless otherwise stated)

5-15 Financial instruments

5-15-1 Financial assets

5-15-1-1 Classification of financial assets

On initial recognition, the financial assets are classified as measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss. However, the Company as at the reporting date only held financial assets carried at amortized cost and fair value through profit or loss.

a) Financial assets at amortized cost.

A financial asset is measured at amortized cost if it meets the following two conditions and is not designated at fair value through profit or loss:

- Holds assets in a business model whose objective is to hold assets to collect contractual cash flows.
- The contractual terms of the financial assets perform on specified dates to cash flows that are only payments of principal and dividends on the principal amount receivable.

b) Financial assets at fair value through other comprehensive income

Equity instrument

On initial recognition, for an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes at fair value through other comprehensive income, and this choice is made based on the investment for the investment.

c) Financial assets at fair value through profit or loss

All other financial assets are classified as measured at fair value through profit or loss, for example (held-for-trading equity and debt securities not classified as not at amortized cost or at fair value through other comprehensive income).

In addition, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized value, at fair value through other comprehensive income or at fair value through profit or loss if that eliminates or significantly reduces the accounting mismatches that might otherwise arise.

5-15-1-2 Derecognition of financial assets

A financial asset or part of a financial assets is derecognized when:

- The right to receive cash flows from the asset has expired, or
- The Company has transferred its right to receive cash flows from the asset or assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement: and either:
- The Company has transferred substantially all the risks and advantages of the asset.
- The Company neither transfer nor retains substantially all the risks and advantages of the asset nor retains control of the financial asset.

5-15-1-3 Impairment of financial asset

The Company assesses on a forward-looking basis the expected credit loss over the life of its financial assets carried at amortized cost. The Company applies the simplified approach as permitted by IFRS 9, which requires recognition of expected losses over the life of initial recognition of receivables. The Company uses a provision matrix on calculating ECL on receivables to estimate lifetime ECL, with certain provision rates applied to contractual obsolescence sets that are past due. The provision matrix has been developed taking into consideration the probability of default and loss in the event of default which has been derived from the historical statement of the Company and has been adjusted to reflect the expected future outcome and which includes macroeconomic factors. Other instruments are considered low risk and the Company uses a temporary matrix in expected ECL.

A financial asset is written off only when:

- 1) It is past due, and
- 2) There is no reasonable expectation of recovery

If financial assets are written off, the Company continues to engage in enforcement activities to attempt to recover outstanding receivables. When receivables are made, after write-off, they are recognized in the statement of profit or loss.

AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY

(A Saudi Joint Stock Company)

Statement of Consolidated Changes in Equity

For the Year Ended 31 December 2021

(All amounts in Saudi Riyals unless otherwise stated)

5-Significant accounting policies (continued)

5-15 Financial instruments(continued)

5-15-2 Financial liabilities (continued)

5-15-2-1 Initial recognition

Financial liabilities are initially recognized at fair value and in the case of borrowings and facilities, the fair value of the consideration received less directly attributable transaction costs.

5-15-2-2 Subsequent measurement

After initial recognition, the financial liability is subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the statement of profit or loss when the liabilities are derecognized, as well as through the amortization process.

5-15-2-3 Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the obligation is discharged, canceled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability, and the difference in the related carrying amounts is recognized in the profit or loss list.

5-15-3 Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount is recorded in the statement of financial position when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The right must not be legally enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

5-15-4 Fair value hierarchy of financial instruments

The Company classifies the fair value of its financial instruments in the following hierarchy based on the inputs used in its valuation:

Level one

The fair value of financial instruments listed in active markets is based on the closing price quoted at the statement of financial position date. Examples include commodity derivatives and other financial assets such as equity investment and debt securities.

Level two

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques using observable market data. These valuation methods include discounted cash flows, standard valuation models based on market standards for interest rates, yield curves or foreign exchange rates, dealer rates for similar instruments, and the use of comparable business transactions.

Level three

The fair value of financial instruments that are measured based on the entity's own valuations using inputs not based on observable market data (unobservable inputs).

5-15-5 Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset and liability and of allocating interest income and expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where applicable, the period shorter to net book value on initial recognition.

AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY

(A Saudi Joint Stock Company)

Statement of Consolidated Changes in Equity

For the Year Ended 31 December 2021

(All amounts in Saudi Riyals unless otherwise stated)

5-Significant accounting policies (continued)

5-16 Lease Contracts

a) Company as a lessee

The Company assesses whether a contract is, or contains, a lease, at the inception of the contract. The Company recognizes the right to use the assets and a corresponding lease liability in respect of all lease arrangements in which it is the lessee. Except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets (such as tablets, personal computers, small items of office furniture and phones). For such leases, the Company recognizes lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which the economic benefits from the leased assets are amortized.

The lease liability is initially measured at the present value of the lease payments not paid on the commencement date, discounted using the rate included in the lease. If this rate cannot be easily determined, the company uses the increased borrowing rate.

The lease payments included in the measurement of the lease liability include:

- fixed lease payments (including substantial fixed payments), less any lease incentives receivable;
- variable lease payments that are dependent on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be paid by the lessee under the residual value guarantees.
- the exercise price of the purchase options, if the lessee is reasonably certain to exercise the options; And the
- Payment of lease termination penalties, if the lease term reflects the exercise of the option to terminate the lease.

The lease liability is presented as a separate line item in the statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect the interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments paid.

The company re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when:

- The lease term has changed or there has been a significant event or change in circumstances that has led to a change in the assessment of the exercise of the purchase option, in which case the lease liability is re-measured by discounting the revised lease payments using the revised discount rate.
- Lease payments change due to changes in an index or rate or a change in an expected payment with a guaranteed residual value, in which cases the lease liability is re-measured by discounting the modified lease payments using an unchanged discount rate (unless the lease payments change due to a change in the interest rate variable, in which case a modified discount rate is used).
- The lease is modified and the lease modification is not counted as a separate lease, in which case the lease liability is re-measured based on the term of the modified lease by discounting the modified lease payments using the revised discount rate in effect on the modification date.

AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY

(A Saudi Joint Stock Company)

Statement of Consolidated Changes in Equity

For the Year Ended 31 December 2021

(All amounts in Saudi Riyals unless otherwise stated)

5-Significant accounting policies (continued)

a) Company as a lessee

The Company has not made any such adjustments during the periods presented.

The right to use assets includes the initial measurement of the corresponding lease liability, lease payments made on or before the commencement day, less any lease incentives received and any initial direct costs. It is subsequently measured at cost less accumulated depreciation and impairment losses. When the Company incurs an obligation for the costs of dismantling and removing a leased asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, the provision is recognized and measured under IAS 37. To the extent the costs relate to the right to use the assets, the provision is recognized and measured under IAS 37. The costs are included in the right-of-use of the related asset, unless those costs are incurred to produce the inventory. The right to use asset is amortized over the shorter lease term and the useful life of the right to use the asset. If the lease transfers ownership of the underlying asset or the cost of the right to use the asset reflects that the company expects to exercise the purchase option, the right to use the related asset is amortized over the useful life of the underlying asset. Depreciation begins on the start date of the lease. The right to use assets is presented as a separate line item in the statement of financial position.

The Company applies IAS 36 to determine whether or not a right-of-use asset is impaired and calculates any identified impairment loss as described in the "Property, plant and equipment" policy.

Variable leases that are not dependent on an index or rate are not included in the measurement of the lease liability and right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition giving rise to those payments occurs and is included in the 'other expenses' line item in the statement of comprehensive income.

As a practical expedient, IFRS 16 allows a lessee not to separate non-lease components, and instead to account for any lease and associated non-lease components as a single arrangement. The company did not use this practical method. For contracts that contain a lease component and one or more additional or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the independent relative price of the lease component and the stand-alone total price of the non-lease components.

5-Significant accounting policies (continued)

5-16 Lease Contracts(continued)

b) Company as a lessor

The Company enters into lease agreements as a lessor in connection with certain of its real estate investments. The company also leases equipment to retailers needed to display, supply, and test customers' footwear and equipment.

Leases to which the Company is a lessor are classified as finance or operating leases. When the terms of a lease transfer substantially all of the risks and benefits of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. When the company is an intermediary lessor, it counts the master lease and the sub-lease as two separate contracts. A sub-lease is categorized as a finance or operating lease by reference to the right to use the asset arising from the underlying lease.

Rental income from operating leases is recognized on a straight line basis over the term of the relevant lease. The initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the term of the lease.

AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY

(A Saudi Joint Stock Company)

Statement of Consolidated Changes in Equity

For the Year Ended 31 December 2021

(All amounts in Saudi Riyals unless otherwise stated)

5-Significant accounting policies (continued)

5-16 Lease Contracts(continued)

b) Company as a lessor

Amounts due from lessees under finance leases are recognized as receivables at the value of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so that it reflects a constant periodic rate of return on the Company's net investment outstanding in relation to the leases.

After initial recognition, the Company regularly reviews the estimated unsecured residual value and applies impairment requirements in accordance with IFRS 9, recognizing the provision for expected credit losses on the lease receivable.

Finance lease income is calculated by reference to the total carrying amount of the lease receivable, except for credit-impaired financial assets for which interest income is calculated by reference to their amortized cost (ie, after deducting the loss allowance).

When a contract includes both lease and non-lease components, the company applies IFRS 15 to allocate the consideration under the contract to each component.

5-17 Financing cost

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalized over the period of time necessary to complete and prepare the asset for its intended use or sale. Other finance costs are expensed in the period in which they are incurred and are recorded as 'finance expenses'. Finance costs consist of interest and other costs that the company incurs in connection with the borrowing of funds.

5-18 Revenue recognition

The company recognizes revenue from contracts concluded with customers based on the five-step model referred to in IFRS 15, which includes:

Defining the contract with the client, i.e. agreements with the company that create enforceable rights and obligations. Specify performance obligations in the contract, such as promises to transfer products or services.

Determine the transaction price based on the consideration to which the Company expects to be entitled in exchange for fulfilling its performance obligations (excluding any amounts collected on behalf of third parties).

Allocation of the transaction price for each performance obligation based on the independent estimated selling price of the products or services provided to the customer.

(e) Revenue is recognized when (or as soon as) the entity satisfies the conditions for performance of the obligation, such as that contracted products or services are transferred to the customer and the customer obtains control. This may be over time or at a certain point in time.

Revenue is measured at the fair value of the consideration received or receivable, taking into account the payment terms specified in the contract and excluding taxes or fees. The specific criteria described below must also be met before revenue is recognized. In the absence of specific conditions, the above policy is applied and revenue is recorded when earned and accrued.

Customer contract revenue is recognized when control of goods or services is transferred to customers at an amount that reflects the consideration expected by the Company in exchange for those goods or services less returns, trade discounts and volume discounts.

AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY

(A Saudi Joint Stock Company)

Statement of Consolidated Changes in Equity

For the Year Ended 31 December 2021

(All amounts in Saudi Riyals unless otherwise stated)

5-Significant accounting policies (continued)

5-18 Revenue recognition (Continued)

The goods are sold to the customer with the right to return the goods within a specified period, the company uses the estimated value method to estimate the goods that will not be returned, the company recognizes return liabilities instead of revenue for goods that are expected to be returned, and the right to return the original (and corresponding adjustments to the cost of sales) is recognized) for the right to retrieve the asset from the customer.

5-19 Selling, distribution, general and administrative expenses

Selling, distribution, general and administrative expenses include direct and indirect costs that are not specifically part of cost of sales. Allocation between cost of sales and selling, distribution, general and administrative expenses, when required, is made on a consistent basis. The Company recognizes marketing support from vendors in selling and distribution expenses on an accrual basis.

5-20 Segmental reports

Operational Segment

The operating segment is one of the components of the group, which carries out activities from which it may generate revenues and incur expenses, including revenues and expenses related to transactions with any of the other segments of the group. All segment results are periodically evaluated by the operating decision maker so that decisions are made and the performance of the resources allocated to each segment and the financial information available are evaluated separately.

Segment results that are reported to the operating decision maker include items directly attributable to the segment as well as those that can be allocated on an appropriate basis. Head office expenses, research and development costs, related assets/liabilities, and zakat assets and liabilities.

The group in the Kingdom of Saudi Arabia has five operational sectors (towers and metal structures - poles and lighting - design, supply and installation of solar energy - head office). Each segment has reached the quantitative limits referred to in IFRS 8 Segment Reporting Standard. Accordingly, reports on operating segments have been disclosed in the accompanying consolidated financial statements.

Geographical Segmental

A geographical segment is a group of assets, operations or entities engaged in profitable activities in a particular economic environment that are subject to risks and returns different from those operating in other economic environments.

5-21 Earnings per share

Basic earnings per share / (losses)

Basic earnings per share is calculated by dividing:

- Profit / (loss) attributable to the shareholders of the Group, after deducting any equity service costs other than ordinary shares, on the weighted average number of ordinary shares outstanding during the financial period.

AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY

(A Saudi Joint Stock Company)

Statement of Consolidated Changes in Equity

For the Year Ended 31 December 2021

(All amounts in Saudi Riyals unless otherwise stated)

5-Significant accounting policies (continued)

5-22 Dividends

Cash or non-cash distributions to shareholders are recognized as liabilities when the distribution is approved, and according to the Companies Law in the Kingdom of Saudi Arabia, dividends are approved when approved by the shareholders. The amount distributed is deducted directly from equity and recognized as a liability.

5-23 Remuneration of Board Members

Board members' remuneration, which includes attendance and meeting fees, remunerations and expenses, is disbursed and is in accordance with the requirements of the Companies Law and the guidelines set by the Capital Market Authority and the company's articles of association.

AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY

(A Saudi Joint Stock Company)

Statement of Consolidated Changes in Equity

For the Year Ended 31 December 2021

(All amounts in Saudi Riyals unless otherwise stated)

	2021									
	Lands	Buildings	Roads and networks	Machines and equipment	Cars	Tools	Computers	Office furniture and equipment	Work in progress	Total
6. Property, plant and equipment										
Cost										
Balance as at January 01, 2020	55,369,831	213,089,687	10,658,221	342,451,036	23,104,727	9,456,553	9,769,314	12,945,752	72,970,439	749,815,560
Additions during the year	-	75,000	-	6,302,862	523,296	935,593	678,445	684,856	16,688,707	25,888,759
Disposals during the year	-	24,022,536	1,462,614	(1,333,239)	(306,110)	(53,018)	(168,376)	(135,740)	(3,104,866)	(5,101,349)
Transfers	-	-	-	54,835,408	1,393,915	899,528	61,751	288,046	(82,963,798)	-
Foreign currency translation differences	2,331	9,395	480	15,934	979	445	409	549	-	30,522
Balance as at December 31, 2021	55,372,162	237,196,618	12,121,315	402,272,001	24,716,807	11,239,101	10,341,543	13,783,463	3,590,482	770,633,492
Accumulated depreciation	-	67,100,716	4,847,482							
On January 1, 2020	-	8,574,662	1,082,496	231,941,401	21,909,098	7,785,980	7,803,562	7,700,874	-	349,089,113
Charge for the year	-	(325,974)	-	14,074,986	739,840	940,593	816,943	1,029,737	-	27,259,257
Depreciation of disposals	-	18,314	-	(967,273)	(306,111)	(41,142)	(166,389)	(135,740)	-	(1,942,629)
Foreign currency translation differences	-	-	1,441	59,559	5,430	2,112	2,055	2,089	-	91,000
Balance as at December 31, 2021	-	75,367,718	5,931,419	245,108,673	22,348,257	8,687,543	8,456,171	8,596,960	-	374,496,741
Net book value as at December 31, 2021	-	161,828,900	6,189,896	157,163,328	2,368,550	2,551,558	1,885,372	5,186,503	3,590,482	396,136,751

Depreciation expense has been distributed as follows

	2021	2020
Cost of revenue (note 30)	22,236,372	25,724,075
Selling and marketing expenses (note 31)	653,726	465,276
General and administrative expenses (note 32)	4,369,159	2,228,056
	<u>27,259,257</u>	<u>28,417,407</u>

AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY

(A Saudi Joint Stock Company)

Statement of Consolidated Changes in Equity

For the Year Ended 31 December 2021

(All amounts in Saudi Riyals unless otherwise stated)

	2020									
6. <u>Property, plant and equipment</u> <u>(continued)</u>	Lands	Buildings	Roads and networks	Machines and equipment	Cars	Tools	Computers	Office furniture and equipment	Work in progress	Total
<u>Cost</u>										
Balance as at January 01, 2020	34,774,758	209,744,197	10,384,676	329,154,807	23,856,365	9,005,148	9,517,759	11,614,679	64,474,975	702,527,364
Reclassification	19,800,288	-	-	-	-	-	-	-	-	19,800,288
Additions during the year	1,728,880	311,072	365,829	14,484,851	730,805	662,412	344,074	256,919	27,957,021	46,841,863
Disposals during the year	-	(702,806)	-	(8,574,457)	(1,221,776)	(110,715)	(100,097)	(36,698)	-	(10,746,549)
Transfers	-	5,903,936	37,375	11,284,771	-	-	109,365	1,257,432	(18,592,879)	-
Foreign currency translation differences	(934,095)	(2,166,712)	(129,659)	(3,898,936)	(260,667)	(100,292)	(101,787)	(146,580)	(868,678)	(8,607,406)
Balance as at December 31, 2020	55,369,831	213,089,687	10,658,221	342,451,036	23,104,727	9,456,553	9,769,314	12,945,752	72,970,439	749,815,560
<u>Accumulated depreciation</u>										
On January 1, 2020	-	59,939,076	4,378,881	225,912,395	22,410,046	7,186,139	7,414,085	6,927,831	-	334,168,453
Charge for the year	-	8,188,161	513,764	16,694,452	837,158	774,375	533,259	876,238	-	28,417,407
Depreciation of disposals	-	(442,342)	-	(8,572,237)	(1,147,295)	(110,715)	(83,179)	(36,699)	-	(10,392,467)
Foreign currency translation differences	-	(584,179)	(45,163)	(2,093,209)	(190,811)	(63,819)	(60,603)	(66,496)	-	(3,104,280)
Balance as at December 31, 2020	-	67,100,716	4,847,482	231,941,401	21,909,098	7,785,980	7,803,562	7,700,874	-	349,089,113
Net book value as at December 31, 2020	55,369,831	145,988,971	5,810,739	110,509,635	1,195,629	1,670,573	1,965,752	5,244,878	72,970,439	400,726,447

AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY

(A Saudi Joint Stock Company)

Statement of Consolidated Changes in Equity**For the Year Ended 31 December 2021****(All amounts in Saudi Riyals unless otherwise stated)****6. Property, plant and equipment (Continued)**

6-1 The above item of buildings includes buildings whose net book value on December 31, 2021 and December 31, 2020 amounted to 83,664,023 and 84,088,665 Saudi riyals, respectively, built on three plots of land leased from the Saudi Authority for Industrial Cities in Riyadh and Dammam for a nominal annual rent under lease contracts that expire On 26 Sha'ban 1452 AH, 13th Ramadan 1454H, 5th Rabi' al-Thani 1456H.

6-2 Machinery, property and equipment include book depreciated assets amounting to SAR 250,228,066 as on December 31, 2021 and still in service (December 31, 2020 SAR 247,077,822).

6-3 All lands registered in the company's books are wholly owned by the company

7. Intangible assets

	Goodwill	Emptying lands charge	Automated software applications	Research, development and equity	December 31, 2021	December 31, 2020
Cost						
Balance as at January 01, 2020 (adjusted)	20,292,024	7,049,329	14,554,829	7,830,283	49,726,465	49,595,285
Additions during the year	-	-	2,018,051	840,929	2,858,980	131,180
Disposals during the year	-	-	(61,327)	-	(61,327)	-
Differences in property and equipment translation	-	-	121,285	-	121,285	-
Balance as at December 31, 2021 (adjusted)	20,292,024	7,049,329	16,632,838	8,671,212	52,645,403	49,726,465
Accumulated depreciation						
Balance as at January 01, 2020	-	7,049,329	14,495,982	1,703,355	23,248,666	21,610,276
Charge for the year	-	-	226,144	1,566,385	1,792,529	1,638,390
Disposals	-	-	(61,327)	-	(61,327)	-
Differences in property and equipment translation	-	-	91,849	-	91,849	-
Balance as at December 31, 2021	-	7,049,329	14,752,648	3,269,740	25,071,717	23,248,666
Net book value						
As at December 31, 2021	20,292,024	-	1,880,190	5,401,472	27,573,686	
As at December 31, 2020	20,292,024	-	58,847	6,126,928		26,477,799

Amortization expense has been distributed as follow:

	2021	2020
Cost of revenue (note 30)	1,566,385	1,566,057
General and administrative expenses (note32)	226,144	72,333
	1,792,529	1,638,390

AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY

(A Saudi Joint Stock Company)

Statement of Consolidated Changes in Equity**For the Year Ended 31 December 2021****(All amounts in Saudi Riyals unless otherwise stated)****7-Intangible assets (Continued)**

* Goodwill is represented in the difference between the net assets transferred to the group of merged and acquired companies and the value of those companies at the date of acquisition as follows:

Subsidiary name	Al-Batin Power and Telecom Company – Egypt	Al-Batin Leblanc Emirates Communication Systems Company
Acquisition date	January 1, 2013	January 1, 2013
Amount paid	2,446,200	35,787,500
net asset value	(1,732,213)	(16,209,463)
Goodwill arising from the acquisition	713,987	19,578,037

The goodwill has been allocated to the Group's cash-generating units as follows:

	December 31, 2021	December 31, 2020
Al-Babtain Power and Communications Company - Arab Republic of Egypt	713,987	713,987
Al Babtain LeBlanc Emirates Telecom Systems - United Arab Emirates	19,578,037	19,578,037
	20,292,024	20,292,024

Impairment of goodwill test:

The Group's management tests the goodwill annually to ensure that there is no impairment in its value and to determine whether the carrying amount of the goodwill is less than the recoverable amount. The recoverable amount is determined on the basis of the information used in the expected business plans for the five-year period following the date of the financial statements and the cash flows related thereto. The impairment test is carried out on the basis of measuring the present value of the future cash flows for a period of five years based on reasonable and objective assumptions for estimating cash flows according to the latest budgets. The discretion approved by the management.

The following are the key assumptions used in estimating the recoverable amount.

	December 31, 2021	December 31, 2020
growth rate	2%	2%
Borrowing Rate	3.50%	3.50%
WACC	10%	10%

The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and are based on historical data from external and internal sources. The cash flow projections included specific estimates for a five-year period and a terminal growth rate beyond. The terminal growth rate was determined based on management's estimate of the long-term compound annual growth rate of EBITDA, consistent with the assumptions that a market participant would make.

Sensitivity to change in assumptions

Management believes that no reasonably possible change in any of the key assumptions would cause the value of goodwill to change materially from its recoverable amount.

AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY

(A Saudi Joint Stock Company)

Statement of Consolidated Changes in Equity**For the Year Ended 31 December 2021****(All amounts in Saudi Riyals unless otherwise stated)****8. Investments properties**

	December 31, 2021	December 31, 2020
Lands	29,077,079	29,077,079
	29,077,079	29,077,079

The following is the measurement data for fair value in accordance with International Financial Reporting Standard No. "13" as of December 31, 2021:

Properties	Evaluation Method	Purpose	Important inputs and assessment assumptions	Fair value as at December 31, 2021
The land of Al-Jazirah neighborhood - east of Riyadh	The market value of the land	Knowing the market value	Recent transaction	88,156,740

The valuation techniques used are categorized as Level 3 fair value

The real estate appraisal mechanism applied in evaluating investment property is in compliance with the International Valuation Standards Board and with the directives of the Saudi Authority for Accredited Valuers (Taqeem).

The name and qualifications of the valuer who carried out the investment property appraisal:

Evaluator name Expert Real Estate Appraisal Company

Evaluator qualifications Licensed by the Saudi Authority for Accredited Valuers "Taqeem"

9. Financial assets at fair value through other comprehensive income

	Ownership percentage		December 31, 2021	December 31, 2020
	2021	2020		
Arabian Masheed Company*	%3.04	%3.04	25,000	25,000,000
Qatar Engineering and Minerals Company**	%77.78	%21.65	15,601,741	6,135,459
Mina Juice Limited - Turkey**	%9.60	%9.60	64,773,675	42,875,100
Pasta World Limited - Turkey **	%6.023	%6.023	5,238,780	5,963,175
			85,639,196	79,973,734

The investments are categorized as follow:

9-1 Investments in equity instruments at fair value through other comprehensive income

	Ownership percentage		December 31, 2021	December 31, 2020
	2021	2020		
Arabian Masheed Company*	%3.04	%3.04	25,000	25,000,000
			25,000	25,000,000

* On November 22, 2021, Masheed Al Arabia, according to the amended Articles of Association, converted from a closed joint stock company to a limited liability company, and the capital was reduced, which led to a reduction in the company's share of its share by 24,975,000 Saudi riyals, and an amount of 10 million Saudi riyals was transferred in cash to the accounts The company's current account and the remainder was recorded under prepaid expenses and other debit balances (note 17).

* The investment in the Arabian Masheed Company at cost is a better estimate than the fair value, as the available information is insufficient to measured the fair value in accordance with the requirements of IFRS 9.

AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY

(A Saudi Joint Stock Company)

Statement of Consolidated Changes in Equity**For the Year Ended 31 December 2021****(All amounts in Saudi Riyals unless otherwise stated)****9. Financial assets at fair value through other comprehensive income (continuous)****9-2 Investments in debit instruments at fair value through other comprehensive income**

	Ownership percentage		December 31,	December 31,
	2021	2020	2021	2020
Qatar Engineering and Minerals Company*	%77.78	%21.65	15,601,741	6,135,459
Mina Juice Limited - Turkey**	%9.60	%9.60	64,773,675	42,875,100
Pasta World Limited - Turkey **	%6.023	%6.023	5,238,780	5,963,175
			85,614,196	54,973,734

* Investments in Qatar Engineering and Minerals Company are classified as financial assets at fair value through other comprehensive income and not investments in a subsidiary, joint venture or affiliate company based on the requirements of IFRS 11.10 and IFRS 28 respectively. The group has control or voting rights within the company's shareholders or significant influence on the operational or financial activities or joint arrangements respectively. As there is an implicit agreement between the company and the fund that the fund will manage on behalf of the company in return for the management fees that will the parent company will bear the cost.

** The investments referred above represent investments in an investment fund with VCBank Financial, and according to the latest report for the financial year ending on December 31, 2021 issued by the bank, they are shown at fair value.

The following is a summary of the movement of financial assets through other comprehensive income:

	December 31, 2021	December 31, 2020
Balance as at January 1, 2021	79,973,734	145,870,868
Disposals of financial assets at fair value through other comprehensive income*	(24,975,000)	-
Gains/(losses) on revaluation of assets at fair value through other comprehensive income	30,640,462	(65,897,134)
	85,639,196	79,973,734

* The disposals of financial assets represent the reduction in the company's share in the capital of Mashed Arabia Company.

10-Financial assets at fair value through profit or loss

	December 31, 2021	December 31, 2020
Arab Company for Internet and Communications Services*	271,800	-
Al Munajem Food Company*	108,000	-
	379,800	-

* Investments in financial assets at fair value through profit or loss are represented in the purchase of shares for the purpose of trading in companies listed on the Saudi Stock Exchange during the year.

AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY

(A Saudi Joint Stock Company)

Statement of Consolidated Changes in Equity**For the Year Ended 31 December 2021****(All amounts in Saudi Riyals unless otherwise stated)****11-Unconsolidated structured entities**

	Ownership percentage		December 31, 2021	December 31, 2020
	2021	2020		
Al-Babtain Contracting Company Qatar*	%100	%100	205,000	205,000
			205,000	205,000

* With reference to the Board of Directors' decision dated November 2, 2017, it was approved to restructure the company due to its economic impact resulting from the political Disaster of the State of Qatar with the Kingdom of Saudi Arabia, which in turn reflected on the negative results of the group, and since the company still has clients and has dues, it has been Reducing the number of employees to the minimum to implement the restructuring process.

The financial position of Al Babtain Qatar Company is as follows:

	December 31, 2021	December 31, 2020
Non-current assets	603	3,173
Current assets	723,593	1,330,061
Non-current liabilities	(124,001)	(618,564)
Current liabilities	(600,194)	(711,496)

12-Investments in an joint venture

	Ownership percentage		December 31, 2021	December 31, 2020
	2021	2020		
Al-Babtain France SAS Company	%51	%51	9,335,550	3,812,207
			9,335,550	3,812,207

Below is a summary of the investments:

	December 31, 2021	December 31, 2020
Balance as at January 1, 2021	3,812,207	6,824,045
The Company's share of the profits/(losses) of investments in the associate	5,523,343	(3,011,838)
	9,335,550	3,812,207

Investments in Al-Babtain France SIS were classified as investments in a joint venture based on the requirements of IFRS No. (11) as follow:

- 1-The contractual arrangement gives the parties to the joint arrangement rights to the net assets of the arrangement (i.e. it is the separate entity, not the parties. It has rights to the assets, and duties to liabilities, relating to the arrangement)
- 2- The contractual arrangement specifies that the joint arrangement is bound by the debts and obligations of the agreement.
- 3- The contractual arrangement specifies that the parties to the joint arrangement are obligated to the arrangement only to the extent of their investments in the arrangement or to the extent of their respective duties to contribute in the arrangement any unpaid or additional capital, or both.
- 4- The contractual arrangement provided, that the creditors of the joint arrangement have no recourse against either party in respect of the debts or obligations of the arrangement

AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY

(A Saudi Joint Stock Company)

Statement of Consolidated Changes in Equity**For the Year Ended 31 December 2021****(All amounts in Saudi Riyals unless otherwise stated)****13. Right of use assets and lease liabilities**

<u>Right-of-use assets</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Balance at the beginning of the year	30,667,884	10,247,694
Additions during the year	3,720,372	20,420,190
Disposals during the year	(23,488)	-
Balance at the end of the year	34,364,768	30,667,884
<u>Accumulated depreciation</u>		
Balance at the beginning of the year	2,963,758	724,113
Charge during the year (Note 30)	3,483,170	2,239,645
Disposals during the year	(253)	-
Balance at the end of the year	6,446,675	2,963,758
Net book value as at December 31, 2021	27,918,093	
Net book value as at December 31, 2020		27,704,126

<u>Lease liabilities</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Balance at the beginning of the year	26,840,774	10,083,071
Additions during the year	3,720,372	20,420,190
Interest charged during the year (Note 34)	2,220,544	774,110
paid during the year	(6,157,166)	(4,436,597)
Currency translation differences	(25,940)	-
Balance at the end of the year	26,598,584	26,840,774

Lease liabilities under right-of-use assets included in the consolidated statement of financial position are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Non-current	4,795,360	4,104,252
Current	21,803,224	22,736,522
Lease liabilities under right-to-use assets	26,598,584	26,840,774

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Less than one year	4,795,360	4,104,252
1 - 5 years	10,373,448	10,467,902
More than 5 years	11,429,776	12,268,620
	26,598,584	26,840,774

Expense charged to profit or loss

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Depreciation expense	3,483,170	2,239,645
Interest expense	2,220,544	774,110
Short term rental expense	6,191,261	5,953,997

AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY

(A Saudi Joint Stock Company)

Statement of Consolidated Changes in Equity**For the Year Ended 31 December 2021****(All amounts in Saudi Riyals unless otherwise stated)****14. Inventory, net**

	December 31, 2021	December 31, 2020
Raw materials	373,547,193	306,475,674
Finished goods	59,599,822	60,242,148
Consumable spare parts and other supplies	13,293,430	12,319,943
Goods under production	83,196,958	61,702,287
Goods in transit	175,447,340	32,135,537
Others	2,211,226	-
	707,295,969	472,875,589
Less: Provision of slow-moving inventory	(9,420,087)	(11,921,648)
	697,875,882	460,953,941

The movement in the Provision of slow-moving inventory is as follows:

	December 31, 2021	December 31, 2020
Balance at the beginning of the year	11,921,648	11,891,456
Charge during the year	1,204,471	767,395
Used during the year	(3,706,032)	(737,203)
Balance at the end of the year	9,420,087	11,921,648

15. Trade receivables, net

	December 31, 2021	December 31, 2020
Trade receivables	653,918,398	617,089,646
Checks under collection and notes receivable	16,483,411	12,227,434
	670,401,809	629,317,080
Less: provision for expected credit losses	(21,909,845)	(29,181,064)
	648,491,964	600,136,016

The movement in the provision for expected credit losses is as follows:

	December 31, 2021	December 31, 2020
Balance at the beginning of the year	29,181,064	37,164,780
Charge during the year	1,578,915	1,460,470
Used during the year	(3,878,032)	(2,157,268)
Part of the provision during the year	(4,972,102)	(7,286,918)
Balance at the end of the year	21,909,845	29,181,064

Note No. 2-40 details the credit risk of accounts receivable.

16. Related party transactions and balances

Transactions with related parties consist in purchasing some tools and materials from these companies in addition to selling final products to them and providing financing, salaries, bonuses, compensation and allowances for board members, senior executives and senior management that took place between the group and related parties, and between the group, members of the board of directors, senior executives and management. These transactions are carried out in the course of the group's usual activity and according to the same principles of dealing with third parties. The most important transactions with related parties and the balances resulting from them are as follows:

a) Due from related parties

	Nature of relationship	December 31, 2021	December 31, 2020
Al-Babtain Company France SIS	Joint Venture Company	47,472,252	47,420,358
Al Babtain Contracting Company	Affiliate Company	6,033,884	6,509,713
Al-Babtain Engineering Industries Company	Affiliate Company	282,218	78,953
		53,788,354	54,009,024

AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY

(A Saudi Joint Stock Company)

Statement of Consolidated Changes in Equity**For the Year Ended 31 December 2021****(All amounts in Saudi Riyals unless otherwise stated)****16. Related party transactions and balances (Continued)****b) Due to related parties**

	<u>Nature of relationship</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Metalgolf Air Mouse Silvia IE – Portugal	Affiliate Company	15,649,811	15,010,230
Al Babbain Trading Company	Affiliate Company	145,003	23,704
Al-Babbain Contracting Company – Egypt	Affiliate Company	337,019	423,081
		16,131,833	15,457,015

c) Significant transactions with related parties

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Sales:</u>		
Al Babbain Contracting Company	3,053,667	2,791,155

Purchases:

Al-Babbain Engineering Industries Co	47,495	167,096
Al Babbain Trading Company	121,297	151,946

Financing:

Al-Babbain Company France SIS	51,894	39,688
Al Babbain Contracting Company	41,642	3,044
Al-Babbain Engineering Industries Company	150,758	-
Al-Babbain Metalgalva Ermaus Company - Portugal	-	6,271,406

d) Benefits, remunerations and compensations for senior management and senior executives

	<u>December 31, 2021</u>		<u>December 31, 2020</u>	
	Board and committees' members	Executive Management	Board and committees' members	Executive Management
Remuneration of members of the board of directors and committees	4,538,000	-	4,475,000	-
Board and committee attendance allowances	144,000	-	234,000	-
Salaries, wages and its equivalents	-	4,697,877	-	4,693,342

AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY

(A Saudi Joint Stock Company)

Statement of Consolidated Changes in Equity**For the Year Ended 31 December 2021****(All amounts in Saudi Riyals unless otherwise stated)****17. Prepaid expenses and other receivables**

	December 31, 2021	December 31, 2020
Investment dividends receivable	1,062,201	483,594
Prepaid expenses	22,187,106	16,951,382
Advance payments to suppliers	12,893,852	12,835,889
Accrued revenue from government loan	2,790,228	3,932,446
Indebtedness of the Arabian Mashed Company*	14,745,987	-
Indebtedness of Metalgalva Company - Portugal	5,451,242	12,647,137
Purchase of land for the International Wind Energy Company project***	8,564,755	5,933,785
Responsibilities and covenants of employees	3,182,020	4,324,675
Value added tax	1,467,869	5,855,458
Others	17,957,644	15,793,676
	90,302,904	78,758,042

* The indebtedness of the Arabian Masheed Company amounted to 14,745,987 Saudi riyals (note 9), as the company's capital was reduced according to the amended articles of incorporation on November 22, 2021, and the first payment of the reduction value was disbursed on December 16, 2021, provided that the remainder of the group's share is distributed and paid Reducing the capital according to the availability of liquidity.

** The debt of Metalgolf - Portugal is represented by the purchase of 49% of the shares of Al-Babtain France, based on the decision of the Board of Directors held during the year 2019.

*** These are the amounts paid to Emaar the Economic City under the account of the purchase of the Industrial Valley land in King Abdullah City for the International Wind Energy Company project.

18. Contract assets

	December 31, 2021	December 31, 2020
Balance as at January 1, 2021	157,182,183	105,680,747
Realized revenues according to the percentage of completion	72,676,048	65,821,715
Invoices issued for the work performed during the year	(21,704,955)	(14,322,279)
	208,153,276	157,182,183

19. Cash and cash equivalents

	December 31, 2021	December 31, 2020
Banks – Local and foreign current accounts	210,416,138	143,067,317
Cash in hand	293,122	291,520
	210,709,260	143,358,837

20. Capital

The authorized and paid-up capital of the Group is 426,313,120 SAR as on December 31, 2021 (December 31, 2020: 426,313,120 million SAR) divided into 42,631,312 shares (December 31, 2020: 42,631,312 shares) with a value of 10 SAR each.

AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY

(A Saudi Joint Stock Company)

Statement of Consolidated Changes in Equity

For the Year Ended 31 December 2021

(All amounts in Saudi Riyals unless otherwise stated)

21. Regular reserve

In accordance with the company's articles of association and the provisions of the Companies Law in the Kingdom of Saudi Arabia, the company must transfer 10% of its annual net profits to the statutory reserve until this reserve reaches 30% of its capital. This statutory reserve is not distributable to shareholders. However, it can be used to raise capital.

22. Adjustments

22-1 Adjustment for subsidiaries company

These adjustments represent an amount of 2,219,470 Saudi riyals, which is a provision for vacation allowances due to employees of La Blanc Riyadh Company that were not recorded during the previous year ending on December 31, 2020.

22-2 Adjustment for AL-BABTAIN POWER AND TELECOMMUNICATION company

These settlements are represented in the issuance of invoices to a customer with iron specifications different from the contract, which led to an increase in weights.

23. Dividends

- a) The company, during the year 2021, and in accordance with the recommendation of the Board of Directors, distributed dividends amounting to 42,631,312 Saudi riyals at 1 Saudi riyals per share (2020: 21,315,686) Saudi riyals at (0.50) Saudi riyals per share, which is equivalent to 10% of the nominal value of the share, The Ordinary General Assembly approved the proposed dividends in its session held on Jumada Al-Akhra 11, 1442 AH corresponding to January 24, 2021 AD.
- b) The Board of Directors of Al-Babtain Power and Telecom Company, in its meeting held on March 02, 2020, recommended distributing dividends to shareholders for the fourth quarter period ending on December 31, 2019 in the amount of 21,315,686 Saudi riyals, at (0.5) riyals per share, for shareholders registered in trading records at the end of the day of the Board's meeting and starting from the date of March 26, 2020, the cash dividends were paid to the company's shareholders.

24. Non-controlling interest

	Net profit 2021	Net profit 2020	Minority Rights Ratio	December 31, 2021	December 31, 2020
Balance as at January 1, 2021				15,239,798	7,385,428
Added the profits of Al-Babtain LeBlanc Egypt	349,345	6,284	%5	17,465	314
Added the profits of Al-Babtain Metalulfa	424,998	7,726,142	%40	169,999	3,090,457
Lablanc Riyadh settlements				-	4,763,599
				<u>15,427,262</u>	<u>15,239,798</u>

The company did not disclose and present the financial statements of the non-controlling interests for the year ending on December 31, 2021 for the two companies, Al-Babtain Leblanc Egypt and Al-Babtain Metallurgical, according to the requirements of IFRS 12 "Disclosure of interests in other entities" paragraph B 10, as these two companies are not of high importance.

AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY

(A Saudi Joint Stock Company)

Statement of Consolidated Changes in Equity**For the Year Ended 31 December 2021****(All amounts in Saudi Riyals unless otherwise stated)****25. Loans****25-1 Long Term Loans**

	December 31, 2021	December 31, 2020
Saudi Industrial Development Fund Loan*	35,947,459	27,292,614
Long Term Tawarruq Loans - Local Commercial Banks **	658,402,778	244,444,444
	694,350,237	271,737,058

The movement on loans during the year was as follows:

	December 31, 2021	December 31, 2020
Balance at the beginning of the year	271,737,058	129,800,000
Paid during the year	(294,181,212)	110,280,555
Collected during the year	716,794,391	252,217,613
Balance at the end of the year	694,350,237	271,737,058

*The company entered into a loan agreement with the Saudi Industrial Development Fund in the amount of 29,800,000 Saudi riyals on May 30, 2018, for the purpose of producing power transmission and communication towers. The loan is repaid in twelve semi-annual installments, guaranteed against the issuance of promissory notes.

** The company obtained long-term bank finances from local banks for the purpose of repaying the amounts based on the company with other banks and restructuring the financial position, in addition to concluding new medium-term loan contracts during the period from local banks worth 698,229,167 Saudi riyals for the same previous purpose.

Guarantees

The long and medium-term bank finances from local banks are guaranteed against the issuance of bonds to order and the company's assignment of some of the proceeds of the contracts concluded by the company and other guarantees in accordance with the bank facility contracts. The banking agreements include restrictions and financial commitments on the company related to dividends and net equity, in addition to restrictions on some other financial ratios specified in these agreements

Non-compliance with bank covenants

It was found that the company did not comply with some of the commitments related to the financial ratios mentioned in the agreement with the National Bank of Bahrain, and the loan amounting to 75,937,500 Saudi riyals was reclassified to a short-term loan based on International Standard No. 1 paragraphs 74, 75.

Details of long-term loans are presented in the consolidated statement of financial position as follows:

	December 31, 2021	December 31, 2020
Current portion	228,583,341	124,033,333
Non-current portion	465,766,896	147,703,725

25-2 Short Term Loans

The company obtained banking facilities from local and international commercial banks in the form of overdrafts, tawarruq loans and notes payable to finance working capital requirements, as well as documentary credits and letters of guarantee. These facilities are subject to a commission according to the prevailing market prices, the details of which are as follows:

AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY

(A Saudi Joint Stock Company)

Statement of Consolidated Changes in Equity**For the Year Ended 31 December 2021****(All amounts in Saudi Riyals unless otherwise stated)****25-2 short term (Continued)**

	December 31, 2021	December 31, 2020
Overdraft	30,024,816	23,253,982
Short-term securitization bank loans	285,891,207	531,514,542
Checks	180,755,514	85,789,212
Transferred from long-term loans for non-compliance with bank commitments	75,937,500	-
	572,609,037	640,557,736

Guarantees

The tawarruq loans from the above-mentioned commercial banks are guaranteed against the issuance of bonds to order and the company's assignment of some of the proceeds of the contracts concluded by the company and which use these facilities to finance its operational work and other guarantees in accordance with the bank facility contracts. The above-mentioned banking agreements related to tawarruq loans include restrictions and financial commitments on the company related to dividends and net equity, in addition to restrictions on some other financial ratios specified in these agreements.

The movement on loans during the year was as follows:

	December 31, 2021	December 31, 2020
Balance at the beginning of the year	640,557,736	660,086,300
Paid during the year	(4,189,421,930)	1,488,753,606
Collected during the year	4,121,473,232	1,469,225,042
Balance at the end of the year	572,609,038	640,557,736

26. Employees' post-employment benefits

	December 31, 2021	December 31, 2020
Balance at the beginning of the year	82,845,389	72,659,899
Incurred costs	7,391,382	13,629,272
Paid during the year	(9,273,531)	(9,635,087)
Actuarial gain/(loss)	(2,744,979)	3,934,026
	78,218,261	80,588,110

26-1 Actuarial Assumptions

	December 31, 2021	December 31, 2020
Discount rate	1.95%	1.80%
Salary increases rate (% per year)	3%	3%
Staff turnover (% per year)	8%	7%

	December 31, 2021	December 31, 2020
Less than one year	1,554,531	805,881
1 - 5 years	1,554,531	2,417,641
More than 5 years	75,109,188	77,364,588
	78,218,261	80,588,110

AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY

(A Saudi Joint Stock Company)

Statement of Consolidated Changes in Equity**For the Year Ended 31 December 2021****(All amounts in Saudi Riyals unless otherwise stated)****26-Employees' post-employment benefits (Continued)**

26-2 The sensitivity of the defined benefit obligation to changes in the weighted average of the key assumptions is:

Factor	<u>Change in assumption</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Discount rate	%0.5+	75,793,495	77,848,114
	%0.5-	80,799,464	83,489,282
long term salary	%0.5+	80,721,245	83,489,282
	%0.5-	75,793,495	77,844,085

The above sensitivity analyzes are based on the change in one of the assumptions while all other assumptions remain constant. In practice, this is unlikely to happen, as some changes in some assumptions may be related to each other. When calculating the sensitivity of employees' end-of-service benefits to a material actuarial assumption, the same method is applied (the present value of the employees' defined benefit obligation calculated on the basis of the estimated unit credit cost method at the end of the reporting period) when calculating employees' end-of-service benefits recognized in the consolidated statement of financial position.

27. Trade payables

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Commercial suppliers	117,638,987	97,226,306
	117,638,987	97,226,306

28. Accrued expenses and other credit balances

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Advance payments from clients	51,680,831	37,857,122
deserved payments	33,472,920	41,731,862
Remuneration of board members and accrued committees	4,869,787	4,607,787
Other payables	27,226,719	40,816,377
	117,250,257	125,013,148

29. Zakat provision**29-1 Zakat movement**

The movement in the provision for zakat is as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Balance at the beginning of the year	13,236,134	14,357,795
Component during the year	19,374,477	17,747,249
Adjustment charge for the previous year	-	12,958,330
Paid during the year	(20,411,888)	(31,827,240)
Balance at the end of the year	12,198,723	13,236,134

29-2 Zakat assessment position

The Zakat status was terminated with the Zakat, Tax and Customs Authority (the Authority) until the fiscal year ended on December 31, 2013.

The authority issued the zakat assessment for the fiscal year ending on December 31, 2014, which resulted in zakat differences of 1,138,648 Saudi riyals. The company filed a lawsuit with the General Secretariat of the Tax Committees, and the Committee for Adjudication of Tax Violations and Disputes issued its decision in favor of the company, but the Authority appealed the decision to the General Secretariat of Tax Committees, and the appeal is still under study.

AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY

(A Saudi Joint Stock Company)

Statement of Consolidated Changes in Equity**For the Year Ended 31 December 2021****(All amounts in Saudi Riyals unless otherwise stated)****29-2 Zakat assessment position (Continued)**

The authority issued the amended zakat assessment on the company for the fiscal years 2015 to 2018, which resulted in zakat differences amounting to 32,040,281 Saudi riyals.

We believe that the company has a fair opportunity to obtain decisions in support of its view from the objection and appeal committees regarding an objection to the zakat assessment for the fiscal years from 2014 to 2018

30. Cost of revenue

	December 31, 2021	December 31, 2020
Material cost	1,052,487,907	947,048,709
Salaries, wages and equivalents	136,501,483	134,480,066
Rental of machinery and equipment	3,298,376	2,158,755
Transport, shipping and customs clearance	16,920,997	21,081,274
Governmental fees	9,083,740	7,705,699
Social insurance	1,584,533	2,811,721
Depreciations of property, plant and equipment (note 6)	22,236,372	25,724,075
Amortizations of intangible assets (note 7)	1,566,385	1,566,057
Depreciation of right of use assets (note 13)	3,483,170	2,239,645
Electricity, water and communications	6,022,986	5,355,680
Maintenance, repair and fuel	17,207,142	15,742,794
Other	36,942,200	18,654,800
	1,307,335,291	1,184,569,275

31. Selling and marketing expenses

	December 31, 2021	December 31, 2020
Salaries, wages and equivalents	14,984,577	13,410,883
Sale commissions	1,146,514	1,368,310
Travel and relocation	106,440	221,815
Advertising	174,712	187,815
Medical insurance	234,063	137,362
Fees and subscriptions	841,516	578,973
Transportation and rentals	2,863,545	2,664,079
Depreciations (note 6)	653,726	465,276
Incentives and rewards	1,438,032	1,300,000
Office Supplies	31,850	42,393
Social insurance	328,995	286,747
Maintenance and fuel	409,261	89,227
Others	1,936,879	4,929,184
	25,150,110	25,682,064

AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY

(A Saudi Joint Stock Company)

Statement of Consolidated Changes in Equity**For the Year Ended 31 December 2021****(All amounts in Saudi Riyals unless otherwise stated)****32. General and administrative expenses**

	December 31, 2021	December 31, 2020
Salaries, wages and equivalents	52,166,403	41,056,187
Professional and consulting services fees	1,649,071	2,383,884
Depreciation and amortization (note 6)	4,369,159	2,228,056
Amortization of intangible assets (note 7)	226,144	72,333
Rewarding board members	4,538,000	4,475,000
Maintenance and repair	399,564	316,248
Fees and subscriptions	1,345,016	1,147,196
Life and medical insurance	1,011,199	-
Expenses of provision for expected credit losses (note 15)	1,578,915	1,460,470
Rents	29,340	1,131,163
Advertising	13,518	54,017
Allowances for attending the meetings of the Board of Directors and affiliated committees	80,685	106,579
Stationery and prints	120,594	109,623
employee benefits	1,569,445	3,820,447
Social insurance	1,820,253	529,493
Electricity, water and communications	1,393,607	665,476
Others	8,128,254	18,265,380
	80,439,167	77,821,552

33. Other Income

	December 31, 2021	December 31, 2020
Revenue from the sale of waste	27,654,191	21,320,375
Capital gains	82,484	515,756
Currency Valuation Differences	-	5,728,074
Others	3,315,275	9,018,193
	31,051,950	36,582,398

34. Financing costs

	December 31, 2021	December 31, 2020
Loan financing	34,158,712	34,035,496
Financing lease commitments (note 13)	2,220,544	774,110
	36,379,256	34,809,606

35. Share profit /loss

Basic earnings per share is calculated by dividing the income for the year attributable to shareholders of the company by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share are the same as basic earnings per share as the Group does not have any dilutive instruments.

	December 31, 2021	December 31, 2020
profit for the year	51,029,030	80,310,153
Weighted average number of shares issued	42,631,312	42,631,312
Basic and diluted earnings per share (SAR)	1.2	1.88

AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY

(A Saudi Joint Stock Company)

Statement of Consolidated Changes in Equity**For the Year Ended 31 December 2021****(All amounts in Saudi Riyals unless otherwise stated)****36. Contingent liabilities and capital commitments**

Contingent liabilities are letters of credit and letters of guarantee issued by commercial banks for the purpose of the group's purposes and are as follows:

	December 31, 2021	December 31, 2020
Letters of credit	339,736,781	92,590,548
Letters of guarantee	396,556,210	416,361,279
	736,292,991	508,951,827

AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY

(A Saudi Joint Stock Company)

Statement of Consolidated Changes in Equity**For the Year Ended 31 December 2021****(All amounts in Saudi Riyals unless otherwise stated)****37. Sectoral information**

A- Information related to the Group's operational and geographic segments, as shown below, is regularly submitted to the Group's operational decision makers and stated as follows:

- Towers and metal structures sector: It includes the production of power transmission towers, galvanized communication towers and their tests, and galvanized steel structures.
- Poles and lighting: It include the production and galvanization of electricity and lighting poles, masts and their accessories, in addition to the production of street lighting lanterns, stadiums and gardens, and the production of electricity distribution panels.
- Design, supply and installation sector: It includes the work of supplying, installing and maintaining communication systems.
- Solar energy sector: It includes the production of mobile metal components for solar photovoltaic energy tracking systems.
- Headquarters: It supervises the company's various sectors in addition to the investment activities in the subsidiaries.

B - The following is a summary of the information for the year ended December 31, according to the operating segments as follows:

	Towers and metal structures sector	Columns and lighting sector	Design, supply and installation sector	Solar energy sector	Headquarter	Total
<u>December 31, 2021</u>						
Net revenue	451,690,596	624,134,922	295,682,807	102,957,284	-	1,474,465,609
Net income for the period before zakat	(24,361,973)	54,890,817	23,282,759	1,291,317	15,488,051	70,590,971
Financing costs	13,444,921	16,892,880	2,736,617	3,304,838	-	36,379,256
Sales cost	396,765,514	552,064,949	261,539,786	96,965,042	-	1,307,335,291
Selling and distribution expenses	7,651,163	10,645,933	5,043,492	1,809,522	-	25,150,110
General and administrative expenses	24,471,193	34,049,552	16,130,915	5,787,507	-	80,439,167
December 31, 2020						
Net revenue	483,449,556	501,071,513	297,441,177	105,171,272		1,387,133,518
Net income for the period before zakat	2,991,444	55,575,738	23,673,120	8,537,174	23,329,027	114,106,503
Financing costs	16,607,647	15,461,139	2,665,957	74,863	-	34,809,606
Sales cost	412,851,022	427,899,630	254,005,598	89,813,025	-	1,184,569,275
Selling and distribution expenses	8,950,820	9,277,081	5,506,970	1,947,193	-	25,682,064
General and administrative expenses	27,122,691	28,111,326	16,687,171	5,900,364	-	77,821,552

AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY

(A Saudi Joint Stock Company)

Statement of Consolidated Changes in Equity**For the Year Ended 31 December 2021****(All amounts in Saudi Riyals unless otherwise stated)****38. Geographical information**

The following is a summary of geographical information for the year ended December 31, as follows:

	<u>Saudi Arabia</u>	<u>United Arab Emirates</u>	<u>Egyptian Arabic Republic</u>	<u>Total</u>
<u>December 31, 2021</u>				
Net revenue	1,209,370,958	147,194,710	117,899,941	1,474,465,609
Net income for the period before zakat	61,862,245	10,436,400	(1,707,714)	70,590,971
property and equipment	363,665,768	476,230	31,994,753	396,136,751
Financing costs	34,054,822	326,363	1,998,071	36,379,256
Sales cost	1,069,722,735	130,197,874	107,414,682	1,307,335,291
Selling and distribution expenses	20,628,363	2,510,715	2,011,032	25,150,110
General and administrative expenses	65,976,983	8,030,177	6,432,007	80,439,167
<u>December 31, 2020</u>				
Net revenue	1,098,030,236	144,491,305	144,611,977	1,387,133,518
Net income for the period before zakat	91,551,858	11,253,604	11,301,041	114,106,503
property and equipment	375,191,357	725,178	24,809,912	400,726,447
Financing costs	28,019,460	299,766	6,490,380	34,809,606
Sales cost	937,683,982	123,391,122	123,494,171	1,184,569,275
Selling and distribution expenses	20,329,465	2,675,180	2,677,419	25,682,064
General and administrative expenses	61,602,157	8,106,313	8,113,082	77,821,552

AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY

(A Saudi Joint Stock Company)

Statement of Consolidated Changes in Equity**For the Year Ended 31 December 2021****(All amounts in Saudi Riyals unless otherwise stated)****39. Comparative Figures**

Some comparative figures have been reclassified to conform to the current year's presentation

	December 31, 2020		December 31, 2020
	(Reviewed)		(Reviewed)
	<u>Before Reclassification</u>	<u>Reclassification</u>	<u>After Reclassification</u>
Investments property	48,877,367	(19,800,288)	29,077,079
Lands	35,569,543	19,800,288	55,369,831

40. Financial instruments and risk management

The Group's principal financial liabilities include loans, lease liabilities, payables, accrued expenses, other credit balances, due to a related party. The Group's principal financial assets consist of accounts receivable, prepaid expenses and other current balances, cash and cash equivalents, due from a related party. The main financial risks arising from the Group's financial instruments are market risk (including interest rate risk and foreign exchange risk), credit risk and liquidity risk. Management reviews and aligns policies to manage those risks.

40-1-1 Market Risk

It is the risk of fluctuation in a financial instrument due to changes in prices prevailing in the market, such as foreign exchange rates and interest rates, which affect the group's income or the value of its own financial instruments. Market risk management aims to manage and control market risk exposures within acceptable parameters, while maximizing returns. There has been no change in the Group's exposure to market risk or the way it is managed and how it is measured.

Interest rate risk is the exposure to various risks associated with the effect of fluctuations in the prevailing interest rates on the Group's financial position and cash flows. The Group is exposed to interest rate risk on its interest bearing assets and liabilities, which mainly consist of bank facilities and loans. Management limits interest rate risk by monitoring changes in interest rates. Management monitors changes in interest rates and believes that the cash flow and interest rate risks to the fair value of the Group are not significant.

Group receivables and payables carried at amortized cost are not subject to interest rate risk as defined in IFRS 7 as the carrying amount or future cash flows will not change due to changes in market interest rates. Accordingly, the Group is not exposed to fair value interest rate risk.

The Group's exposure to changes in interest rates is as follows:

	December 31, 2021	December 31, 2020
Variable interest rate loans	1,266,959,274	912,294,794
Fixed rate loans	-	-

Sensitivity analysis

	Profit or loss statement			
	December 31, 2021		December 31, 2020	
	100 points increase	100 points discounts	100 points increase	100 points discounts
Variable interest rate loans	(12,669,593)	12,669,593	(9,122,948)	9,122,948
Changes in cash flow	12,669,593	(12,669,593)	9,122,948	(9,122,948)

AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY

(A Saudi Joint Stock Company)

Statement of Consolidated Changes in Equity**For the Year Ended 31 December 2021****(All amounts in Saudi Riyals unless otherwise stated)****40. Financial instruments and risk management (Continued)****40-1-2 Foreign currency risk**

Foreign currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates, foreign currency risk arises when future commercial transactions, assets and liabilities are denominated in a currency other than the Saudi Riyal. In Saudi riyals. Management monitors the risks of fluctuations in exchange rates closely and on an ongoing basis, and based on its experience and market reactions, management does not believe that it is necessary to hedge against foreign exchange risks as most of the foreign exchange risks are relatively limited in the medium term.

40-2 Credit risk

It is the risk that one party will not be able to fulfill its obligations, causing financial losses to the other party. The Group does not have a significant concentration of credit risk. Cash and cash equivalents are deposited with local banks with high credit ratings. Accounts receivable and other receivables are mainly due from customers in the local market and are stated at their estimated collectible value. The Group has policies in place to reduce its exposure to credit risk. The carrying amounts of the financial assets represent the maximum credit risk

The Group deals with banks of good credit standing and good financial rating.

Account receivable

2021	Total	Current	1 year	2 years	3 years	4 years and more	Provision
Book value	670,401,809	623,473,682	46,928,127	-	-	-	-
Expected credit	-	3,943,772	17,966,073	-	-	-	21,909,845
Expected credit loss rate	-	%0.6	%38.3	-	-	-	-
2020	Total	Current	1 year	2 years	3 years	4 years and more	Provision
Book value	629,317,080	522,333,177	106,983,903	-	-	-	-
Expected credit		8,170,698	21,010,366	-	-	-	29,181,064
Expected credit loss rate	-	%1.6	%19.6	-	-	-	-

40-3 Liquidity risk

It is the risk that the Group will encounter difficulty in obtaining the financing necessary to meet commitments associated with financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly at a value close to its fair value. Liquidity risk is managed through regular monitoring of the adequacy of liquidity available to meet the Group's financial obligations. The Group's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its liabilities when due, under both normal and established conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY

(A Saudi Joint Stock Company)

Statement of Consolidated Changes in Equity**For the Year Ended 31 December 2021****(All amounts in Saudi Riyals unless otherwise stated)****40. Financial instruments and risk management (Continued)****40-3 Liquidity risk (Continued)**

The following table summarizes the Group's financial liabilities into relevant maturity groups based on the remaining period at the consolidated statement of financial position date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

December 31, 2021

	Book value	Less than 1 year	1 - 5 years	More than 5
Lease contract requirements	26,598,584	4,795,360	21,803,224	-
Loans	694,350,237	228,583,341	465,766,896	-
Short term loans	572,609,037	572,609,037	-	-
Accounts Payable	117,638,987	117,638,987	-	-
Accrued expenses and other current liabilities	16,131,833	16,131,833	-	-
Due to a related party	16,131,833	16,131,833	-	-
	1,443,640,511	955,890,391	487,570,120	-

December 31, 2021

	Book value	Less than 1 year	1 - 5 years	More than 5 years
Lease contract requirements	26,840,774	4,104,252	22,736,522	-
Loans	271,737,058	124,033,333	147,703,725	-
Short term loans	474,965,027	474,965,027	-	-
Accounts Payable	97,226,306	97,226,306	-	-
Accrued expenses and other current liabilities	125,013,148	125,013,148	-	-
Due to a related party	15,457,015	15,457,015	-	-
	1,011,239,328	840,799,081	170,440,247	-

The Group's policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain future development of the business. The Group monitors its capital base using the net debt to equity ratio. Net debt is calculated as loans less cash and cash equivalents.

The following is the net debt to equity ratio of the Group at the end of the year:

	December 31, 2021	December 31, 2020
Loans	1,266,959,274	912,294,794
Less:		
Cash and cash equivalents	(206,037,872)	(143,358,837)
Net debt	1,060,921,402	768,935,957
Total equity attributable to the company's shareholders	832,975,609	776,478,356
Net debt to equity ratio	%127	%99

AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY

(A Saudi Joint Stock Company)

Statement of Consolidated Changes in Equity

For the Year Ended 31 December 2021

(All amounts in Saudi Riyals unless otherwise stated)

40. Financial instruments and risk management (Continued)

40-4 Fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled, in a transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability will take place either:

- Through the principal market for the asset or liability, or
- By the most advantageous market for the asset or liability in the absence of the principal market.

The principal or most advantageous market must be accessible to the group.

The fair value of an asset or liability is measured using the assumptions that market parties use when pricing the asset or liability, assuming that market parties act in their best economic interests.

The fair value measurement of a non-financial asset takes into account the ability of market parties to provide economic benefits by using the asset for the best benefit from it, or by selling it to another party in the market to use it for the best benefit from it.

The Group uses valuation techniques that are appropriate to the circumstances and conditions and have sufficient data to measure fair value, maximize the use of relevant observable data, and minimize the use of unobservable data.

All assets and liabilities whose fair values are measured or whose fair values are disclosed in the consolidated financial statements are categorized within the fair value hierarchy set out below based on the lowest level inputs that are significant to the fair value measurement as a whole:

- First level: prices quoted in active markets for the same assets or liabilities.
- Level two: other valuation techniques in which the minimum amount of material data is directly or indirectly observable to the fair value measurement.
- Level 3: Other valuation techniques in which minimal inputs are material to the fair value measurement

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have taken place between levels in the above hierarchy by reassessing 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. Consolidated financial statements.

The carrying amount of a financial asset that cannot be measured at fair value is the approximate value of its fair value. The financial liabilities are measured at amortized cost, which is a reasonable approximation of their fair value.

All financial assets and financial liabilities are measured at amortized cost except for investments carried at fair value through profit or loss. The carrying amounts of all other financial assets and financial liabilities measured at amortized cost approximate their fair values.

As on December 31, 2021	Fair value Level			Total
	1	2	3	
Financial assets	-	85,639,196	-	85,639,196
Investments at fair value through profit or loss	379,800	-	-	379,800
Investments properties	88,156,740	-	-	88,156,740

AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY

(A Saudi Joint Stock Company)

Statement of Consolidated Changes in Equity**For the Year Ended 31 December 2021****(All amounts in Saudi Riyals unless otherwise stated)****40. Financial instruments and risk management (Continued)****40-4 Fair value (Continued)**

As on December 31, 2020	Fair value Level			Total
	1	2	3	
Financial assets	-	79,973,734	-	79,973,734
Investments at fair value through profit or loss	-	-	-	-
Investments properties	100,365,000	-	-	100,365,000

41. Non-monetary transaction

	Note	December 31, 2021	December 31, 2020
Capital work in progress has been transferred to property, plant and equipment	6	(82,963,798)	(18,592,879)
Differences in the translation of property, plant and equipment - net	6	(60,478)	5,503,126
Differences in the translation of intangible assets - net	7	29,436	-
The uncollected amount from the decreases in the investment IN MASHID ARABIC company	17	14,745,987	-
Additions right of use assets		3,720,372	20,420,190

42. Subsequent events

- During 2022, the Fund established the PINCALE company, headquartered in Kuwait, to transfer the shares of the shareholders from the fund, which is based in the State of Qatar, to the company as a result of the exit of some shareholders from it. comply with the requirements of IFRS 10.
- The Group, in accordance with the decision of the Board of Directors held on March 29, 2022, announced the distribution of cash dividends to shareholders for the year ending on December 31, 2021 AD in the amount of 21.3 million Saudi riyals, at a value of 0.5% of the nominal value of the share, with the maturity date being May 8, 2022 AD.

43. Date of approval of the financial statements

These financial statements have been approved and issued on 29 march 2022 AD (corresponding to 26 Shaban 1443 AH) by the company's board of directors.