AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY

(A Saudi Joint Stock Company)
Riyadh – Kingdom of Saudi Arabia

Consolidated financial statements for the year ended December 31, 2020

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Prof. Registration 4030291245

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AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY
(A SAUDI JOINT STOCK COMPANY)
KINGDOM OF SAUDI ARABIA – RIYADH

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated accompanying financial statements of Al-Babtain Power and Telecommunications Company – A Saudi Joint stock Company ("the Company") and its subsidiaries (Collectively referred to as "The Group") which comprise the consolidated statement of financial position as at December 31, 2020, the consolidated statement of profits or losses, consolidated statement of other comprehensive income, the consolidated statement of changes in shareholders' equity and the consolidated statement of cash flows for the year then ended, and the notes (1) to (35) thereon, 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, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Certified Public Accountants (SOCPA), appropriate to the circumstances of the group.

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 the professional code of conducts 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 evidences that we have obtained are sufficient and appropriate to provide a basis for our opinion.

Other matter

The consolidated financial statements for the year ended December 31, 2019 were audited by another auditor who expressed an unqualified opinion dated 7 Rajab 1441 H (corresponding to March 2, 2020 G).

Key audit matters

Key audit matters are those matters that, according to our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Key audit matters include the following:

CERTIFIED PUBLIC ACCOUNTANTS
P.R. 4030291245
EL SAYED EL AYOUTY & CO.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS
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REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS...(continued)

Revenue recognition	
The key audit matter	**How our audit addressed the key audit matter**
Revenue recognition is considered a key audit matter as revenue being an important element of the company's performance and results, and due to its inclusion of inherit risks that may cause the management to override the internal control procedures by recognizing revenues with more than their actual value in order to achieve the goals or to improve the results of the group. The group realized for the year ended December 31 2020 total revenues amounted to SR 1,387,133,518	The audit procedures which we have performed, among other matters based on our judgment, included the following: • Tested the design of internal control procedures and its effectiveness in relation with recognition of revenue and the related receivables thereof. • Tested the cut-off procedures to ensure recording of revenue in their correct periods. • Performed analytical procedures to understand the causes of revenue variance compared with the previous year and verify its reasonableness and determine whether there are significant fluctuations need additional review in light of our understanding to the current market conditions. • Performed tests of details to a sample of the sold products and verify the proper application of revenue recognition policy. • Verified the appropriateness of revenue recognition accounting policy to realize the group's revenue in accordance with the requirements of International Financial Reporting Standard No. (15) Revenue from contracts with clients.
Refer to Note No. (3.19) to the financial statements of the accounting policy related to Revenue.	

Recoverability of trade receivables	
The key audit matter	**How our audit addressed the key audit matter**
The collectability of trade receivables is considered a key audit matter as it comprise a major element of the group's management for the working capital that is being managed on an ongoing basis, and due to impairment of trade receivables is determined using expected credit losses models that include significant judgments and estimates. It may have a material impact on the group's financial statements. Management makes significant judgments, estimates and assumptions for measuring and recording expected credit losses. As stated in note No. (13), the total balance of trade receivables as at December 31, 2020 amounted to SR 617,089,646, and a provision made for expected credit losses as at December 31, 2020 amounted to SR 29,181,046.	The audit procedures which we performed, among other matters based on our judgment, included the following: • Tested the group's procedures for controlling receivables, including controls over credit terms. • Tested a sample of receivable balances being provided provision for impairment during the year to determine the appropriateness of judgments, estimates and assumptions set by the management, and to assess the methodical approaches performed by the group to determine the probability of default and the extent of its inclusion the information related to the future expectations in computation of the expected credit losses. • Performed an analysis of significant receivables that are more than one year old and no provision has been provided for them by the group's management, taking into account the collections of the subsequent period to determine whether there are indications of impairment. • Reviewed arrangements and / or correspondence related to clients' receivables for the purpose of assessing collectability of the material amounts that due for collection a long time ago. • Evaluate the adequacy of the disclosures included in the financial statements in accordance with the requirements of International Financial Reporting Standard No. (9 and No. 7)- Financial instruments and disclosures.
Refer to Note No. (3.18) to the financial statements of the accounting policy related to Financial instruments.	

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MOORE

El Sayed El Ayouty & Co
Certified Public Accountants

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REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS...(continued)

Inventory evaluation:	
The key audit matter	**How our audit addressed the key audit matter**
Inventory is considered a key audit matter due to the nature of the group's activity that depends primarily on the inventory in generating revenues and the extent of its impact on business results, and because the evaluation of inventory and determination of its impairment requires using several important assumptions and estimates that may have material impact on the group's financial statements. As stated in Note No. (12) , the total balance of inventory as at December 31, 2020 amounted to SR 472,875,589, and a provision made for impairment of inventory as at December 31, 2020 amounted to SR 11,921,648.	The audit procedures which we have performed, among other matters based on our judgment , included the following: • We attended and observed the annual count of the company's inventory as at December 31, 2020 to verify the physical existence and good condition of a sample being randomly selected from items. • Tested the validity of inventory measurement at lower of cost or net recoverable value. Also, we reviewed the company's policy to determine the cost using the weighted average method. • Tested the reasonableness of the estimates used by the company in studying the impairment of obsolete and slow moving inventory. • Evaluate the adequacy of the disclosures included in the financial statements in accordance with the requirements of the relevant International Financial Reporting Standards.
Refer to Note No. (3.7) to the financial statements of the accounting policy related to inventory	

Property, plant and equipment:	
The key audit matter	**How our audit addressed the key audit matter**
Property, plant and equipment are considered a key audit matter as measurement of depreciation and impairment requires that the management make judgments, assumptions and estimates related to determining the useful life and method of depreciation and perform a test for the impairment of property, plant and equipment (if any). As stated in Note No. (5) , the net book value of property, plant and equipment as at December 31, 2020 amounted to SR 380,926,159.	• The audit procedures which we have performed, among other matters based on our judgment , included the following: • Carried out study and review of the internal controls related to financial operations in connection with property, plant and equipment. • Performed analytical and documentary study to movements of additions and disposals made to the account of property, plant and equipment. • Verify the physical existence and ownership of the property, plant and equipment by the group. • Verify the correctness of the computation of depreciations according to the management's estimates of the useful lifes. • Verify that there are no indications of impairment of property, plant and equipment requires an impairment test. • Verify the correctness of the presentation, disclosure and accounting policies in accordance with the relevant International Financial Reporting Standards.
Refer to Note No. (3.2) to the financial statements of the accounting policy related to property, plant and equipment.	

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REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS...(continued)

Other information

The other information include the information included in the group's annual report for the year ended December 31, 2020 rather than the financial statements and the independent auditor's report thereon. The group's management is responsible for the other information mentioned in its annual report. It is expected that the annual report will be available to us after the date of this auditor's report.

Our opinion on the financial statements does not include the other information, nor does it express any form of assurances in this regard.

With regard to our audit of the financial statements, it is our responsibility to read the information stated above , and in doing so, we consider whether the other information are materially inconsistent with the financial statements or the information we obtained during the audit process, or otherwise appears to contain material misstatement.

When we read the other information and discover that there is a material misstatement therein, we must inform those charged with governance accordingly.

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 International Financial Reporting Standards as endorsed in the Kingdom Saudi Arabia and other standards and pronouncements that are issued by SOCPA, and the provisions of Companies' Law and company's Articles of Association and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the 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 choice of an appropriate alternative but to do so.

Those charged with governance are responsible for overseeing the group's financial reporting process.

Auditors' 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 auditors' 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 financial statements.

As part of an audit in accordance with International Standards of Auditing 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 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.

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REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS...(continued)

Auditors' responsibilities for the audit of the consolidated financial statements...(continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 auditors' 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 auditors' 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 a fair presentation.

We communicate with those charged with governance, among other matters, the scope and timing of the audit and the significant audit findings, including any significant deficiencies in the internal control system that we identify during our audit of the Company and its subsidiaries "the Group".

We have also provided those charged with governance with a statement stating that we have complied with relevant ethical requirements related to independence, and have informed them of all relationships and other matters that we may reasonably believe affect our independence, and relevant safeguards, if required.

Among the matters communicated to those charged with governance, we determined those matters that we considered most important when auditing the consolidated financial statements for the current period, which are the key audit matters. We describe these matters in our report unless a public disclosure system or regulation prohibits the matter, or when we see, in very rare circumstances, that the matter should not be reported in our report because the negative consequences of doing so are reasonably expected to outweigh the benefits of the public interest resulting from this reporting.

FOR EL SAYED EL AYOUTY & CO.

A. Balamash

Abdullah Ahmad Balamash
Certified Public Accountant
License No. (345)

EL SAYED EL AYOUTY & CO.
CERTIFIED PUBLIC ACCOUNTANTS

Riyadh: Sha'ban 16, 1442 H.
March 29, 2021 G.

AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY

(A Saudi Joint Stock Company)

Riyadh – Kingdom of Saudi Arabia

Consolidated statement of financial position as at December 31, 2020

(All amounts in Saudi Riyals unless otherwise stated)

Assets	Notes	31/12/2020	31/12/2019
Non-current assets			
Property, plant and equipment - net	5	380,926,159	368,358,911
Intangible assets - net	6	26,477,799	27,985,009
Investment properties – at cost	7	48,877,367	48,877,367
Financial assets at fair value through other comprehensive income	8	79,973,734	145,870,868
Investment in unconsolidated subsidiaries	9	205,000	5,405,000
Investments in associate	10	3,812,207	6,824,045
Right-of-use leased assets – net	11.1	27,704,126	9,523,581
Total non-current assets		**567,976,392**	**612,844,781**
Current assets			
Inventory – net	12	460,953,941	436,390,001
Trade receivables – net	13	600,136,016	524,301,845
Due from related parties	14.1	54,009,024	45,989,010
Prepaid expenses and other receivables	15	78,758,042	104,271,022
Contract assets		157,182,183	105,985,269
Cash and cash equivalents	16	143,358,837	135,951,310
Total current assets		**1,494,398,043**	**1,352,888,457**
Total assets		**2,062,374,435**	**1,965,733,238**
Shareholder's equity and liabilities			
Shareholder's equity:			
Share capital	17	426,313,120	426,313,120
Statutory reserve	18	127,893,936	127,893,936
Foreign currency translation reserve		(82,394,050)	(75,457,126)
Revaluation losses of financial assets at fair value through other comprehensive income		(65,897,134)	-
Actuarial reserve (losses)		(4,033,740)	(99,714)
Retained earnings		374,596,224	320,365,356
Total equity attributable to the shareholders of the company		**776,478,356**	**799,015,572**
Non-controlling interests		15,239,798	7,385,428
Total shareholder's equity		**791,718,154**	**806,401,000**
Non-current liabilities			
Long term loans – non-current portion	19	147,703,725	78,200,000
Obligations against right-of-use leased assets - non- current portion	11.2	22,736,522	8,959,263
Due to related parties – non-current portion		-	8,632,294
Employees' defined benefit obligations	20	80,588,110	72,659,899
Total non-current liabilities		**251,028,357**	**168,451,456**
Current liabilities			
Short term loans	21	640,557,736	660,086,300
Long term loans - current portion	19	124,033,333	51,600,000
Obligations against right-of-use leased assets - current portion	11.2	4,104,252	1,123,808
Trade payables		97,226,306	123,216,031
Due to related parties - current portion	14.2	15,457,015	9,484,211
Accrued expenses and other payables	22	125,013,148	131,012,637
Provision for zakat and income tax	23	13,236,134	14,357,795
Total current liabilities		**1,019,627,924**	**990,880,782**
Total liabilities		**1,270,656,281**	**1,159,332,238**
Total shareholder's equity and liabilities		**2,062,374,435**	**1,965,733,238**

Chief Financial Officer | Chief Executive Officer | Chairman of Board of Directors

The accompanying notes (1) to (35) form an integral part of these consolidated financial statements

AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY

(A Saudi Joint Stock Company)

Riyadh – Kingdom of Saudi Arabia

Consolidated statement of profit or loss for the year ended December 31, 2020

(All amounts in Saudi Riyals unless otherwise stated)

	Notes	2020	2019
Revenue	29	1,387,133,518	1,348,570,236
Cost of revenue	24	(1,184,569,275)	(1,161,248,005)
Gross profit		**202,564,243**	**187,322,231**
Selling and marketing expenses	25	(25,682,064)	(23,116,090)
General and administrative expenses	26	(77,821,552)	(71,956,096)
Income from operating activities		**99,060,627**	**92,250,045**
Finance cost		(34,809,606)	(33,821,742)
Reimburse of provision for expected credit losses		7,286,918	17,259,757
Other income	27	36,582,398	29,427,497
(Losses)/Income from investment in an associate	10	(3,011,838)	1,044,211
Dividends received		8,998,004	3,569,280
Net income for the year before zakat and estimated income tax		**114,106,503**	**109,729,048**
Zakat and estimated income tax	23	(30,705,579)	(19,224,424)
Net income for the year		**83,400,924**	**90,504,624**
Income for the year attributable to:			
Shareholders of the parent company		80,310,153	86,009,470
Non-controlling interests		3,090,771	4,495,154
		83,400,924	**90,504,624**
Basic and diluted earnings per share from the net income for the year attributable to Shareholders of the company.	28	1.88	2.02

Chief Financial Officer

Jawad

Chief Executive Officer

Chairman of Board of Directors

The accompanying notes (1) to (35) form an integral part of these consolidated financial statements

AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY

(A Saudi Joint Stock Company)
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Consolidated statement of other comprehensive income for the year ended December 31, 2020

(All amounts in Saudi Riyals unless otherwise stated)

	Note	2020	2019
Net Income for the Year		83,400,924	90,504,624
Other comprehensive income:			
Items that may not be reclassified within profit or (loss) :			
(Losses) revaluation of financial assets at fair value through other comprehensive income (FVTOCI)	8	(65,897,134)	-
Actuarial losses from the re-measurement of the employees' defined benefits obligations		(3,934,026)	(7,729,713)
Items that may be reclassified subsequently to profit or (loss) :			
Foreign currency translation differences		(6,936,924)	3,450,356
Other comprehensive income items		**(76,768,084)**	**(4,279,357)**
Comprehensive income for the year		**6,632,840**	**86,225,267**
Comprehensive income for the year attributable to:			
Shareholders of the company		3,542,069	81,730,113
Non-controlling interest		3,090,771	4,495,154
		6,632,840	**86,225,267**

Chief Financial Officer

Chief Executive Officer

Chairman of Board of Directors

The accompanying notes (1) to (35) form an integral part of these consolidated financial statements

AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY

(A Saudi Joint Stock Company)

Riyadh – Kingdom of Saudi Arabia

Consolidated statement of changes in shareholders' equity for the year ended December 31, 2020

(All amounts in Saudi Riyals unless otherwise stated)

	Equity attributable to the shareholders of the company								
	Share capital	Statutory reserve	Foreign currency translation reserve	Revaluation (losses) of financial assets at FVTOCI	Actuarial profit /(losses) reserve	Retained earnings	Total equity attributable to shareholders of the parent company	Non-controlling Interests	Total shareholders' equity
Year ended at December 31, 2019									
Balance at January 1, 2019	426,313,120	127,893,936	(78,907,482)	-	7,629,999	276,987,198	759,916,771	2,890,274	762,807,045
Net income of the year	-	-	-	-	-	86,009,470	86,009,470	4,495,154	90,504,624
Other comprehensive income items	-	-	3,450,356	-	(7,729,713)	-	(4,279,357)	-	(4,279,357)
Net comprehensive income	-	-	3,450,356	-	(7,729,713)	86,009,470	81,730,113	4,495,154	86,225,267
Dividends paid	-	-	-	-	-	(42,631,312)	(42,631,312)	-	(42,631,312)
Balance as of December 31, 2019	**426,313,120**	**127,893,936**	**(75,457,126)**	**-**	**(99,714)**	**320,365,356**	**799,015,572**	**7,385,428**	**806,401,000**
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 of the year	-	-	-	-	-	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	-	-	(6,936,924)	(65,897,134)	(3,934,026)	80,310,153	3,542,069	3,090,771	6,632,840
Dividends paid	-	-	-	-	-	(21,315,686)	(21,315,686)	-	(21,315,686)
Balance as of December 31, 2020	**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**

Chief Financial Officer

Chief Executive Officer

Chairman of Board of Directors

The accompanying notes (1) to (35) form an integral part of these consolidated financial statements

AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY

(A Saudi Joint Stock Company)
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Consolidated statement of cash flows for the year ended December 31, 2020

(All amounts in Saudi Riyals unless otherwise stated)

	Note	2020	2019
Cash flows from Operating Activities:			
Net income for the year before zakat and estimated income tax attributable to shareholders of the parent company		111,015,732	105,233,894
Adjustment to net income for the year:			
Depreciation		28,417,407	22,030,015
Amortization		1,638,390	524,805
Foreign currency translation differences		(6,936,924)	3,450,356
Provision for employees' defined benefit obligations		13,629,271	7,946,407
Provision for impairment of inventory value		767,395	1,016,816
(Gain) on disposal of property, plant and equipment		(515,756)	(55,837)
Amortization of the right-of-use of leased assets		2,239,645	724,113
Finance cost on obligations against the right-of-use assets		774,110	312,755
Reimburse of provision for expected credit losses		(7,286,918)	-
The company's share of losses from an associate company		3,011,838	-
Share of non-controlling interest in the results of subsidiaries		3,090,771	4,495,154
		149,844,961	**145,678,478**
Changes in components of working capital			
Inventory		(25,331,335)	(23,529,534)
Trade receivables		(68,547,253)	(139,230,144)
Prepaid expenses and other receivables		25,512,980	(43,069,902)
Contracts assets		(51,196,914)	(35,285,602)
Trade payables		(25,989,726)	(18,993,224)
Accrued expenses and other payables		(5,999,489)	54,272,665
Due to related parties		(10,679,504)	28,505,437
Employees' defined benefit obligations - paid		(9,635,087)	(6,381,110)
Provision for zakat and income tax - paid		(31,827,240)	(17,257,794)
Net cash flow (used in) operating activities		**(53,848,607)**	**(55,290,730)**
Cash flows from investing Activities			
Investments in unconsolidated subsidiaries		5,200,000	10,573,648
Additions of financial assets at fair value through other comprehensive income		-	(5,963,175)
Additions of property, plant and equipment		(41,338,737)	(92,101,947)
Additions of Intangible assets		(131,180)	(7,830,282)
Proceeds from disposal of property, plant and equipment		869,838	9,352,587
Net cash flows (used in) investing activities		**(35,400,079)**	**(85,969,169)**
Cash flows from Financing Activities			
Net movement in short-term loans		(19,528,564)	275,638,240
Net movement on long-term loans		141,937,058	(47,730,077)
Leased contracts payments		(4,436,595)	-
Dividends		(21,315,686)	(42,631,312)
Net cash flows generated from financing activities		**96,656,213**	**185,276,851**
Net increase in cash and cash equivalent		**7,407,527**	**44,016,952**
Cash and cash equivalents at the beginning of the year		135,951,310	91,934,358
Cash and cash equivalent at the end of the year	16	**143,358,837**	**135,951,310**
Non-cash transactions:			
Capital work-in-progress transferred to property, plant and equipment - net		(18,592,879)	(128,703,345)
Property, plant and equipment translation differences - net		5,503,126	(5,443,659)

Chief Financial Officer

Chief Executive Officer

Chairman of Board of Directors

The accompanying notes (1) to (35) form an integral part of these consolidated financial statements

Notes to the consolidated financial statement for the year ended December 31, 2020
(All amounts in Saudi Riyals unless otherwise stated)

1. Legal status and nature of activities

1.1. 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 practices its activity pursuant to the resolution of Ministry of Trade and Industry No. 1304 dated 27 Jumada Al-Awal 1424 H corresponding to July 27, 2003.

The headquarters of the company is located at Al-Sulay district, east of Riyadh, south of Al-Iskan - Riyadh P.O. Box: 88373, Riyadh, Kingdom of Saudi Arabi

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

1.3. The group's fiscal year starts from the January 1st of each calendar year and ends at end of December of the same year. The presented financial statements for the year ended December 31, 2020 compared to the year ended December 31, 2019.

1.4 As at December 31, 2020, the Company owns, directly or indirectly, majority interests that enable it to control subsidiaries, collectively known as "the Group". The business of the Company 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.

The following are the subsidiaries and their shareholding percentage:

Name	Headquarter	Shareholding% 2020	Shareholding% 2019
First: directly owned companies			
Al-Babtain Power and Telecommunications Company	Egypt	100%	100%
Al-Babtain LeBlanc Telecommunications Systems Limited	KSA	100%	100%
Al-Babtain Operation & Maintenance Co. Ltd	KSA	100%	100%
Integrating Lighting Co., Ltd.	KSA	100%	100%
Al-Babtain Contracting Company (1.4.1.)	Qatar	100%	100%
Wind Energy International Co.,	KSA	100%	100%
Energy Advanced Solutions Company (1.4.2.)	KSA	-	100%
Al-Babtain Metalogalva Company Limited (1.4.3.)	KSA	60%	60%
Second: Indirectly Owned Companies			
Al-Babtain LeBlanc Egypt Telecommunications Engineering Co.	Egypt	85%	85%
Al-Babtain LeBlanc Emirates Telecommunications Systems LLC.	UAE	100%	100%
Al-Babtain Middle East for the installation of communications Systems	UAE	70%	70%

1.4.1. These companies did not practice any activity from the date of incorporation until the date of issuing the consolidated financial statements.

1.4.2. The commercial registration was cancelled on February 2020 due to due to the invisibility of economic feasibility to practice the business.

1.4.3. The commercial register of Al-Babtain Advanced Energy Solutions was canceled in order to transfer its headquarters to the city of Dammam, and its trade name was changed to become (Al-Babtain Metalogalva Company Ltd.) a mixed limited liability company, the accompanying financial statements include the accounts of Al-Babtain Metalogalva Ltd. according to shareholding percentage.

1. Legal status and nature of activities...(continued)

Al-Babtain Power and Telecommunications Company received an offer to acquire 49% of the shares of the Portuguese company, Metalogalva, of the Al-Babtain France Company (a subsidiary and 100% owned by Al-Babtain Energy and Telecommunications in France) at a value of 3 million euros. The two parties agreed to complete the closing of the deal within two months from the date of signing, after fulfilling the regulatory requirements and procedures of both parties.

On 26/4/2020, the two parties agreed to extend the Memorandum of Understanding for another two months from the date of announcement until 06/23/2020, due to the failure to finalize the legal formulations of the sale and purchase agreement as well as the shareholders' agreement with the same terms and conditions agreed upon in the signed memorandum of understanding between the two parties.

On 06/15/2020, all the legal documents of the sale and purchase agreement were finally signed, as well as the shareholders' agreement between the two parties to complete the acquisition of the Portuguese Metalogalva Company of 49% of the shares of Al-Babtain France (the company) and the transfer of shares worth 3 million euros. Thus, the ownership of Al-Babtain Power and Telecommunications Company became 51% in the company with 3,060,000 shares, and the Portuguese Metalogalva Company owning 49% in the company with 2,940,000 shares.

1.5. Significant events

At the beginning of the year 2020, the novel corona pandemic (Covid-19) spread, causing disruption to business and economic activities all over the world, including the Kingdom of Saudi Arabia and the Kingdom took many precautionary measures to confront all the negative effects resulting from that pandemic.

This required the group's management to reassess the key assumptions, estimates and sources applicable to the group's financial statements for the year ended December 31, 2020.

During that year, management evaluated all effects on the group's operations and activities, and based on this evaluation, there was no need to make any material adjustments to the financial statements for the financial year ended December 31, 2020. However, given the current uncertainty, any future change in assumptions and estimates upon which results may arise, require making substantial adjustments to the book values of assets and / or liabilities in future periods, and in view of the rapid development in the current situation with the existence of uncertainty about the future, management will continue to evaluate the impact based on developments in future.

2. Basis of preparation

2.1. Statement of compliance

These consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS) as adopted in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by SOCPA.

2.2. Basis for consolidation of financial statements

The consolidated financial statements include the financial statements of the parent company and all subsidiaries and they are collectively referred to as the "group", the consolidated financial statements present financial information about the Group as a single economic entity at the same reporting date for the parent company, using consistent accounting policies.

Subsidiaries are those entities that are subject to the control of the company, and the control is the authority to control financial policies for the purpose of obtaining benefits from its activities. It is assumed that the company has control over the subsidiary when the company owns, directly or indirectly, more than half of the voting power in the investee, except for those exceptional cases in which it is clearly shown that that ownership does not represent control, and control also exists when the company owns half or less than half of the voting power of the investee, but it has other power that enables it to control financial and operational policy for that entity.

Notes to the consolidated financial statement for the year ended December 31, 2020

(All amounts in Saudi Riyals unless otherwise stated)

2. Basis of preparation...(continued)

2.2. Basis for consolidation of financial statements...(continued)

The assets, liabilities and results of the subsidiaries' businesses are fully consolidated from the date of acquisition, the date on which control is transferred to the group, and the consolidation process continues until the date that control ceases.

The group applies the acquisition method to account for business combinations.

All transactions and balances between the companies of the group, including income, expenses, unrealized profits and losses and dividends have been eliminated

2.3. Basis of measurement

The consolidated financial statements have been prepared in accordance with the accrual basis of accounting and the going concern concept, and on the basis of the historical cost principle except for financial assets that are measured at fair value and financial liabilities that are measured at the present value of future liabilities projections using the projected unit credit method.

2.4. Functional and presentation currency

The consolidated financial statements have been presented in Saudi Riyals ("SR") which represent the functional currency, all amounts are included in the financial statements in Saudi Riyals.

2.5. Use of judgments, estimates and assumptions

The preparation of these consolidated financial statements requires management to make judgment, estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses and disclosures of contingent liabilities at the reporting date. Although these estimates are based on the best current information and indicators available to management, the final actual results may differ from these estimates.

These estimates and assumptions are reviewed on an ongoing basis, and the effects arising from adjustment of the accounting estimates are recognized in the period in which such adjustment is made and in the future periods in which this amendment will be that would be affected. Estimates and assumptions in particular represent application of accounting policies that have a significant impact on the amounts reported in the financial statements.

The most significant accounting judgments, estimates and assumptions

2.5.1. Judgments

The following is an explanation to the significant judgments when applying the accounting policies that have a material impact on the amounts presented in the financial statements and the notes thereon.

The amounts presented in the financial statements and their notes:

Fulfillment of performance obligations

The Group evaluates each of its contracts with clients to determine whether performance obligations have been met over time or at specified time in order to determine the appropriate method for recording revenues under the provisions of the relevant laws and regulations.

2. Basis of preparation...(continued)
2.5. The most significant accounting judgments, estimates and assumptions... (continued)
2.5.1. Judgments...(continued)

Determination of transactions' prices

The group determines transaction prices in relation to each of its contracts with clients, and when making such judgment, it assesses the impact of any variable consideration in the contract as a result of discounts or fines and existence of any substantial financing component in the contract, or any non-monetary consideration in the contract.

Classification of investment properties

The group determines whether the property qualifies as investment properties IFRS - section 40 (Investment properties). In making such judgment, the group considers whether the property generates significant cash flows and separate of other property and equipment.

The following notes include information about other judgments:
- Note (3.6.) classification of leases

2.5.2. Estimates and assumptions

The following is an explanation of information related to assumptions and estimates of uncertainty that have a material impact on the amounts presented in the consolidated financial statements and their notes:

Going concern concept

The consolidated financial statements have been prepared on a going concern basis. Group's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the necessary resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the group's ability to continue as a going concern.

Useful lives of property, plant and equipment

The management determines the estimated useful lives of property, plant and equipment for calculating depreciation. This estimate is determined after considering expected usage of the assets or physical wear and tear. Management reviews the residual useful lives annually to verify that it reflects the expected benefit to be obtained. If, it differs from previous estimates, changes in depreciation expense in the current and future periods are adjusted - if any.

Measurement of fair value of financial instruments

When it is not possible to measure the fair values of the financial assets and financial liabilities reported in the statement of financial position on a basis for prices traded in active markets, their fair value is determined by using valuation methods including the discounted cash flows model. Inputs to these models are taken from observable markets where possible and when not to be feasible, it requires a degree of assumption to determine the fair value.

Changes can affect assumptions related to these factors the fair value of financial instruments. The potential price arising from the business combination is valued at fair value on the date of the acquisition as part of a business combination. When the price meets the definition of a financial liability, it is subsequently re-measured at fair value at each reporting date. Determination of fair value is based on discounted cash flows. Key assumptions take into consideration the probability of fulfilling each performance objective and the discount factor.

2. Basis of preparation...(continued)

2.5. The most significant accounting judgments, estimates and assumptions... (continued)

2.5.2. Estimates and assumptions...(continued)

Embedded interest rate for leases

The group cannot easily determine the embedded interest rate in all leases, and therefore it uses the borrowing rate to measure lease obligations. The borrowing rate is the interest rate that the company must pay in order to borrow for a similar period with a similar guarantee and the amounts necessary to obtain an asset of similar value to the right – of -use asset in a similar economic environment. The group estimates the borrowing rate by using observable data (such as: interest rates in the market) that are available, and making some estimates for the group when necessary.

Provision for expected credit losses (ECL) on trade receivables

The Group uses a matrix to calculate ECL for trade receivables. This matrix is based initially on the historical default rates monitored by the group. At each reporting date, the historical observed default rates are updated and changes in future estimates are analyzed. The evaluation of the correlation between historical observed default rates, projected economic conditions and expected credit losses is a substantial estimate. The amount of expected credit losses is very sensitive to changes in the expected economic circumstances and conditions.

Impairment of non-financial assets

(Except for inventory, investment properties and goodwill - if any - which are separately assessed for impairment). Management at each reporting date reviews the carrying values of other non-financial assets to determine if there is any indication. In the event of impairment of those assets, and in the event of such an indication, the recoverable value is estimated and the book value is reduced thereto and the impairment loss of those assets is recognized and charged to the statement of income

The recoverable amount is measured using the higher of fair value of the asset less the cost to sell it or the expected present value of the cash flows according to the discount rate – whichever is greater.

Indications of impairment of a non-financial asset may be information that a material impairment has occurred the market value of the asset is more than expected as a result of normal use or the availability of evidence of obsolescence, damage or deterioration of its expected economic performance whether in its operating results or in the expected cash flows from it.

When there are indications that a recognized impairment loss in prior periods may no longer exist or have impaired, impairment loss is reversed only to the extent that it does not exceed the previously recognized impairment loss.

The following notes include information on assumptions and other estimates of uncertainty:

- Note (3.7) Impairment of inventory
- Note (3.13) Measurement of employees 'defined benefit obligations.
- Note (3.15) Provisions
- Note (3.18.1) Impairment of financial assets measured at cost or amortized cost

3. Summary of significant accounting policies

The significant accounting policies set of below have been applied consistently to all periods presented in these financial statements .

Notes to the consolidated financial statement for the year ended December 31, 2020

(All amounts in Saudi Riyals unless otherwise stated)

3. Summary of significant accounting policies...(continued)

3.1. Current versus non-current classification

The Company presents assets and liabilities in the financial statements based on current / non-current classification.

Assets

An asset is classified as current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

Liabilities

A liability is classified as current when it is:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- • There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

3.2. Property, plant and equipment

A) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and the accumulated impairment loss (if any).

The cost of a self-constructed asset includes the cost of materials, direct labor and any other costs directly attributable to bringing this asset into a condition for its intended use, and the costs of dismantling and removing the elements and repairing the site in which it is located.

When the significant parts of an item of property, plant and equipment have different useful lives, they are counted as separate items (major components) of property, plant and equipment.

De-recognition

De-recognition of an item of property, plant and equipment is made when it is sold or when future economic benefits are not expected to flow from its use or sale.

The gains and losses resulting from the disposal of an item of property, plant and equipment are determined by comparing the proceeds of disposal with the book value of the disposed of property, plant and equipment, and is recognized on a net basis, in the statement of income.

Notes to the consolidated financial statement for the year ended December 31, 2020
(All amounts in Saudi Riyals unless otherwise stated)

3. Summary of significant accounting policies...(continued)

3.2. Property, plant and equipment...(continued)

Subsequent acquisition costs

The cost of replacing a component of an item of property, plant and equipment, renovations and major improvements is included in the carrying amount of the item when it increases materially from its expected useful life and there is a possibility that future economic benefits will flow into the group and that its cost can be measured reliably and is carried value is de-recognized for the replaced component.

Expenses for the normal maintenance and repairs of property, plant and equipment are included in the statement of income when incurred

Depreciation

Depreciation is based on the cost of the assets less their residual value. The significant components of individual assets are estimated, and if a component has a useful life that differs from the remaining of that asset, that component is depreciated separately.

Depreciation is recorded in the statement of income using the straight-line method over the expected useful life of each component of an item of property, plant and equipment. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted as appropriate. Depreciation of the asset starts when it is available for use, and its depreciation stops on the earlier date in which the asset is classified as held for sale or is de-recognized.

The following are the depreciation rates according to the estimated useful lives:

Buildings	3-5%	Motor vehicles	20-25%
Roads and networks	10%	Computers	10-25%
Plant and equipment	5-25%	Tools	12.5-25%
Furniture and office equipment	10-25%		

3.3. Capital work- in- progress

Capital work-in-progress at the end of the year include some assets that have been acquired but are not ready for their intended use. Capital work-in-progress is recorded at cost less any recorded impairment. These assets are transferred to the relevant asset categories and are depreciated when ready for use.

3.4. Intangible assets

The acquired intangible assets are measured separately at initial recognition at cost. The cost of intangible assets acquired from a business combination is the fair value at the date of acquisition. After initial recognition, intangible assets are carried at cost less any cumulative amortization and any accumulated impairment losses, if any. The intangible assets that are internally developed (excluding capitalized development costs) are not capitalized and the expenses are recognized in the consolidated statement of profit or loss at the time these expenses are incurred.

Key money

The amounts initially paid other than the lease payments are capitalized in exchange for the rights to use non-owned land that is used for the benefit of the Company and for the establishment of the Company's assets thereon. These amounts are amortized using the straight-line method over the estimated period of their future useful life associated with the lease period and amortization is made over a period of 26 years.

3. Summary of significant accounting policies... (continued)

3.4. Intangible assets... (continued)

Costs of software applications

These costs include the costs of licenses for the use of comprehensive software solutions and their applications, after deducting the accumulated amortization expenses. The cost of capitalized software is amortized using the straight-line method over the estimated useful life from the date on which the Development and implementation of software is completed and amortization is made over a period of 10 years.

Costs of research and development

Expenditures on research activities carried out in order to gain new scientific or technical knowledge are recognized in profit or loss when incurred. Development activities include a plan or design for the production of significant new or improved products, services and processes. Development costs are only capitalized if the development costs can be reliably measured or if the product, service or process is technically and commercially feasible, the future economic benefits are probable, and the Group intends and have sufficient resources to complete the development and then use or sell the asset. Capitalized costs include the cost of material, labor and other related expenses directly attributable to the preparation of asset for utilization. Capitalized development expenses are measured at cost less amortization and impairment losses. The cost of capitalized development is amortized using the straight-line method over relevant useful lives.

Business combination and goodwill

Business combinations are accounted for using the acquisition method. The cost of the acquisition is measured at the total transferred amount, which is measured at fair value at the date of acquisition and the amount of non-controlling interests in the acquiree. For each business combination, the Company measures the non-controlling interests in the acquiree at their fair value or their proportionate share of the net identifiable assets of the acquire. Acquisition costs incurred are recognized as expenses and are recognized in the administrative expenses.

When the Company acquires a business, the financial assets acquired and liabilities assumed are assessed for appropriate classification and allocation in accordance with the contractual terms, economic conditions and situations prevailing at the date of acquisition. This includes the separation of derivatives recognized in other financial instruments in major contracts by the acquire.

The contingent consideration to be transferred by the acquirer is recognized at fair value at the date of acquisition. The contingent amount, which is recognized as an asset or liability representing a financial instrument through IFRS 9 "Financial Instruments"- Recognition and Measurement-, is measured at fair value and the changes in fair value are recognized in the consolidated statement of profit or loss.

Goodwill is initially measured at cost, which represents the excess of the total consideration transferred and the recognized amount of the non-controlling interest and any shares held over the identifiable net acquired assets and assumed liabilities. If the fair value of the acquired net assets exceeds the total transferred amount, the Company reevaluates its appropriateness to properly identify all acquired assets and all assumed liabilities and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If this reevaluation continues to result in an increase in the fair value of the acquired net assets over the total transferred amounts, the gain is recognized in the consolidated statement of profit or loss.

Goodwill is measured at cost less accumulated impairment losses. For the purpose of testing, and in order to assess the existence of impairment, goodwill acquired in a business combination from the date of acquisition- is allocated to each unit or group of cash generating units expected to benefit from the business combination, regardless of whether other assets or liabilities of the acquiree are allocated to those units.

When goodwill is allocated to the cash-generating unit and part of the operation is disposed within that unit, the goodwill relating to the disposed operation is recognized in the carrying amount of the operation when determining the disposal profit or loss. The derecognized goodwill in such cases is measured based on the relative value of the disposed operation and the retained portion of the cash generating unit.

Notes to the consolidated financial statement for the year ended December 31, 2020
(All amounts in Saudi Riyals unless otherwise stated)

3. Summary of significant accounting policies... (continued)

3.5. Investment properties

Investment properties are the real estate that are acquired for the purpose of acquiring rental income or capital development, or both together, in addition to those acquired for unspecified future uses as investment properties but not for sale within the normal business cycle and uses in the production or supply of goods or services for administrative purposes.

The investment properties acquired upon initial recognition are measured at cost (including transaction costs), upon subsequent measurement - the group uses the cost model in accordance with the mandatory decision of the joint stock companies issued by the Capital Market Authority, which expires at the end of 2021, and the value is also disclosed. The fair value of investment properties is in accordance with the disclosure requirements of International Accounting Standard No. 40, and the fair value is determined based on an annual evaluation by an accredited external valuer by applying the recommended valuation method in accordance with international and internal valuation standards.

Investment properties are discontinued when they are disposed of or permanently withdrawn from use, and when no future economic benefits are expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is included in the consolidated statement of profit or loss for the year in which the recognition is discontinued.

3.6. Leases

Determining whether the agreement is (or its content) is a lease based on the substance of the agreement. The agreement is considered a lease or contains a lease if it gives the right to control the use of an asset for a period of time in exchange for some consideration.

A single model of recognition and measurement is applied to all leases, except for short-term or impaired leases, and the right to use assets and lease obligations are recognized at the contract commencement date.

Right-of-use assets

Right-of-use assets is measured at cost which consists of the followings:

- The initial measurement amount for the leases' obligations,
- Any lease payments made on or before the lease commencement date less any lease incentives received,
- Any initial direct costs, and
- Renewal costs.

Right-of-use assets is depreciated using the straight-line method over the shorter expected useful life or the lease term.

Leases' obligations

Lease obligations are initially measured at the present value of unpaid lease payments on the lease commencement date, which includes:

- Fixed payments (including fixed payments in substance) less any debit rent incentives.
- Variable rental payments that are indicators or rate based.
- Amounts expected to be paid by the lessee under residual value guarantees.
- The exercise price of a call option if the lessee is reasonably sure of exercising the option.
- Fines for terminating the lease, if the lease term reflects the lessee's exercise of that option.

3. Summary of significant accounting policies… (continued)

3.6. Leases… (continued)

Leases' obligations… (continued)

Lease payments are discounted using the additional borrowing rate, which represents the price that the lessee will pay to borrow the funds necessary to obtain an asset at a similar value in a similar economic environment with similar terms and conditions.

Each rental payment is distributed between the finance cost and the reduction of the existing obligation, and the finance cost is charged to profit or loss over the lease period so that a constant periodic interest rate is achieved on the remaining balance of the obligation for each period.

Short term or impaired leases

Short-term leases are leases with a lease period of 12 months or less. Payments related to short-term leases and impaired leases are recognized on a straight-line basis as an expense in the statement of profit or loss.

3.7. Inventory

Inventory is measured at the lower cost or net realizable value, and the cost is determined according to the following:

Raw materials: The cost includes the costs of purchasing the materials and all the expenses incurred in bringing them to their current location. The cost is measured using the weighted average method.

Production - In-progress and finished production: It includes the cost of the materials used in production in addition to the cost of direct labor and all other direct and indirect expenses incurred related to transfer of the product and bringing it to its location and current state.

Net realizable value is the estimated selling price in the ordinary course of business, less any expected costs to complete the product and the estimated selling costs.

Impairment of inventory

At each reporting date an assessment is made to determine whether any of the inventory items have impaired by comparing the carrying amount of each inventory item (or group of similar items) with its selling price less the cost of completing and selling it. If the net selling price is less than the carrying amount, the inventory impairment loss is recognized.

3.8. Transactions with related parties

Transactions with related parties include transfer of resources, services, obligations, or financing between the group and that related party, regardless of whether or not those transactions are carried out on terms equivalent to those that prevail in transactions that take place on the basis of free competition or not.

A person is considered related to the group if that person, or is close to that person's family:

A. A member of the senior management personnel * in the group; or
B. Has joint control or control over the group; or
C. Has an important influence on the group's decisions and directions.
- Senior management personnel are those persons, who have the authority and responsibility to plan, direct and control the activities of the group, directly or indirectly, including any manager, whether executive or otherwise.

3. Summary of significant accounting policies... (continued)

3.8. Transactions with related parties... (continued)

An entity is considered related to the company if:

A. The enterprise and the group are members of the same group or are jointly owned by owners; or
B. The entity is an associate or owned by the group; or
C. The fact that the entity is subject to the control of the group, or vice versa, or the entity and the group are subject to joint control.

3.9. Accounts receivable

Accounts receivable are initially recognized at fair value, and are subsequently measured at amortized cost using the effective interest rate, less any impairment losses on receivables.
Trade receivables result from the company providing its services to clients on credit. The Company's management does not impose any commissions or interest on trade receivables.

3.10. Cash and cash equivalents

Cash and cash equivalents in the statement of financial position include cash at banks, cash on hand, and short-term deposits maturity of which is three months or less. It is subject to insignificant risk of change in value.

3.11. Statement of cash flows

The statement of cash flows is prepared according to the indirect method.

For the purposes of preparing the statement of cash flows, cash and cash equivalents consist of bank balances, cash on hand and short-term deposits, less existing overdraft accounts, which are an integral part of the cash group's management.

3.12. Accounts payable and accrued expenses

Accounts payable and accrued expenses are recognized for the obligations that must be paid in the future for the materials and services obtained, whether the suppliers are billed or not.

Trade payables are obligations that a company has incurred during the normal business cycle on the basis of normal credit terms and they are non- bearing interest.

3.13. Employees' benefits

Defined benefit programs (end of service benefits for employees)

The company applies a defined benefit plan to reward the end of service for its employees in accordance with the requirements of the labor law in the Kingdom of Saudi Arabia. Payments under this scheme are based on employees 'final salaries and allowances and their years of service accumulated on the date they ceased their employment. As it is known in the conditions contained in the labor laws in the Kingdom of Saudi Arabia, employees' end of service benefit plans are unfunded plans whereby the concerned entities fulfill their obligation to pay benefits when they are due.

The defined benefit obligation is re-measured periodically by an actuarial expert using the projected unit credit method.

The liability amount is calculated on the basis of the present value of the estimated future cash outflows discounted at the discount rate used. The defined benefit obligation costs are calculated using the actuarial defined retirement costs at the end of the previous year, adjusted for significant market fluctuations and for any significant one-time events such as program adjustments, labor curtailment and reimbursements.

3. Summary of significant accounting policies... (continued)

3.13. Employees' benefits... (continued)

Actuarial gains and losses arising from re-measurement of the net defined benefit plan obligations are included in the statement of other comprehensive income. The company calculates the interest expense by applying the discount rate used to measure the net defined benefit obligation. The net interest expense and other expenses related to the defined benefit program are recorded in the statement of profit or loss.

Employees' short term benefits

An obligation is recognized for benefits payable to employees related to wages and salaries, including non-monetary benefits, annual leaves, sick leaves, travel tickets and other allowances during the period in which the related service is provided, as well as the undiscounted amount of the benefits expected to be paid for that service on the basis that related service performed. Obligations recognized for short-term employee benefits are measured at the undiscounted amount expected to be paid for the service rendered.

3.14. Zakat and tax

Zakat

The group is subject to the regulations for zakat, which is determined according to the regulation and instructions issued by the General Authority for Zakat and Income (GAZT) and in accordance with the Zakat standard.

Zakat is calculated on the higher Zakat base that includes the zakat income or the adjusted net income, which is calculated through the consolidated financial statements of the parent company and its subsidiaries, according to which a consolidated return is filed for the group in accordance with the regulation and instructions issued by the GAZT. The share of each subsidiary of the Zakat payable is determined on an arbitrary basis.

Withholding tax

The group withholds taxes on some transactions with non-resident parties in the Kingdom of Saudi Arabia, as required in accordance with the tax regulations in force in the Kingdom of Saudi Arabia. Withholding tax related to foreign payments is recorded as short-term liabilities.

Value added tax (VAT)

The net amount of VAT recoverable from, or payable to the General Authority for Zakat and Income is included as part of receivables or payables in the statement of financial position.

3.15. Provisions

Provisions are recognized when the group has a present (legal or constructive) obligation arising from a previous event and there is a possibility that the group will be required to pay this obligation through cash flows of resources outside the group that embody economic benefits and it is possible to make a reliable estimate of the amount of the obligation. Where the Group expects to pay some or all of the provision - for example - under an insurance contract, the payment is included as a separate asset, but only when the payment is actually certain. The expense relating to the provision is presented in the statement of profit or loss less any payment.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of external resources, including economic benefits, will be required to settle the obligation, the provision is reversed.

Notes to the consolidated financial statement for the year ended December 31, 2020
(All amounts in Saudi Riyals unless otherwise stated)

3. **Summary of significant accounting policies... (continued)**

3.15. **Provisions... (continued)**

Costs of discontinuation of operations (obligations related to asset removal)

A provision for obligation to discontinuation of operations is recognized when the Group assumes responsibility for restoration of work or land rehabilitation, the degree of discontinuation of required operations and related costs depends on the requirements of current laws and regulations.

Costs included in the provision include all liabilities for decommissioning of operations that are expected to occur over the life of the assets. The provision for stopping operations is deducted to its present value and capitalized as part of the assets under the item of property, plant and equipment, and then depreciated as an expense over the expected useful lives of those assets.

3.16. **Contingent liabilities and assets**

Contingent liabilities are liabilities that are likely to arise from past events and whose existence is confirmed only by the occurrence or non-occurrence of one or more uncertain future events that do not fall within the group's full control. Or a present obligation that is not recognized because it is unlikely that an outflow of resources will be required to settle the obligation. In the event that the amount of the obligation cannot be measured with sufficient reliability, the group does not recognize the contingent liabilities but rather discloses them in the financial statements.

Contingent assets are not recognized in the financial statements, but are disclosed when economic benefits are likely to be realized.

3.17. **Foreign currencies**

Transactions in foreign currencies during the year are translated into Saudi riyals according to the exchange rates prevailing at the time of the transaction, and the assets and liabilities balances recorded in foreign currencies at the date of the financial statements are translated into Saudi riyals at the exchange rates prevailing on that date. Profits and losses resulting from transfers are included in the statement of income.

3.18. **Financial instruments**

A financial instrument is any contract that gives rise to a financial asset for one entity and a financial liability or as an instrument of equity for another entity. Financial assets and financial liabilities are recognized and measured in accordance with the provisions for measurement, evidence, and recognition requirements contained in the International Financial Reporting Standard No. (9).

The following are details of the accounting policies related to this:

3.18.1. **Financial assets**

Initial recognition and measurement

Trade receivables and deposits are recorded on the date they arise, and all other financial assets are recognized on the trade date in which the group becomes a party to the contractual provisions of the instrument.

Financial assets are measured upon initial recognition at the transaction price that is attributable to the acquisition of the financial asset, including the transaction cost, excluding the financial assets that are subsequently measured at fair value through the statement of income. If the arrangement is in fact a financing transaction, then the financial asset is recognized at the present value of future payments discounted at the market interest rate.

3. Summary of significant accounting policies... (continued)
3.18. Financial instruments... (continued)
3.18.1. Financial assets... (continued)

Classification and subsequent measurement

IFRS 9 includes three main classification categories of financial assets: financial assets that are measured at amortized cost, assets that are measured at fair value through other comprehensive income, and assets that are measured at fair value through the statement of profit or loss.

Under IFRS 9, the financial derivatives incorporated in contracts in which the underlying instrument is a financial asset within the scope of the standard is not subdivided. Rather, the hybrid financial instrument as a whole is evaluated for the purpose of classifying it.

The subsequent measurement of financial assets depends on their classification as shown below:

Financial assets measured at amortized cost

These assets are measured upon initial recognition of fair value in addition to transaction costs directly related to the acquisition or issue of the financial asset. After initial recognition it is measured at amortized cost using the effective interest method.

Financial assets at fair value through other comprehensive income:

Upon initial recognition, the company may perform irrevocable tests (on an instrument-by-instrument basis) to assign investments in equity instruments at FVTOCI. It is not permitted to designate fair value through other comprehensive income if the equity investment is held for trading or if it is a corresponding consideration recognized by the acquirer in combining businesses to which IFRS 3 applies

Investments in equity instruments are measured at FVOCI initially at fair value plus transaction costs. Thereafter, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the investments revaluation reserve. The accumulated gain or loss will not be reclassified into profit or loss on disposal of equity investments, but rather will be transferred to retained earnings.

Dividends from these investments in equity instruments are recognized in profit or loss when the group's right to receive dividends is established unless the dividends clearly represent a recovery of part of the cost of the investment.

Financial assets at fair value through profit or loss:

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets classified upon initial recognition as fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. After its initial recognition it is re-measured at fair value.

De-recognition of financial assets

De-recognition of a financial asset is essentially made when:

The right to receive cash flows from the asset is expired, or

That the group transfers its rights to receive cash flows from the asset, or incurred the obligation to fully repay the cash flows received without material delay to a third party under a "transitory arrangement". Either it transferred substantially all the benefits and risks of the asset, or it did not transfer or retain substantially all the benefits and risks of the asset but transferred control of the asset.

Notes to the consolidated financial statement for the year ended December 31, 2020
(All amounts in Saudi Riyals unless otherwise stated)

3. Summary of significant accounting policies... (continued)
3.18. Financial instruments...(continued)
3.18.1. Financial assets...(continued)

Impairment of financial assets measured at cost or amortized cost

In accordance with International Financial Reporting Standard No. (9), an assessment is made at each reporting date for impairment of financial assets that are measured at amortized cost or fair value through other comprehensive income, except for investments in equity instruments as well as on contract assets. This is according to the expected future credit loss model which requires a great appreciation regarding how changes in economic factors affect expected credit loss models, which are determined on the basis of the likelihood, and loss provisions are measured according to one of the following basis:

1. 12-month expected credit loss: This expected credit loss results from potential default events within 12 months after the reporting date.
2. Expected credit loss over the life of the financial instrument: it is the credit loss of financial assets significantly on the reporting date since its initial recognition, and the measurement of expected credit loss is applied over a period of 12 months. Significant credit risk in the event that the instrument is exposed to low credit risk at the reporting date. However, the lifetime ECL is always applied to trade receivables and contract assets without any significant financing components. An entity may elect to apply this policy also for trade receivables and contract assets with significant financing components.

3.18.2. Financial liabilities

Initial measurement

Upon initial measurement, except for financial liabilities that are subsequently measured at FVTPL, financial liability is measured at the transaction price (including transaction costs), unless an arrangement is formed, in fact a financing transaction for the entity (for a financial liability) or the counterparty (for a financial asset) for the arrangement.

Upon initial measurement, financial liabilities that are subsequently measured at FVTPL, transaction costs are recognized through profit or loss.

The arrangement constitutes a financing transaction if the payment is deferred beyond the normal business terms.

If the arrangement constitutes a financing transaction, financial liability is measured at the present value of future payments discounted at the market interest rate for a similar debt instrument.

Trade payables that do not contain a significant financing component or maturity of which is less than 12 months are measured at the transaction price (invoice)

Classification and subsequent measurement

The financial liability is measured at the amortized cost using the real interest method in the event that the conditions previously explained above are fulfilled. These financial liabilities are subsequently measured at the amortized cost using the real interest rate method and the amortized cost is calculated by taking into consideration any discount or premium over the acquisition and fees or costs that are deemed an integral part of the real interest rate. The real interest rate amortization is included within the financing income in the statement of profit or loss, and according to the International Financial Reporting Standard No. (9), the change in fair value related to changes in the credit risk of liabilities is presented in the statement of other comprehensive income, while the remainder of the change in fair value is presented in the statement of profit or loss.

Debt instruments that are classified as current liabilities are measured at the undiscounted cash or other monetary consideration that is expected to be paid unless an arrangement is formed in fact a financing transaction.

Notes to the consolidated financial statement for the year ended December 31, 2020

(All amounts in Saudi Riyals unless otherwise stated)

3. Summary of significant accounting policies... (continued)

3.18. Financial instruments...(continued)

3.18.2. Financial liabilities...(continued)

De-recognition of financial liabilities

A financial liability is de-recognized when it is discharged, canceled or expired. When replacing an existing financial liability with another from the same lender under completely different terms or when the terms of an existing liability are materially modified, such replacement or modification is treated as canceling the entry for the original financial liability with the recognition of the new liability. The difference between the related carrying values is recorded in the statement of profit or loss.

3.18.3. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is shown in the statement of financial position only when there is a binding legal right and when the group has the intention to settle the assets and liabilities on a net basis to realize the assets and pay the liabilities simultaneously.

3.19. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, taking into account any commercial discounts, quick settlement discounts and volume discounts permitted by the group (if any).

Revenue includes only the total inflows of economic benefits received or receivable to which they relate. All amounts collected to the account of a third party, such as income taxes, and value added taxes, are excluded.

When the inflow of cash or cash equivalents is deferred and the agreement includes in substance a financing transaction, the fair value of the consideration is the present value of all future receipts that is determined using the implicit interest rate.

The implicit interest rate is the one that can be determined more clearly than the following:

- The prevailing rate for the same type of issued instruments having the same credit rating, or
- An interest rate that discounts the nominal value of the instrument to the current cash sale price of goods or services.

The difference between the present value of all future receipts and the nominal value of the consideration is recognized as interest income.

Notes to the consolidated financial statement for the year ended December 31, 2020
(All amounts in Saudi Riyals unless otherwise stated)

3. Summary of significant accounting policies...(continued)
3.19. Revenue recognition...(continued)

The group's revenues represent the followings:

Revenue from sale of goods

Revenue arising from the sale of goods is recognized and an invoice is issued when all of the following conditions are met:

Step 1: Identify contract(s) with customers
Step 2: Define performance obligations in the contract.
Step 3: Determine the transaction price.
Step 4: Allocate the transaction price to the performance obligations in the contract.
Step 5: Recognize revenue when the entity performs the predominance requirements.

Under IFRS 15, Revenue is recognized for the entity upon performance of the obligation, i.e. when the control over the goods or services performing a certain obligation moves to the customer.

The group's revenues represent the followings:

Other income

Rental income from operating leases is recognized on a straight-line method over the lease periods, and is included in other income, and other income is recognized on an accrual basis.

3.20. Cost of revenue

The cost of revenue consists of production costs and direct industrial overheads. This includes the cost of raw materials used in production, direct labor and other capital costs and operating expenses associated with production.

Cost of goods sold revenue consists of the direct costs and expenses associated with getting the goods ready for the client.

3.21. Cost of finance

The cost of finance consists of the interest and other costs that the entity incurs in connection with borrowing funds and obtaining financing facilities. All costs of finance are charged to profits or losses in the period they are incurred except for costs of finance related to owning or creating an asset that may need time to become ready for the purpose for which it is intended to be used. They are added to the cost of this asset until it is ready for use .

3.22. Selling, marketing, general and administrative expenses

Selling and marketing expenses consist of the expenses incurred in selling and marketing the goods, which are not considered part of the cost of revenue.
General and administrative expenses consist of those that are directly related to the management and which are not considered direct costs

3.23. Board of directors' members remunerations

The total amounts paid to members of the Board of Directors include attendance of meeting fees, bonuses and expenses and are in accordance with, and within the limits, the requirements of the companies' Act, the guidelines of the Capital Market Authority, and the articles of association of the company.

Notes to the consolidated financial statement for the year ended December 31, 2020
(All amounts in Saudi Riyals unless otherwise stated)

3. Summary of significant accounting policies...(continued)

3.24. Earnings per share

Basic earnings per share and diluted earnings per share (if any) are presented for ordinary shares, where basic earnings per share is calculated by dividing the profit or loss of ordinary shareholders of the group by the weighted average number of ordinary shares outstanding during the year, adjusted for the number of ordinary shares repurchased or issued during the year. Diluted earnings per share is calculated by adjusting the Group's reduced profit or loss of ordinary shareholders and the weighted average number of shares outstanding during the year for the effects of all the discounted ordinary shares that are likely to be issued.

3.25. Dividends

Dividends are recorded to the shareholders of the company upon approval of these dividends by the general assembly of shareholders in accordance with the Companies Act in the Kingdom of Saudi Arabia.

3.26. Operating segments

The business sector is a group of assets and operations associated with providing products or services that are subject to risks and returns that differ from those of other business sectors. The geographical sector includes providing products or services within a specific economic environment that are exposed to risks and returns that differ from those related to sectors operating in other economic environments.

Notes to the consolidated financial statement for the year ended December 31, 2020
(All amounts in Saudi Riyals unless otherwise stated)

4. Changes in significant accounting policies and the new standards

4.1. The new and amended standards that are applied but not have a material impact on the financial statements:

There are no new standards that have been applied, however, a number of amendments to the standards are effective as of January 01, 2020, but do not have a material impact on the financial statements of the company, and the following is a summary of the amendments applied by the company:

The standard –Interpretation	Description	Effective date
Conceptual framework	Amendments to the conceptual framework references in IFRSs	January 1, 2020
IFRS 3	Amendments to the standard related to definition of business	January 1, 2020
International Accounting Standard No. 1 and International Accounting Standard No. 8	Amendments to the standard related to the definition of materiality	January 1, 2020
IFRS 16	Amendments to the standard related to fare reduction related to the pandemic of COVID-19	June 1, 2020

4.2. The new and amended standards those are not effective and not applied:

The standard –Interpretation	Description	Effective date
IFRS 17	Insurance contracts	January 1, 2021
International Accounting Standard No.16	Amendments to the standard relating to property, plant and equipment - proceeds prior to intended use	January 1, 2022
IFRS 3	Amendments to the standard related to reference to the conceptual framework in IFRSs issued in March 2018	January 1, 2022
International Accounting Standard No. 37	Amendments to the standard related to ineffective contracts - the cost of fulfilling a contract	January 1, 2022
Annual improvements to IFRSs for the 2018-2020 cycle	Annual Improvements include amendments to three standards: - International Financial Reporting Standard No. 1 "First-time application of IFRSs" - IFRS 9 "Financial Instruments" - IFRS 41 "Agriculture"	January 1, 2022
IFRS 10 and IAS 28	Amendments to (sale or contribution of assets between the investor and its associate or joint venture)	Available for optional application Effective date not yet specified

Notes to the consolidated financial statement for the year ended December 31, 2020

(All amounts in Saudi Riyals unless otherwise stated)

5. Property, plant and equipment – net

For the year ended December 31, 2020

	Lands	Buildings (5.1)	Roads and networks	Plant and equipment	Motor Vehicles	Tools	Computers	Office furniture and equipment	Capital works in progress (5.2)	Total
Cost										
Balance 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
Additions	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	-	(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)	-
Property and plant 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 at December 31, 2020	**35,569,543**	**213,089,687**	**10,658,221**	**342,451,036**	**23,104,727**	**9,456,553**	**9,769,314**	**12,945,752**	**72,970,439**	**730,015,272**
Accumulated depreciation										
Balance at January 01, 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
Charged to the year	-	8,188,161	513,764	16,694,452	837,158	774,375	533,259	876,238	-	28,417,407
Disposals	-	(442,342)	-	(8,572,237)	(1,147,295)	(110,715)	(83,179)	(36,699)	-	(10,392,467)
Property and plant translation differences	-	(584,179)	(45,163)	(2,093,209)	(190,811)	(63,819)	(60,603)	(66,496)	-	(3,104,280)
Balance 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	35,569,543	145,988,971	5,810,739	110,509,635	1,195,629	1,670,573	1,965,752	5,244,878	72,970,439	380,926,159

5.1. The above buildings includes items with net book value on December 31, 2020 amounted to SR 84,088,665 (2019: SR 90,555,588) constructed on three plots of land leased from the Saudi Authority for Industrial Cities in Riyadh and Dammam at a nominal annual rent under lease contracts valid till (26 Shaban 1452 H, 13 Ramadan 1454 H, 5 Rabi' al-Thani 1456 H).

5.2. The expenditure on capital work in progress is as follows:

1. Constructing hangars in the company's warehouse in Dammam.
2. Constructing hangars in the company's warehouses in Riyadh.
3. Constructing labor accommodation in Riyadh.
4. Installing plant and equipment at the poles factory in Riyadh.

Notes to the consolidated financial statement for the year ended December 31, 2020

(All amounts in Saudi Riyals unless otherwise stated)

5. Property, plant and equipment – net ...(continued)

For the year ended December 31, 2019

	Lands	Buildings (5.1)	Roads and networks	Plant and equipment	Motor Vehicles	Tools	Computers	Office furniture and equipment	Capital works in progress (5.2)	Total
Cost										
Balance as at January 01, 2019	85,306,454	171,442,543	9,752,406	285,635,539	25,455,818	8,768,140	8,935,243	9,366,501	113,171,929	717,834,573
Additions	-	3,955,789	45,076	9,095,006	177,696	982,161	531,937	1,020,760	81,737,180	97,545,605
Disposals	(300,000)	(25,827,726)	(1,172,430)	(15,918,613)	(1,864,594)	(556,536)	(114,317)	(324,134)	-	(46,078,350)
Transfers	(48,877,367)	64,896,394	2,025,916	58,791,169	681,282	60,565	408,301	1,839,718	(128,703,345)	(48,877,367)
Property and plant translation differences	(1,354,329)	(4,722,803)	(266,292)	(8,448,294)	(593,837)	(249,182)	(243,405)	(288,166)	(1,730,789)	(17,897,097)
Balance as at December 31, 2019	**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**
Accumulated depreciation										
Balance as at January 01, 2019	-	73,314,415	5,084,780	238,140,364	24,113,293	7,006,412	7,070,303	6,643,910	-	361,373,477
Charged to the year	-	6,643,205	630,814	11,237,523	975,351	1,044,097	725,074	773,952	-	22,030,016
Disposals	-	(17,822,989)	(1,172,430)	(14,980,869)	(1,864,191)	(586,360)	(111,346)	(243,417)	-	(36,781,602)
Property and plant translation differences	-	(2,195,555)	(164,283)	(8,484,623)	(814,407)	(278,010)	(269,946)	(246,614)	-	(12,453,438)
Balance as at December 31, 2019	-	**59,939,076**	**4,378,881**	**225,912,395**	**22,410,046**	**7,186,139**	**7,414,085**	**6,927,831**	-	**334,168,453**
Net book value										
As at December 31, 2019	34,774,758	149,805,121	6,005,795	103,242,412	1,446,319	1,819,009	2,103,674	4,686,848	64,474,975	368,358,911

5.1. The above buildings includes items with net book value on December 31, 2020 amounted to SR 84,088,665 (2019: SR 90,555,588) built on three plots of land leased from the Saudi Authority for Industrial Cities in Riyadh and Dammam at a nominal annual rent under lease contracts valid till (26 Shaban 1452 H, 13 Ramadan 1454 H, 5 Rabi' al-Thani 1456 H).

5.2. The expenditure on capital work in progress is as follows:

1. Constructing buildings, furniture, and installing plant and equipment at the Towers' Factory in Dammam.
2. Installing machines and equipment at the poles factory in Riyadh.

5.3. **The depreciation is allocated during the year as follows:**

	2020	2019
Charged to cost of revenue	25,724,075	18,531,846
Charged to selling and marketing expenses (note 25)	465,276	363,016
Charged to general and administrative expenses (note 26)	2,228,056	3,135,154
	28,417,407	**22,030,016**

Notes to the consolidated financial statement for the year ended December 31, 2020

(All amounts in Saudi Riyals unless otherwise stated)

6. Intangible assets – net

	31/12/2020	31/12/2019
Intangible assets – net (note 6.1)	6,185,775	7,692,985
Goodwill (note 6.2)	20,292,024	20,292,024
	26,477,799	27,985,009

6.1.) Details of the cost and accumulated amortization of intangible assets for the financial year ended December 31, 2020 are as follows:

	Against transfer of land deeds	Software applications	Research and development and ownership rights	December 31, 2020	December 31, 2019
Cost					
Balance at beginning of the year	7,049,329	14,423,649	7,830,283	29,303,261	21,472,978
Additions during the year	-	131,180	-	131,180	7,830,283
Balance at end of the year	**7,049,329**	**14,554,829**	**7,830,283**	**29,434,441**	**29,303,261**
Accumulated amortization					
Balance at beginning of the year	7,049,329	14,423,649	137,298	21,610,276	21,085,470
Amortization during the year	-	72,333	1,566,057	1,638,390	524,806
Balance at end of the year	**7,049,329**	**14,495,982**	**1,703,355**	**23,248,666**	**21,610,276**
Net book value					
As at end of the year	-	**58,847**	**6,126,928**	**6,185,775**	**7,692,985**

6.2.) Goodwill represents the amount paid in excess of the fair value of the Company's share of the net assets acquired. The goodwill details are as follows:

	31/12/2020	31/12/2019
Al-Babtain Power and Telecommunication Co. - Egypt	713,987	713,987
Al-Babtain Leblanc Emirates	19,578,037	19,578,037
	20,292,024	20,292,024

6.3.) A test is carried out for the company annually by comparing the book value with the recoverable value recognized on calculating the present value of the expected cash flows based on financial projections for a period of 5 years. A discount rate appropriate to the nature of the activity and the risks associated with using the Gordon growth model is used to calculate the final value of the last year from the forecast period.

Notes to the consolidated financial statement for the year ended December 31, 2020
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7. Investment properties – at cost

	31/12/2020	31/12/2019
Land	48,877,367	48,877,367

- As stated in "summary of significant accounting policies", investment properties stated at cost. The fair value of investment properties amounted to S.R. 100,365,000 as of December 31, 2020 according to the evaluation process carried out by Abdurrahman Al-Hammad Firm (an independent evaluator accredited by the Saudi Authority for Accredited Valuer Membership No.(1210000840) who is specialized in evaluating these types of investment properties.

8. Financial assets at fair value through other comprehensive income (FVTOCI)

	Shareholding %			
	2020	2019	31/12/2020	31/12/2019
Company name				
Mashed Saudi Company *	3.04%	3.04%	25,000,000	25,000,000
Qatar Engineering and Metals Co. *	21.65%	21.65%	6,135,459	51,097,693
Mina Jos Company Limited-Turkey *	9.59%	9.59%	42,875,100	63,810,000
Basta World Limited - Turkey *			5,963,175	5,963,175
			79,973,734	145,870,868

The board of directors of the company decided to amend the classification of financial assets at fair value through profit or loss to financial assets through other comprehensive income, starting from October 2020 while maintaining previous changes in fair value in retained earnings , accordingly the change in fair value of the year is included in other comprehensive income.

* The investments referred to above represent investments in an investment fund at Venture Capital Bank and according to the latest report for the fiscal year ended on December 31, 2020 issued by the bank, those investments are presented at fair value, as the fair value of the investments of Qatar Engineering and Metals Company and Mina Jos Company Limited - Turkey decreased and those losses are recorded in the statement of other comprehensive income, the company's investment in the shares of the Mashed Saudi Company, the investments maintained at cost and there is no current indication of the decline in its value.

The following is a summary of the movement of financial assets at FVTOCI:

	31/12/2020	31/12/2019
Balance at the beginning of the year	145,870,868	139,907,693
Purchase of shares at Basta World Limited - Turkey	-	5,963,175
Revaluation losses of financial assets at FVTOCI	(65,897,134)	-
Balance at the end of the year	79,973,734	145,870,868

9. Investments in unconsolidated subsidiaries

	Shareholding%			
	2020	2019	31/12/2020	31/12/2019
Company name				
Wind Energy International Company **	-	100%	-	5,000,000
Advanced Solutions Energy Company **	-	100%	-	200,000
Al-Babtain Contracting Company - Qatar	100%	100%	205,000	205,000
			205,000	5,405,000

** These investments are referred to note 1.

Notes to the consolidated financial statement for the year ended December 31, 2020

(All amounts in Saudi Riyals unless otherwise stated)

10. Investments in associate

Investments in associates are as follows:

Company name	Place of registration	Shareholding % (%)	31/12/2020	31/12/2019
Al-Babtain France SES Company	France	51%	3,812,207	6,824,045

The following is a summary of the movement of investments in associates:

	31/12/2020	31/12/2019
Balance at the beginning of the year	6,824,045	12,602,693
The company's share of (losses)/income from associate	(3,011,838)	1,044,211
Less (due to sale of 49%)	-	(6,822,859)
Balance at the end of the year	**3,812,207**	**6,824,045**

11. Right-of-use leased assets /leased contracts obligations

11.1. Right-of-use leased assets – net

	31/12/2020	31/12/2019
<u>Cost</u>		
Balance at beginning of the year	10,247,694	-
Additions during the year	20,420,190	10,247,694
Balance at end of the year	**30,667,884**	**10,247,694**
<u>Accumulated amortization</u>		
Balance at beginning of the year	724,113	-
Amortization during the year	2,239,645	724,113
Balance at end of the year	**2,963,758**	**724,113**
<u>Net book value</u>		
As at end of the year	**27,704,126**	**9,523,581**

11.2. Obligations against right-of-use leased assets

Present value of obligations		
Current portion	4,104,252	1,123,808
Non-current portion	22,736,522	8,959,263

The total interest expense on recognized lease obligations during the year ended December 31, 2020 is SR 774,110 (December 31, 2019: 312,755)

12. Inventory – net

	31/12/2020	31/12/2019
Raw materials	306,475,674	314,836,363
Finished goods	60,242,148	34,063,609
Spare parts, consumables and other supplies	12,319,943	12,390,840
Work-in-progress	61,702,287	28,090,426
Goods in transit	32,135,537	58,900,219
	472,875,589	448,281,457
Less: Provision for impairment of inventory value (note 12.1)	(11,921,648)	(11,891,456)
	460,953,941	436,390,001

Notes to the consolidated financial statement for the year ended December 31, 2020
(All amounts in Saudi Riyals unless otherwise stated)

12. Inventory – net ...(continued)

12.1. Movement in the provision for impairment of inventory value

	31/12/2020	31/12/2019
Balance at beginning of the year	11,891,456	14,370,969
charged during the year	767,395	1,016,816
Provision no longer required during the year	(737,203)	(3,496,329)
Balance at end of the year	**11,921,648**	**11,891,456**

13. **Trade receivables – net**

	31/12/2020	31/12/2019
Trade receivables	617,089,646	554,027,300
Cheques under collection and bills receivable	12,227,434	7,439,325
	629,317,080	**561,466,625**
Less: Provision for expected credit losses	(29,181,064)	(37,164,780)
	600,136,016	**524,301,845**

14. **Related parties' transactions**

a. In the course of its activities, the Company deals with related parties, in form of purchases of some tools and materials from these companies and obtains technical services from these parties. The Company also sells them finished goods and provides financing for business requirements. These transactions are based on agreed prices and terms and are approved by Management, as detailed below:

14.1. **Due from related parties**

	Relationship	31/12/2020	31/12/2019
Al-Babtain France SES Company	Associate	47,420,358	43,337,396
Al-Babtain Contracting Company	Sister	6,509,713	2,227,440
Al-Babtain Engineering Industries Company	Sister	78,953	416,891
Advanced Energy Solutions Company		-	7,283
		54,009,024	45,989,010

14.2. **Due to related parties**

	Relationship	31/12/2020	31/12/2019
Metalogalva Irmaos Silvas, S.A - Portugal	Sister	15,010,230	8,738,824
Al Babtain Trading Company	Sister	23,704	9,516
Al-Babtain Contracting Company - Qatar	Sister	423,081	266,923
Wind Energy international Company	Sister	-	468,948
		15,457,015	9,484,211

b. **The significant transaction with the related parties during the year are as follows:**

Sales

	2020	2019
Al-Babtain Contracting Company	2,791,155	6,300,468
Al-Babtain Contracting Company - Qatar	-	247,920

Notes to the consolidated financial statement for the year ended December 31, 2020

(All amounts in Saudi Riyals unless otherwise stated)

14. Related parties' transactions...(continued)
14.2. Due to related parties...(continued)

Purchases

	2020	2019
Al Babtain Engineering Industries Co.	167,096	501,607
Al Babtain Trading Co.	151,946	52,656

Financing

	31/12/2020	31/12/2019
Al-Babtain France SES Company	39,688	3,680,074
Al-Babtain Contracting Company	3,044	1,044
Wind Energy international Company	-	414,647
Metalogalva Irmaos Silvas, S.A - Portugal	6,271,406	8,738,428

c. Board of directors

Relationship	Nature of transaction	31/12/2020	31/12/2019
Board of Directors	Board of Directors' Remuneration	4,475,000	4,500,000
Board of Directors	Meetings attendance allowance	234,000	219,000
Senior Management Staff	Salaries, wages, and end of services benefits	4,693,342	6,250,433

15. Prepaid expenses and others receivables

	31/12/2020	31/12/2019
Prepaid expenses	16,951,382	24,179,433
Debtors and dividends from investments	483,594	20,428,725
Advances to suppliers	12,835,889	15,437,061
Due from employees	4,324,675	1,678,647
Sales tax and other refundable taxes	5,855,458	349,240
Others	38,307,044	42,197,916
	78,758,042	**104,271,022**

16. Cash and cash equivalents

	31/12/2020	31/12/2019
Cash in hand	291,520	622,583
Banks - Local and foreign current accounts	143,067,317	135,328,727
	143,358,837	**135,951,310**

17. Share capital

The Company's subscribed and paid up share capital amounted to S.R. 426,313,120 representing 42,631,312 shares with nominal value of S.R. 10 per share.

18. Statutory reserve

In line with Companies' Regulations and the Company's Articles of Association, the Company establishes a statutory reserve by setting aside 10% of the annual net profit until the reserve equals 30% of the share capital. No further amounts need to be transferred because the statutory reserve has reached to the required limit. This reserve is not available for distribution.

The statutory reserve is set aside annually based on net profit and in accordance with the consolidated financial statements at the end of the year.

Notes to the consolidated financial statement for the year ended December 31, 2020
(All amounts in Saudi Riyals unless otherwise stated)

19. Long-term loans

	31/12/2020	31/12/2019
Loan from Saudi Industrial Development Fund	27,292,614	29,800,000
Long-term Tawarruq loans - local commercial banks	244,444,444	100,000,000
	271,737,058	129,800,000

Long-term loans are presented in the statement of financial position according to the repayment schedule of these loans as follows:

	31/12/2020	31/12/2019
Current portion	124,033,333	51,600,000
Non-current portion	147,703,725	78,200,000

The company obtained long-term bank financing from local banks with the purpose of paying other outstanding loans with other banks and restructuring financial position in addition to signing new medium-term loans agreements during the year from local banks amounting to SR 250 million for the same previous purpose. Company also obtained financing from Saudi Industrial Development Fund for the purpose of producing power transmission and telecommunication towers.

The long and medium-term bank financing from local banks are secured against issuance of promissory notes and waiver of some of contract's collections by the Company as well as other guarantees in accordance with the bank facilities contracts. The long-term and medium-term loans financing agreements includes financial covenants relating to dividends and net equity, as well as certain other financial ratios specified in those agreements.

20. Employees' defined benefit obligations

	31/12/2020	31/12/2019
Balance at beginning of the year	72,659,899	63,364,889
Charged Costs	13,629,272	7,946,407
Paid during the year	(9,635,087)	(6,381,110)
Actuarial losses	3,934,026	7,729,713
	80,588,110	72,659,899

21. Short term bank finance

The company obtained bank facilities from local and international commercial banks comprise of overdraft, Tawarruq loans and bills payable to finance working capital requirements, as well as documentary letters of credit. These facilities are subject to interest rates prevailing in the market and are secured with promissory notes and assignment of all the proceeds of the company's contracts in addition to other guarantees, these facilities are used to finance company's business, details of which are as follows:

	31/12/2020	31/12/2019
Overdraft	23,253,982	55,839,461
Short term bank loans and Tawarruq	531,514,542	514,688,842
Bills payable	85,789,212	89,557,997
	640,557,736	660,086,300

Tawarruq loans from the above-mentioned commercial banks are secured against issuance of promissory notes and waiver of some of contract's collections by the Company as well as other guarantees, these facilities are used to finance operating activities. The Tawarruq loans agreements includes financial covenants relating to dividends and net equity, as well as certain other financial ratios specified in these agreements.

Notes to the consolidated financial statement for the year ended December 31, 2020
(All amounts in Saudi Riyals unless otherwise stated)

22. Accrued expenses and other payables

	31/12/2020	31/12/2019
Advances from customers	37,857,122	49,020,128
Accrued expenses	41,731,862	32,258,880
Board of directors' remuneration	4,607,787	4,500,000
Others	40,816,377	45,233,629
	125,013,148	**131,012,637**

23. Provision for Zakat and Income Tax

The group submits a consolidated zakat declaration for the group as a whole (the parent company and its subsidiaries) under the consolidated financial statements, and the approximate zakat base for the group as on December 31, 2020 consists of the following items:

	31/12/2020	31/12/2019
Total funds subject to the Zakat and Tax	1,209,381,745	1,381,821,741
Total deductible funds	(499,491,785)	(612,844,781)
Estimated Zakat and Tax base	**709,889,960**	**768,976,960**
Provision for estimated Zakat @ 2.5%	**17,747,249**	**19,224,424**

23.1. Movement in Zakat provision

	2020	2019
Balance at beginning of the year	14,357,795	14,325,825
Provided during the year	17,747,249	19,224,424
Zakat differences for the years from 2005 to 2018	12,958,330	-
Paid during the year	(31,827,240)	(19,192,454)
Balance at end of the year	**13,236,134**	**14,357,795**

Zakat status

- The company obtained a final zakat certificate for the fiscal year ended on December 31, 2019, valid until April 30, 2021, after submitting the financial statements and zakat declaration for the same year.
- The Zakat status of the Company has been finalized for fiscal years until 2004.
- The Zakat assessment for the fiscal years from 2005 to 2018 have been finalized, and the differences of SR 12,958,330 were paid.
- The Zakat provision is estimated based on an independent advisor opinion, which the Management believes the amount is sufficient. If there are differences between the Zakat provision and the final assessment, they will be recognized as changes in the accounting estimates in the period in which the final assessment is issued, if finalized.
- The General Authority for Zakat and Tax issued a Zakat assessment for the year ended 2014, which resulted in a Zakat difference of SR 1,138,648 and the company filed a lawsuit with the General Secretariat of the Tax Committees, and it was finalized in favor of the company, for the full objection amount.
- The General Authority for Zakat and Tax issued the assessments for the years from 2015 to 2018 and resulted in zakat differences amounting to SR 32,040,281, and the company filed a lawsuit with the General Secretariat of the tax committees, and the management believes that the result will be in favor of the company, and therefore no additional provision has been provided. The Authority did not issue assessment for the year 2019 up to date.

Notes to the consolidated financial statement for the year ended December 31, 2020

(All amounts in Saudi Riyals unless otherwise stated)

24. Cost of revenue

The cost of revenue consists of production costs and direct industrial overheads. This includes the cost of raw materials used in production, direct labor and other capital costs and operating expenses associated with production.

25. Selling and marketing expenses

	2020	2019
Salaries, wages and equivalents	13,410,883	13,760,011
Vehicles rental and relocation expenses	2,664,079	3,494,611
Selling commissions, incentives and bonuses	3,113,445	1,177,114
Advertising	187,815	387,135
Depreciation (note 5.3)	465,276	363,016
Travel and transportation	221,815	226,906
Miscellaneous	5,618,751	3,707,297
	25,682,064	23,116,090

26. General and administrative expenses

	2020	2019
Salaries, wages and equivalent	49,563,191	43,630,571
Depreciation (note 5.3)	2,228,056	3,135,154
Fees and subscriptions	1,147,196	2,394,036
Board of directors' remuneration (note 14.C.)	4,475,000	4,500,000
Professional and consulting fees	2,439,831	1,362,064
Rents	1,131,163	1,021,252
Repair and maintenance	316,248	850,579
Amortizations (note 6.1)	1,638,390	524,806
Allowances for attendance of board of directors and sub- committees' meetings (note 14.C.)	234,000	219,000
Miscellaneous	14,648,477	14,318,634
	77,821,552	71,956,096

27. Other Income

	2020	2019
Sale of scrap	21,320,375	20,817,435
Capital gains	515,756	55,837
Foreign currency valuation differences	5,728,074	-
Others	9,018,193	8,554,225
	36,582,398	29,427,497

28. Earnings per share

Basic and diluted earnings per share were calculated by dividing the profit for the year attributable to the shareholders of the company by the weighted average number of shares issued as follows:

	2020	2019
Income for the year	80,310,153	86,009,470
Weighted average number of shares issued	42,631,312	42,631,312
Basic and diluted earnings per share (SR)	1.88	2.02

Notes to the consolidated financial statement for the year ended December 31, 2020
(All amounts in Saudi Riyals unless otherwise stated)

29. Segment Information

a) The main activities of the Group consist of the following main business segments:

- **Towers and metal structures segment:** includes the production and testing of power transmission towers, galvanized communication towers and galvanized steel structures.
- **Poles and lighting segment:** include the production and galvanization of electricity and lighting poles, masts and accessories, in addition to the production of street lighting lanterns, playgrounds, gardens and electricity distribution panels.
- **Design, supply and installation segment:** includes the supply, installation and maintenance of telecommunication systems.
- **Solar energy segment:** includes the production of moving metal items for photoelectric solar tracking systems.
- **Head office:** supervises various segments of the Company as well as investment activities in subsidiaries.

The Group operates in the Kingdom of Saudi Arabia and in a number of Arab Gulf countries as well as Egypt and France. Its segment data in terms of geographical distribution is relatively insignificant to be disclosed as independent segments.

b) The following is a summary of the information for the year ended 31 December according to the business segment:

	Towers and metal structures segment	Poles and lighting segment	Design, supply and installation segment	Solar energy segment	Head office	Total
As at December 31, 2020						
Net consolidated revenue	483,449,556	501,071,513	297,441,177	105,171,272	-	1,387,133,518
Income before Zakat, Tax, and non-controlling interests	2,991,444	55,575,738	23,673,120	8,537,174	23,329,027	114,106,503
Property, plant and equipment	153,504,282	96,904,433	26,480,531	69,179,191	34,857,722	380,926,159
Financial cost	16,607,647	15,461,139	2,665,957	74,863	-	34,809,606
Depreciation and amortization	11,592,067	13,294,046	5,007,610	115,822	-	30,009,545
As at December 31, 2019						
Net consolidated revenue	354,740,954	607,971,046	282,758,545	103,099,691	-	1,348,570,236
Income before Zakat, Tax, and non-controlling interests	3,417,088	46,039,579	16,980,763	11,233,673	32,057,945	109,729,048
Property, plant and equipment	140,358,223	102,300,155	26,141,469	52,927,514	46,631,550	368,358,911
Financial cost	15,677,272	16,572,810	1,571,660	-	-	33,821,742
Depreciation and amortization	6,702,609	13,277,780	2,574,432	-	-	22,554,821

Notes to the consolidated financial statement for the year ended December 31, 2020

(All amounts in Saudi Riyals unless otherwise stated)

30. Contingent liabilities

Contingent liabilities represent the letters of credit and letters of guarantee issued by commercial banks for the Group's purposes as follows:

	2020	2019
Letters of credit	92,590,548	192,254,145
Letters of guarantee	416,361,279	403,010,017
	508,951,827	**595,264,162**

31. Dividends

The Board of Directors of Al-Babtain Power and Telecommunication Company has recommended in the meeting dated on March 02, 2020, to pay dividends to the shareholders for the fourth quarter period ended December 31, 2019 amounting to SR 21,315,656 (SR 0.5 per share), for the shareholders registered in Tadawul at the end of the board meeting. Starting from the date of March 26, 2020, cash dividends were disbursed to the shareholders of the company.

32. Financial instruments

Share capital management

The company's objectives when managing the share capital are to protect its ability to continue as a going concern entity with the aim of providing returns for shareholders and benefits for other stakeholders, maintaining a strong capital structure and reducing the cost of capital.

In order to maintain or adjust capital, the company may adjust the value of dividends paid to shareholders or manage its working capital requirements. The company monitors capital on the basis of the gearing ratio. The company aims to maintain its debt ratio between 30% - 50%. This ratio is calculated by dividing net debt by total capital.

Net debt is calculated on the basis of total loans (including current and non-current loans as stated in the financial position) less cash and bank balances (including short-term deposits). Total capital is calculated on the basis of equity as stated in the financial position plus net debt.

The indebtedness ratios were as follows:

	2020	2019
Total Loans	912,294,794	789,886,300
Less: cash and bank balances	(143,358,837)	(135,951,310)
Net debts	768,935,957	653,934,990
Total share capital	1,565,414,313	1,452,950,562
Indebtedness ratio	49%	45%

There were no changes to the Company's policy in capital management for the years ended December 31, 2020 and 2019.

Notes to the consolidated financial statement for the year ended December 31, 2020

(All amounts in Saudi Riyals unless otherwise stated)

32. Financial instruments...(continued)

32.1. Liquidity risk...(continued)

	December 31, 2020			
	Upon request or less than one year	From 1 year to 5 years	More than 5 years	Net book value
Banks- Credit facilities	764,591,069	-	-	764,591,069
Trade and other payables	239,850,728	-	-	239,850,728
Due to related parties	-	15,457,015	-	15,457,015
	1,004,441,797	**15,457,015**	-	**1,019,898,812**

	December 31, 2019			
	Upon request or less than one year	From 1 year to 5 years	More than 5 years	Net book value
Banks- Credit facilities	711,686,300	-	-	711,686,300
Trade and other payables	269,710,271	-	-	269,710,271
Due to related parties	-	9,484,211	-	9,484,211
	981,396,571	**9,484,211**	-	**990,880,782**

32.2. Credit risk

It is the risk of financial loss that falls on the group as a result of the failure of the customer or counterparty in a financial instrument to fulfill his contractual obligations. These risks arise mainly from bank cash and receivables.

The group limits its credit risk related to these receivables by setting credit limits. For each client, the outstanding receivables are monitored according to specific policies and procedures. Cash is also deposited at banks with a high credit rating.

32.3. Market risk

Market risk is the risk of fluctuation in a financial instrument due to changes in prices prevailing in the market such as foreign exchange rates, interest rates, and stock prices, which affect the group's income or the value of financial instruments it owns. The objective of market risk management is to manage and control market risk exposures within acceptable limits while maximizing returns.

The market risks that the group is exposed represent the followings:

Currency risk

The risk of change in the value of financial instruments due to changes in foreign exchange rates, which affects payments and receipts in foreign currencies, as well as the valuation of assets and liabilities in foreign currencies.

- The group is subject to risks of fluctuations in foreign exchange rates during its normal business cycle, and the management continuously monitors changes in foreign exchange rates and manages the impact on the financial statements.

Fair value risk

Fair value is the value at which an asset is exchanged or a liability settled between willing and willing parties to deal on the same terms and principles as in dealing with other parties. Since the group's financial statements are prepared on the basis of the historical cost method, differences may result between the book value and the fair value estimates. In the opinion of the management, the fair value of the group's financial assets and liabilities approximates its carried forward balances.

32. Financial instruments...(continued)

Fair value risk...(continued)

A financial instrument is considered quoted in an active market if the quoted prices are readily and regularly available from Foreign exchange dealer, broker, industry group, pricing services or regulatory body, and that prices represent actual and regular market transactions on a commercial basis.

When measuring fair value, the group uses observable market information whenever possible. Fair values are classified within different levels in the fair value hierarchy based on the inputs used in the valuation methods as follows:

Level 1: Quoted (unadjusted) prices in active markets for similar assets or liabilities that may be acquired on the date of measurement.

Level 2: Inputs other than quoted prices that are included in Level 1 that are observable for assets or liabilities directly (like prices) or indirectly (derived from prices),

Level 3: Inputs for assets or liabilities that are not based on observable market information (unobservable inputs).

If the inputs used to measure the fair value of the asset or liability fall into different levels of the hierarchy, the fair the fair value measurement is categorized entirely in the same level of the fair value hierarchy as the lowest level input is considered material to the full measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period in which the change occurred. During the year there were no transfers between the fair value levels of Level 1 and Level 2.

Where the group's financial instruments are grouped according to the historical cost principle, except for investments and derivative financial instruments that charged with the fair value, differences may arise between the book value and the fair value estimates. The management believes that the fair value of the group's financial assets and liabilities are not materially different from their carrying value.

Followings are the financial assets measured at fair value:

December 31, 2020 Assets	Level1	Level2	Level3	Total
Investments at fair value through other comprehensive income	-	-	79,973,734	79,973,734

December 31, 2019 Assets	Level1	Level2	Level3	Total
Investments at fair value through other comprehensive income	-	-	145,870,868	145,870,868

Interest rate risk (commission)

Interest rate risk (commission) is the risk related to the effects of fluctuations in market interest rates (commissions) on the group's financial position and cash flows.

Commodity price risk

Commodity price risk is the risk associated with changes in the prices of certain commodities to which the group is exposed to by unfavorable effect on the costs and cash flows. These risks arise in commodity prices from the expected purchases of some commodities from the raw materials used by the group.

33. Comparative figures

Certain comparative figures for the previous year have been reclassified to conform to the presentation of the financial statements for this year.

34. Events subsequent to the date of the financial statements

Management believes that there are no significant subsequent events from the date of the statement of financial position at December 31, 2020 until the date of approval of the financial statements that may have a material impact on the financial position of the group appearing in these financial statements.

35. Approval of the financial statements

These consolidated financial statements for the year ended December 31, 2020 were approved for issuance by the Group's Board of Directors on March 29, 2021.