



البابطين للطاقة و الاتصالات
AL-BABTAIN POWER & TELECOM



Board Annual Report For Period ended 31-12-2022





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Chairman Message

Dear Shareholders,

It is my pleasure to meet with the shareholders to present to them the annual report in our annual meeting to review and discuss our work and our journey together with confidence and steadfastness based on your trust and support in our ambitious plans and tangible achievements on the ground to be proud of what we have achieved to enhance and confirm our goals, vision and continuous ambition to be the Al-Babtain Power and Telecommunication Company is a leading and global company in the power industry, communications and expansion in the fields of renewable energy in all its forms and types, which resolutely corresponds with the goals and vision of the Kingdom of Saudi Arabia 2030 and the steady pace of the development process in our beloved homeland.

On behalf of the Board of Directors of Al-Babtain Power and Telecommunications Company and all the employees of the company, I would like to review with you the work and achievements of the company, especially in light of the challenges, competitions and the new economic environment during the year ending on 12/31/2022 and what the economy is suffering as a result of the Russian-Ukrainian war, which had a huge negative impact on both levels. Local and international and its impact on all sectors. Despite these difficulties and challenges, we have the determination and ambition to overcome these difficult circumstances to continue the company's development process, preserve our manpower, and achieve the best results. The difficult challenge and determination was to maintain the provision of high-quality competitive products and solutions that work on Satisfying customers, fulfilling the expectations of shareholders, enabling employees to reach the highest levels of performance in light of these difficult circumstances, as well as contributing to the development and development of society, and maintaining the confidence of the company's dealers with the company's high quality of performance and production.

Despite the clarity of the impact of the Russian-Ukrainian war, high interest rates, high inflation and fluctuations in raw material prices, which had an impact on the Middle East region, which is clearly evident in the performance of economic sector companies in the Saudi and regional markets, however, thanks to God, the company continues to overcome the challenges and difficulties it faces during the year. 2022 achieving good and tangible results that challenge the current conditions and show the strength and durability of the company's management, and as global indicators have shown that the Kingdom continues to drive growth in the non-oil sectors and the planned economic diversification away from oil and hydrocarbon products, as the credit rating agencies indicated that the Kingdom's economic environment is promising for an economic environment Positive, promising and developed with events, which will be reflected in the operational business of the company and make us look with confidence and determination towards the future to achieve our goals and ambition to achieve sustainable development of the company at a steady and strong pace, armed with our faith in God and then our confidence in the capabilities that the company possesses from the experiences and competencies of the company's employees and those in charge of it.

And we will always be on our covenant and commitment with you, and we will continue, God willing, with determination and strength, to achieve our plans and aspirations to increase our production capacity and our market share with its geographical extension, which is in line with the vision and ambition approved by the Kingdom, and in



the face of everything that hinders development and growth, taking all possible measures to maintain the efficiency of the diversified company's productivity as well as contribute In producing the local national income and raising the local content that meets the aspirations of our customers

The company's results in 2022 show positive indicators for the company's business, as revenues amounted to (2205) million riyals, with an increase in capacity (703) and achieving a total profit of (277) million riyals, with an increase in the capacity of (82.5), and the operating profit amounted to (162) million riyals, which contributed to achieving net profits of (60,4) million SAR in 2022, which gives an indication that the company will continue to make profits despite the economic pressures in the region and the intense competitiveness in this sector, in addition to the impact of the Russian-Ukrainian war on supplies and prices of raw materials, which was a challenge to operational performance in some sectors.

The property rights belonging to the shareholders of the parent company before the non-controlling property rights in 2022 amounted to (851,2) million riyals. Among the reasons that contributed to achieving net profits during the year 2022 was the tight control over operating expenses and financial burdens, diversification of its investments, and continuous development and organization to obtain the highest operational efficiency.

And through your trust and support, we look confidently and steadily towards a better future, God willing, to maximize the benefits of the company, as an expression of our commitment and responsibility towards the country and towards our shareholders.

At the end

On my behalf and on behalf of my fellow members of the Board of Directors, I would like to express my thanks and appreciation to the Custodian of the Two Holy Mosques, his trustworthy Crown Prince, and his wise government for their continuous support , and for the wise directives and procedures that were directed to open business prospects in the Saudi market and the continuous partnership of the private sector that works to achieve growth and prosperity for the company and the Saudi society .

I am also pleased to extend my sincere thanks and appreciation to our shareholders, who have always supported us and placed their trust in us, and we promise everyone that we will remain loyal to this trust.

I also do not miss to extend my thanks and appreciation to all the company's employees for the distinguished efforts they made during the year 2022 AD and they are still giving in order to achieve their goals and the sustainable development of our company and our society..

Ibrahim Hamad A. ABabtain

The Chairman



Gentlemen / shareholders of Al-Babtain Power and Telecommunication Company

Greetings;

The Board of Directors is pleased to present to you its annual report in which it reviews all the company's activities and investments inside and outside the Kingdom of Saudi Arabia at the level of the company's activities and at the level of geographical distribution of the period from 01.01.2022 to 31.12.2022. The annual report includes the consolidated audited financial statements, the income statement, cash flows, and changes in shareholders equity, and their explanations for the aforementioned financial period, which is an integral part of this report that complements each other, as well as the report of the auditor of the accounts Messrs. / Mr. Al Bassam and partners

(1) General Situation

- a) There is no doubt that the financial tools and plans adopted by the Kingdom to increase state revenues had a clear impact on the economic orientation of the Kingdom, which was reflected in turn on the projects offered in the Kingdom and in the Gulf region, in addition to the trend for renewable energy projects in future projects. Priorities for the implementation of infrastructure projects in the Kingdom of Saudi Arabia, which led to focusing on projects of a special strategic nature and new sectors that meet the needs of the future in the field of renewable energy and service sectors, which was reflected in the prices of offers and the quality of the projects offered, which began to appear starting from the Kingdom's determination to achieve the ambitious vision, which appear every year.
- b) The impact of the Russian-Ukrainian war had an economic impact, whether at the local or international level, which crystallized in the rise in prices and the rise in the frequent interest rate that escalated several times, which in turn was reflected in the cost of supply chains and thus the impact on the cost of products, which led to the intensity of competitiveness, which resulted in Great pressures on selling prices in the local and foreign markets, in addition to the demand for projects with special specifications, qualities and technologies. However, the company was able to face these challenges and took many measures and was able to compete inside and outside the Kingdom, obtain projects and keep pace with economic changes, which was reflected in the total revenues it achieved. company.
- c) Despite the direct impact of political tensions in some countries in the region on the economic environment in general and on some of the projects proposed in those countries, we expect that these countries will adopt national projects according to the announced plans to advance development in those countries during the year 2022 AD, especially energy projects. Renewable projects and various projects with technical and technological thinking to keep pace with global developments, which will lead to a demand for this type of projects.
- d) The company has succeeded in achieving a very good overall profit in light of the steady change in the domestic and foreign markets as a result of the tight control over operating expenses and diversification of its investments, in addition to the company's continuation in adopting cost rationalization programs that contributed to raising the level of net profits, organization and continuous development to reach a higher level.



Possible operational efficiency with the aim of obtaining some supply orders at good prices in light of changes in shipping and import rates.

Although the company is facing intense competition and fluctuation in economic change as a result of Covid 19 and its impact on shipping prices and the duration of supply, the company is benefiting from its technical ability and extensive experience in its activity and management of its business and the programs it takes to confront these conditions, as well as its good business relations with its customers and suppliers, which makes us We are confident in achieving the plan set for the year 2022 AD stemming from the company's strategic plan.

(2) Board Members & Committee Members and Executives Management

Firstly; Board Members

The board members consists of (9) nine members as per the company article of association that were elected for the board period started on 27.07.2021 up to 26.07.2024 by the assembly general meeting held on 27.05.2021. The name , profession , and their qualification as the following:

Sr.	Name	Current jobs	Previous jobs	Qualifications	Experiences
1	Ibrahim Hamad Abdullah ABabtain	Chairman of AL Babbtain Power and Telecommunications company – have many private investments in real state fields.	Chairman of AL Babbtain Power and Telecommunications company – worked in many leader position in al Babbtain group	Have high diploma in commercial from Riyadh commercial institute at 1987- have English language diploma from united kingdom at 1988	34 year
2	Abdulaziz Ibrahim Abdullah Al Babbtain	Deputy of chairman of Al Babbtain Power and Telecommunications company-	Deputy of chairman of Al Babbtain Power and Telecommunications company- worker as a deputy general Manager and general Manager of AL Babbtain for trading company - founder and partner in Abdulaziz and Mansour for trading company	Have a bachelor degree in geographic science at 1977	45 year
3	Khaled Mohammed Abdullah Abdulrahman ABabtain	Board member and audit committee member of AL Babbtain Power and Telecommunications company- General Manager of AL Babbtain Al Arabia for Melamine	At 2003 he was a general Manager of AL Babbtain Power and Telecommunications Company up to mid of year 2004 and he became board of member of same company for period 27.07.2009 to 26.07.2021	Have a bachelor degree in business administration , Marketing section at 1994 from King Saud University	28 year
4	Abdulkareem Hamad Abdullah Al Babbtain	Board Member and nomination committee member of Al Babbtain Power and Telecommunications company	Worked as general Manager of AL Babbtain for trading at 2000 – worked as Managing director of AL Babbtain company for trading 2001 – worked as general manager of Tower and steal structure and test station sector up to 2003	Have master degree in Quality from Arabic Academy of maritime science at 2007.	32 year
5	Khaled Mohammed Abdullah ABabtain	Board Member and nomination committee member of Al Babbtain Power and Telecommunications company	Worked in Tower Sales Department (1997-2000) and worked as General Manager of AL Babbtain Power and Telecommunication – Egypt	Master degree in business administration from Arab Academy of maritime science at 2004	26 year



Sr.	Name	Current jobs	Previous jobs	Qualifications	Experiences
			(2000-2005) then deputy general Manager for commercial and management of AL Babtain power and telecommunication Saudi (2005-2012)		
6	Sultan Hamad Abdullah Al Babtain	Board Member and member of nomination and remuneration Committee of Al Babtain Power and Telecommunication – and currently working as investor in Real State field.	Board Member of Al Babtain Power and Telecommunications company – member of nomination and remuneration committee of Al Babtain Power and Telecommunications company for period ended 2018	Have diploma in Marketing form Administration institute at 2003	20 year
7	Abdullah Sagher Al Hussani	Dean of prince sultan university Riyadh city – teaching the accountants and auditing – consultant for Finance, Administration and Taxes	Financial Manager Financial Consultant, London Accountant and Internal Auditor	Doctor of Philosophy in Financial Accounting and Auditing, with distinction, University of Kent, U.K., July 2005. Master of Science in Accounting, College of Administrative Sciences, King Saud University, Saudi Arabia, 1997. Bachelor of Science in Accounting from the Faculty of Economics and Administration, King Abdulaziz University, Saudi Arabia, 1990	33 year
8	Mohammed Abdullah Basher Al Rasheed	Manager of Budget and finance report department at the at general Authority of Social Insurance	Accounts supervisor -Senior Accountant – Accountant ant General Authority of Social Insurance	Fellow: Saudi Organization for Certified Public Accountants (SOCPA) - Master of Science in Accounting, of Wollongong - 2012 Bachelor of Science in Accounting from king Saud University, Saudi Arabia, 2006	14 year
9	Megren G. AlDalbahi	Risk Department manager at Development National Fund	Head of Risk & Performance Department, Raidah Investment Company (RIC) - Senior Investment Analyst, Tharawat Holding Company - Senior Investment Analyst – Risk & Strategy unit: Investment Department; Saudi Aramco	Master of Investments Science from The University of Birmingham – UK 2010- Bachelor of Finance Science from Prince Sultan University – SA 2008	14 year

Secondly; Board Committees

The company's board create group of committees to perform special duties and tasks that will assist and support the board to do his duties and tasks for board session started on 27.07.2021 and ended on 26.07.2024 for the members elected at the Ordinary General Assembly meeting held on 27/05/2021 AD, in the Board of Directors meeting on 05/08/2021 AD Where the committees that were formed were the Nominations and Remunerations Committee and the Investment Committee, and the Board of Directors recommended in the same meeting the formation of the Audit Committee for the Ordinary General Assembly, which was held on 09/02/2021 AD.



And the formation of committees for the new Board session, which starts from 27/07/2021 until 26/07/2024, with the exception of the Audit Committee, which starts from the date of the Ordinary General Assembly which approved it on 09/02/2021 until the end of the Board session on 07/26/2024 :

(A) Internal Audit Committee Members;

Sr.	Name	Current jobs	Previous jobs	Qualifications	Experiences
1	Abdullah Sagher Al Hussani	Dean of prince sultan university Riyadh city – teaching the accountants and auditing – consultant for Finance, Administration and Taxes	Financial Manager Financial Consultant, London Accountant and Internal Auditor	Doctor of Philosophy in Financial Accounting and Auditing, with distinction, University of Kent, U.K., July 2005. Master of Science in Accounting, College of Administrative Sciences, King Saud University, Saudi Arabia, 1997. Bachelor of Science in Accounting from the Faculty of Economics and Administration, King Abdulaziz University, Saudi Arabia, 1990	33 year
2	Khaled Mohammed Abdullah Abdulrahman ABabtain	Board member of AL Babtain Power and Telecommunications company- General Manager of AL Babtain Al Arabia for Melamine	At 2003 he was a general Manager of AL Babtain Power and Telecommunications Company up to mid of year 2004 and he became board of member of same company for period 27.07.2009 to 26.07.2012	Have a bachelor degree in business administration , Marketing section at 1994 from King Saud University	28 year
3	Abdulkareem Hamad Abdullah Al Babtain	Board Member and nomination committee member of AL Babtain Power and Telecommunications company	Worked as general Manager of AL Babtain for trading at 2000 – worked as Managing director of AL Babtain company for trading 2001 – worked as general manager of Tower and steal structure and test station sector up to 2003	Have master degree in Quality from Arabic Academy of maritime science at 2007.	32 year

(B) Nomination and Remuneration Committee Members;

Sr.	Name	Current jobs	Previous jobs	Qualifications	Experiences
1	Abdullah Sagher Al Hussani	Dean of prince sultan university Riyadh city – teaching the accountants and auditing – consultant for Finance, Administration and Taxes	Financial Manager Financial Consultant, London Accountant and Internal Auditor	Doctor of Philosophy in Financial Accounting and Auditing, with distinction, University of Kent, U.K., July 2005. Master of Science in Accounting, College of Administrative Sciences, King Saud University, Saudi Arabia, 1997. Bachelor of Science in Accounting from the Faculty of Economics and Administration, King Abdulaziz University, Saudi Arabia, 1990	33 year



Sr.	Name	Current jobs	Previous jobs	Qualifications	Experiences
2	Khaled Mohammed Abdullah ABabtain	Board Member and nomination committee member of Al Babtain Power and Telecommunications company	Worked in Tower Sales Department (1997-2000) and worked as General Manager of AL Babtain Power and Telecommunication – Egypt (2000-2005) then deputy general Manager for commercial and management of AL Babtain power and telecommunication Saudi (2005-2012)	Master degree in business administration from Arab Academy of maritime science at 2004	26 year
3	Sultan Hamad Abdullah Al Babtain	Member of Internal Audit Committee of Al Babtain Power and Telecommunication – and currently working as investor in Real State field.	Board Member of Al Babtain Power and Telecommunications company – member of nomination and remuneration committee of Al Babtain Power and Telecommunications company	Have diploma in Marking form Administration institute	20 year

(C) Investment Committee Members;

Sr.	Name	Current jobs	Previous jobs	Qualifications	Experiences
1	Abdulkareem Hamad Abdullah Al Babtain	Board Member and nomination committee member of Al Babtain Power and Telecommunications company	Worked as general Manager of AL Babtain for trading at 2000 – worked as Managing director of AL Babtain company for trading 2001 – worked as general manager of Tower and steel structure and test station sector up to 2003	Have master degree in Quality from Arabic Academy of maritime science at 2007.	32 year
2	Sultan Hamad Abdullah Al Babtain	Member of Internal Audit Committee of Al Babtain Power and Telecommunication – and currently working as investor in Real State field.	Board Member of Al Babtain Power and Telecommunications company – member of nomination and remuneration committee of Al Babtain Power and Telecommunications company	Have diploma in Marking form Administration institute	20 year
3	Jawad Jamel Ismail Abu Shehadah	Chief Executive officer of AL Babtain Power and telecommunication company	Worked as industrial division manager of AL Babtain Power and telecommunication company from 2013 and he was deputy general manager for development and planning 2005 after became deputy general manager of technical and commercial affair and was pole factory manager of the company- he stated in the company as production engineer from year 1986	Have bachelor degree in industrial engineering from Meddle East university – Turkey.	39 year
4	Mohammed Najah Tukhy	Chief finance Officer of Al Babtain Power and Telecommunication	Worked as finance Manager at AL Babtain company for trading then finance manager in Al Babtain power and telecommunication then upgrade to be CFO of company	Have a bachelor degree in account and business administration from Helwan University – Egypt 1987 – have certification in accredit finance consultant from consultant	37 year



Sr.	Name	Current jobs	Previous jobs	Qualifications	Experiences
				institute in USA 2006 – have internal auditor certificate from Canada 2007.	
5	Tamer Adnan Kalo	Chief Operation Officer of AL Babtain Power and telecommunication company	Worked as marketing and sales manager from 2004 and before he was sales export for meddle east region at AL Babtain Company for trading and also was Manager of Carton company – at 1990 worked at a company work in petroleum field in Syria from 1990	Have bachelor degree in mechanical engineering from Aleppo university – Syria at 1990 – have many trainings in marketing, sales, business development and strategic plan.	33

Thirdly; Executives Management Members;

Sr.	Name	Current jobs	Previous jobs	Qualifications	Experiences
1	Jawad Jamel Ismail Abu Shehadah	Chief Executive officer of AL Babtain Power and telecommunication company	Worked as industrial division manager of AL Babtain Power and telecommunication company from 2013 and he was deputy general manager for development and planning 2005 after became deputy general manager of technical and commercial affair and was pole factory manager of the company- he stated in the company as production engineer from year 1986	Have bachelor degree in industrial engineering from Meddle East university – Turkey.	39 year
2	Mohammed Najah Tukhy	Chief finance Officer of Al Babtain Power and Telecommunication	Worked as finance Manager at AL Babtain company for trading then finance manager in Al Babtain power and telecommunication then upgrade to be CFO of company	Have a bachelor degree in account and business administration from Helwan University – Egypt 1987 – have certification in accredit finance consultant from consultant institute in USA 2006 – have internal auditor certificate from Canada 2007.	37 year
3	Tamer Adnan Kalo	Chief Operation Officer of AL Babtain Power and telecommunication company	Worked as marketing and sales manager from 2004 and before he was sales export for meddle east region at AL Babtain Company for trading and also was Manager of Carton company – at 1990 worked at a company work in petroleum field in Syria from 1990	Have bachelor degree in mechanical engineering from Aleppo university – Syria at 1990 – have many trainings in marketing, sales, business development and strategic plan.	33



(3) The name of companies inside and outside KSA which the board member is a member in its current or previous board or he is a manager in it.

Sr.	Member Name	The name of companies that board member is a member in current board or manage it	Inside / outside KSA	Legal form (listed /non-listed /Limited liabilities)	The name of companies that board member is a member in previous board or manage it	Inside/out side KSA	Legal form (listed /non-listed /Limited liabilities)
1	Ibrahim Hamad Abdullah ABabtain	AL Babtain Power and Telecommunication	Inside	Join stock company	AL Babtain Power and Telecommunication	Inside	Join stock company
		AL Babtain Holding Company	Inside	Unlisted joint stock	AL Babtain Holding Company	Inside	Unlisted joint stock
		J. Equity company	Outside	Limited liabilities	J. Equity company	Outside	Limited liabilities
2	Abdulaziz Ibrahim Abdullah Al Babtain	AL Babtain Power and Telecommunication	Inside	Join stock company	AL Babtain Power and Telecommunication	Inside	Join stock company
		Abdulaziz & Mansour company for trading	Inside	Join stock company	Abdulaziz & Mansour company for trading	Inside	Join stock company
3	Abdulkareem Hamad Abdullah Al Babtain	AL Babtain Power and Telecommunication	Inside	Join stock company	AL Babtain Power and Telecommunication	Inside	Join stock company
		AL Babtain Holding Company	Inside	Unlisted joint stock	AL Babtain Holding Company	Inside	Unlisted joint stock
4	Khaled Mohammed Abdullah Abdulrahman ABabtain	AL Babtain Power and Telecommunication	Inside	Join stock company	AL Babtain Holding Company	Inside	Unlisted joint stock
					AL Babtain Holding Company	Inside	Unlisted joint stock
5	Khaled Mohammed Abdullah ABabtain	AL Babtain Power and Telecommunication	Inside	Join stock company	AL Babtain Power and Telecommunication	Inside	Join stock company
6	Sultan Hamad AL Babtain	AL Babtain Power and Telecommunication	Inside	Join stock company	AL Babtain Power and Telecommunication	Inside	Join stock company
7	Abdullah Sagher Al Hussani	AL Babtain Power and Telecommunication	Inside	Join stock company	-	-	-
8	Mohammed Abdullah Basher Al Rasheed	AL Babtain Power and Telecommunication	Inside	Join stock company	-	-	-
9	Megren G. AlDalbahi	AL Babtain Power and Telecommunication	Inside	Join stock company	-	-	-

(4) Board forming and its members classification

The Board members forming from (9) nine members according to company article of association with non-executives majority based on the selection in assembly general meeting dated 27.05.2021. for the board period that start on 27.07.2021 up to 26.07.2024 And the board formed and the classification of its members as the following:

Sr.	Member Name	Position	Membership type
1	Ibrahim Hamad Abdullah ABabtain	Chairman	Non-Executive
2	Abdulaziz Ibrahim Abdullah Al Babtain	Deputy Chairman	Non-Executive
3	Abdulkareem Hamad Abdullah Al Babtain	Board Member	Non-Executive
4	Khaled Mohammed Abdullah Abdulrahman ABabtain	Board Member	Non-Executive
5	Khaled Mohammed Abdullah ABabtain	Board Member	Non-Executive
6	Sultan Hamad AL Babtain	Board Member	Non-Executive
7	Abdullah Sagher Al Hussani	Board Member	Independent



Sr.	Member Name	Position	Membership type
8	Mohammed Abdullah Basher Al Rasheed *	Board Member	Independent
9	Megren G. AlDalbahi *	Board Member	Independent

* The two members (Mohammed Abdullah Basher Al Rasheed and Megren G. AlDalbahi) are representative of the General Authority for Social Insurance were became independent when the General Authority for Social Insurance sold all their shares and the regulations of Corporate Governance Regulations, article (19) didn't apply for them.

(5) The procedures that had taken by the Board to inform its members of shareholders' suggestions inquiries, and their comments about the company and its performance

The Board of Directors meets the shareholders at every meeting of the General Assembly to inform the shareholders of the company's performance and the results achieved. Through open discussions and inquiries from shareholders, their suggestions and observations are recorded to be followed up and acted upon in the meetings of the Board of Directors during the year to achieve the best aspirations of shareholders in a way that benefits the company's performance and achieves Positive results The company has also designated concerned and responsible persons to communicate with shareholders continuously and permanently during the year by direct contact through the phone number or through the e-mail; Investors@al-babtain.com.sa, for shareholder relations shown on the company's website in Tadawul in order to resign and respond to Their inquiries and proposals are submitted to the company. These questions and suggestions are collected in a special record that contains the required observation or inquiry, and then it is presented to the Chairman of the Board of Directors, who, in turn, informs all members of the Board during the meetings of the Board of Directors and takes the appropriate recommendations and decisions for that.

(6) The Board Committees

The Board formed committees when start new period of the Board from date 27.07.2021 up to 26.07.2024, numbers of committees to working on study the subjects transfer to it form the board and raise its recommendations to board to take the suitable decision and also it could take a decision by itself base on the authorities granted by Board to it as the following;

(A) Internal Audit Committee;

The Audit Committee was formed based on Ordinary General Assembly which held on 02.09.2021, and the members of the Audit Committee, its work regulations, controls and procedures for the committee's work, the rules for selecting its members and their membership period, were approved in the Ordinary General Assembly meeting on 02.09.2021 up to the end of board period 26.07.2024. The Audit Committee recommends to the Board the appointment of an external auditor, determines his fees, studies the audit plan with him, discusses his observations, studies the preliminary and annual financial statements before recommending them to the Board, studies the accounting policies followed,



expresses an opinion and recommends them to the Board, and the Audit Committee also works to supervise the internal audit, the control and risk system, and submit reports to the Board. It also studies the periodic review reports and the risk report, informs the Board of Directors of them, and recommends the necessary proposals regarding these risks in terms of their degree of importance. The committee held (7) meetings during the year 2022 AD, and the meetings were in person, as well as through the means of modern technology online through the Zoom program, as follows:

Sr.	Member name	Position	Member classified	Date of committee meeting on 2022							Attendance %
				22/2/27	22/3/3	22/3/27	22/5/23	22/8/24	22/11/10	22/12/28	
1	Abdullah Sagher Al Hussani	Chairman	Independent	✓	✓	✓	✓	✓	✓	✓	100 %
2	Khaled Mohammed Abdullah Abdulrahman ABabtain	Member	Non- Executive	✓	✓	✓	✓	✓	✓	✓	100 %
3	Abdulkareem Hamad Abdullah Al Babsain	Member	Non- Executive	✓	✓	✓	✓	✓	✓	✓	100 %
	Number of attendances			3	3	3	3	3	3	3	100 %

(B) Nomination and remuneration committee;

The Board of Directors formed the Nominations Committee and the Remunerations Committee as one committee under the name of the Nominations and Remunerations Committee so that it includes in its tasks, characteristics and work policy the two committees (nominations and remuneration). It is necessary for the selection of board members to allocate it to the work of the Board of Directors, to review the structure of the Board of Directors, to make recommendations for possible changes, to identify the weaknesses and strengths in the Board, to propose appropriate remedies, whether through training or with the help of consultants, as well as to verify and verify annually the independence of the independent members and the absence of any conflict of interests with the development of a policy for compensation and rewards for members The Board and senior executives. The Committee recommends holding introductory seminars, training courses and workshops for the members of the Board of Directors to inform them of the latest changes and developments in the systems issued by the relevant authorities, such as the new corporate law, the governance system, the rules for offering securities and continuing obligations. The Board of Directors and the members of the Board of Directors evaluate themselves after reviewing, developing and updating the evaluation factors to comply with the changes in the business environment and requirements. The committee held (two meetings) during the year 2022 as follows:

Sr.	Member name	Position	Member classified	Date of committee meeting on 2022		Attendance %
				2022/03/29	2022/12/28	
1	Abdullah Sagher Al Hussani	Chairman	Independent	✓	✓	100 %
2	Khaled Mohammed Abdullah Ababtain	Member	Non- Executive	✓	✓	100 %
3	Sultan Hamad Abdullah Al Babsain	Member	Non- Executive	✓	✓	100 %
	Number of attendances			3	3	

(C) Investments Committee;

The Investment Committee studies the available investment opportunities presented to the company and works to create and develop an investment policy in order to compatible with the economic variables in the Kingdom and MENA. It also helps search for alternative opportunities that by it the company's revenues are raised and risks are reduced, and



then it submits the final reports and its views to the Board of Directors. The Investment Committee discussed some of the issues that were assigned to it by the Board of Directors to express an opinion during the year 2022 AD as follows table: -

Sr.	Member name	Position	Member classified	Date of committee meeting on 2021		Attendance %
				2022/05/18	2022/11/01	
1	Abdulkareem Hamad Abdullah Al Babbain	Chairman	Non- Executive	✓	✓	%100
2	Sultan Hamad Abdullah Al Babbain	Member	Non- Executive	✓	✓	%100
3	Jawad Jamel Ismail Abu Shehadah	Member	Executive	✓	✓	%100
4	Mohammed Najah Tukhy	Member	Executive	✓	✓	%100
5	Tamer Adnan Kalo	Member	Executive	✓	✓	%100
	Number of attendances			5	5	

(7) Board and Committee's performance Evaluation:-

Based on a recommendation from the Nominations and Remuneration Committee in its periodic meeting during the year, recommending reviewing, developing and updating performance evaluation factors and approving a self-evaluation system for the performance and effectiveness of the Board emanating from the tasks, functions and authorities of the Chairman and members of the Board of Directors which found in the Corporate Government Regulations, as well as international best practices in improving the performance of the Board, its members and committees. These factors are reviewed annually to develop and update them to keep compatible with the necessary requirements for the stage in which the Board of Directors operates, especially in light of the circumstances of economic changes at the regional and international levels, and what this requires to show the effectiveness of the Board of Directors in facing the resulting crises and dealing with them in order to upgrade and increase the effectiveness and tasks. The Board of Directors, which is among the policies and procedures of the Board of Directors' work and the Board's approach, is a means of self-evaluation of the Board's performance.

With regard to the year 2022, the committee has updated the evaluation factors to comply with current requirements as well as changes in the economic environment. The evaluation was conducted at the end of the year 2022, which showed positive and effective results on the performance of the Board and its members. The results of the evaluation are kept in special records for presentation to the Board of Directors at the meeting that follows the meeting of evaluation. The evaluation process to find out the extent to which the Board performs its duties and competencies, and to carry out development and correction processes if required, or to recommend other measures to increase the effectiveness of the Board towards the management of the company.

(8) Dividend Policy and the procedures of Board benefits;

Based on the Ministerial Decree number (M/132) issued on 01/12/1443 AH that approve of Companies Law and also the New Governance Regulations that issued 18/01/2023 in addition to the Board Resolution, and the approval of



the Ordinary General Assembly at its meeting on 24/04/2019 AD on the work bylaw of the Nominations and Remuneration Committee, in which the remuneration policy for members of the Board of Directors is determined and the amount remunerations and attendance allowances for members of the Board of Directors and its committees so that the total of what a member of the Board of Directors gets from rewards or financial or in-kind benefits does not exceed an amount of five hundred thousand riyals annually. The company has ensured that the compensation and remuneration of the members of the Board of Directors and the committees emanating from it shall be in accordance with the following controls:

1. The remuneration is fair and appropriate with the member's competencies, works and responsibilities he performs in addition to the objectives set by the board of directors to be achieved during the year.
2. Remuneration shall be paid upon the recommendation of the Nomination and Remuneration Committee.
3. The remuneration set for the board of directors is proportional to the company's activity and the skill needed to manage it.
4. Remuneration is appropriate for the sector in which the company operates, size and experience of board members.
5. The remuneration and attendance allowances shall be proportional to the percentage of the member's attendance of the total meetings of the Board of Directors.

A) Remuneration and compensation table of the board directors which paid in year 2022

	Fixed remunerations							Variable remunerations							End-of-service award	Aggregate Amount	Expenses allowances
	Specific amount	Allowance for attending Board meetings	Total Allowance for attending committee meetings committee	In-kind benefits	Remunerations for technical, managerial and consultative work	Remunerations of the chairman, Managing	Total	Percentage of the profits	Periodic remunerations	Short-term incentive plans Long-term incentive plans	Long-term incentive plans Granted shares (insert the value)	Granted shares (insert the value)	Total				
First: Independent Directors																	
Abdullah Sagher Al Hussani	-	9,000	27,000				36,000		232,000						268,000		
Mohammed Abdullah Basher Al Rasheed	-	6,000	-				6,000		238,000						244,000		
Megren G. AlDalbahi	-	9,000	-				9,000		-						9,000		
Second: Non-Executive Directors																	
Ibrahim Hamad Abdullah ABabtain	-	9,000	-	-	-	-	9,000	-	488,000						497,000		
Abdulaziz Ibrahim Abdullah Al Babtain	-	9,000	-	-	-	-	9,000	-	488,000						497,000		
Abdulkareem Hamad Abdullah Al Babtain	-	9,000	21,000	-	-	-	30,000	-	476,000						506,000		
Khaled Mohammed Abdullah ABabtain	-	9,000	6,000	-	-	-	15,000	-	484,000						499,000		
Khaled Mohammed Abdullah Abdulrahman ABabtain	-	9,000	21,000	-	-	-	30,000	-	476,000						506,000		
Sultan Hamad Abdullah AL Babtain		9,000	6,000	-	-	-	15,000	-	241,000						256,000		
Total	-	78,000	81,000	-	-	-	159,000	-	3,123,000						3,282,000		

The remunerations that paid for year 2021, but the attendance allowance that paid for year 2022



B) Remunerations of Senior Executives whom received the highest remunerations in company included CEO & CFO* for year 2021

Fixed remunerations				Variable remunerations						End-of service award	End-of service award	Aggregate Amount
Salaries	Allowances	In-kind benefits	Total	Periodic remunerations	Profits	Short-term	Long-term	Granted shares	Total			
2,508,000	762,348		3,270,348	1,700,000					1,700,000	271,750		5,242,098

* The company is committed to disclosing the elements of executive salaries, benefits and bonuses as accumulation in accordance paragraph (B) of the point no. (4) of the article No. (90).

All remunerations granted to the members and senior executives shown in the above table do not contain any material deviation from the approved policy.

C) Remuneration and compensation table of the board committee's members which paid in year 2022

Sr.		Fixed Remuneration (Except for the allowance for attending Board meetings)	Allowance for attending Board meetings	Total
Audit Committee Members				
1	Abdullah Sagher Al Hussani	-	21,000	21,000
2	Khaled Mohammed Abdullah Abdulrahman ABabtain	-	21,000	21,000
3	Abdulkareem Hamad Abdullah Al Babsain	-	21,000	21,000
Nomination and remunerations Committee Members				
1	Abdullah Sagher Al Hussani	-	6,000	6,000
3	Khaled Mohammed Abdullah ABabtain	-	6,000	6,000
4	Sultan Hamad Abdullah Al Babsain	-	6,000	6,000
Investment Committee				
1	Abdulkareem Hamad Abdullah Al Babsain	-	-	-
2	Sultan Hamad Abdullah Al Babsain	-	-	-
3	Jawad Jamel Ismail Abu Shehadah	-	-	-
4	Mohammed Najah Tukhy	-	-	-
5	Tamer Adnan Kalo	-	-	-
Total		-	81,000	81,000

(9) Punishment, penalty, precautionary procedure or preventive measure imposed on the Company :-

There were no penalties, punishments, or reserve restrictions imposed on the company by any supervisory, regulatory or judicial authority during the year 2022 AD, and there were no observations from any supervisory or regulatory authority. It is worth noting that the company is constantly updating the corporate governance systems, policies and procedures to comply with the updates in the corporate governance regulation and the corporate system, recommendations regarding the adoption of the Audit Committee Regulations and the amended Nominations and Remuneration Regulations shall be submitted to the Ordinary General Assembly to comply with the developed



procedures and requirements issued by the relevant authorities. With regard to the new issues of the corporate law based on Royal Decree No. (M/132) dated 01/12/1443 AH, as well as the corporate governance regulations issued on 01/18/2022 AD and the executive regulations of the companies' law for joint stock companies issued on 01/18/2022 AD, it has been the changes that occurred in those regulations were presented, and the amendments that necessitated their change in the company's systems and regulations were explained to comply with the new versions. The Board approved those amendments to the company's systems in its meeting held in December 2022 and directed work to apply these developments to be identical and in line with the amendments issued by the relevant.

(10) Results of the annual audits of the effectiveness of the internal control procedures of the Company:-

As per the reports issued by the company's internal audit team (Dr. Mohamed Abdel Aziz Hegazy' office) appointed by the board of directors based on the recommendation of the audit committee reviewed the company's operations according to the approved plan for year 2021-2022 which was built on the basis of the risk register on the operations of the parent company and its subsidiaries inside and outside the Kingdom, it indicated to the committee that in the year 2022 AD there were no observations with a material impact on the results of the annual audit that might affect the company's business and its professional path or affect productivity. Likewise, there are no observations on the effectiveness of the company's internal control systems, and the workflow of the company and its subsidiaries has been confirmed in accordance with the regulations and controls regulating the work. After reviewing the reports, the committee considered that the company's internal control system achieves sufficient effectiveness required to tighten control over all operations and is compatible with all statutory requirements.

The Audit Committee also met with the internal auditor to review the audit plan for the years 2023-2024 based on updating the risk register based on recent changes in the current situation and expected in the future, and then discussing the audit report and the risk report at the level of the parent company and its subsidiaries in both AL babtain Power and Telecommunications Egypt , AL babtain Power and Telecommunication Saudi Araba , Al Babtain for power and lighting solution and al babtain LeBlanc Emirates on the quarterly periods of 2022 at the end of each report, and that the observations, in general, do not constitute a material risk to the continuation of the company's activity and operations. The observations made in the 2022 reports were reviewed and the action taken was followed up as follows:-

- 1- Follow-up of the Committee's long-term plan to implement the Oracle ERP system for all companies outside the Kingdom.
- 2- The completion of the necessary procedures to increase the capital of Al-Babtain LeBlanc Egypt Company, and the capital has been increased by 33 million Egyptian pounds.
- 3- Al-Babtain Leblanc Egypt Company has taken quick measures to comply with the requirements of the Unified Tax Procedures Law. A tax consultant was hired to prepare the fair price report, and a provision was formed to meet this. The company periodically studies the adequacy of the provisions made up of the expected tax obligations in coordination with the tax advisor and the auditor and takes the necessary measures.

Also the audit plan that was approved by the Audit Committee for the years 2023-2024 was based on the following risk factors:



- Constant pressure in prices with competitors due to the entry of many new manufacturers and suppliers into the market.
- Fluctuation in the prices of raw materials, especially in light of the Russian-Ukrainian war.
- A frequent increase in the interest rate during the year 2022, which is expected during the year 2023 AD
- Change in the tax laws of some countries in which the subsidiaries are located.
- Inconsistency of suppliers' credit terms with customers' credit terms.
- Changes in shipping rates for raw materials as well as possible delays in the arrival of shipments.
- Non-compliance or continuous and sufficient monitoring of legal and legislative requirements and their updates such as (Capital Market Authority, Zakat and Income Authority, Wages Protection System, financial policies, accounting standards, requirements of secretariats and municipalities, etc.)
- Failing to identify and manage undesirable fluctuations in foreign currencies related to financial assets and liabilities and foreign investments, ie Euro, Pound Sterling, Egyptian Pound, etc.
- Change in the work system and the imposition of a specific compulsory percentage for certain professions that must be present in companies, in addition to the new labor transfer legislation, which is likely to have an impact on the qualified workforce and thus the impact on productivity.
- Changes in the work and labor systems or the tax systems of the countries in which branches or subsidiaries of the parent company are located.

Based on these potential risks, an internal audit plan has been approved for the year 2023-2024 to review all operations of all units of the parent company and its subsidiaries to monitor these potential risks and limit their impact.

(11) Internal Audit of the Company:-

The Board of Directors decided to continue appointing a Manager of the internal audit department, a specialized team (the office of Dr. Mohamed Abdel Aziz Hegazy), based on the recommendation of the Audit Committee, to carry out the tasks and characteristics of the internal audit units and risks, through risk assessment, making a plan for internal audit, and following up on avoiding observations that are found for the parent company and its companies. The subsidiaries shall be directly to the Audit Committee independently and appointed within the parent company and subsidiaries in various countries, in accordance with subparagraph No. (4) of Paragraph No. (b) of Article (52) of the Corporate Governance Regulations.

(12) Recommendations of internal Audit Committee and Internal Auditor:-

The Committee confirms that there is no conflict between the recommendations and decisions of the Audit Committee and the decisions of the Board of Directors. Rather the Committee has met with a number of audit offices that submitted offers to review the company's financial statements for the year 2022 AD, and the Committee decided to recommend to the Board of Directors to choose one of the two offices. (Al-Bassam and Partners) or KPMG, where the committee preferred to present to the Board two levels of the advanced offices, provided that the characteristics and requirements of the advanced office are not less than the following requirements:



- To be among the list approved by the Capital Market Authority.
- To have extensive experience inside the Kingdom of Saudi Arabia and preferably outside it as well to diversify experiences.
- He has an experienced team familiar with the new amendments approved by the Capital Market Authority in the International Accounting Standards IFSR.
- The office should have a list of clients in many different specialties in the Kingdom of Saudi Arabia, which increases its experience in conducting the audit professionally and efficiently.

In the Ordinary General Assembly meeting held on 11/05/2022 AD, the shareholders voted to select Ibrahim Ahmed Al-Bassam and Partners Certified Public Accountants (Al-Bassam and Partners) to review the company's financial statements for the second and third quarters of 2022 AD and the first quarter of 2023 AD.

(13) Details of the Company's social contributions

One of the Company aims and its vision to achieve a balance between the company's goals and the goals that society aspires to, the company follows many programs and procedures that achieve goals at the employee level in the work environment and at the level of the social environment outside the work environment in addition to the social responsibilities brought by kingdom, where the company adopts the following programs and their details as follows:-

(a) Manpower and Training:

- The company has programs and systems to motivate employees linked to the growth of shareholders' equity and realized profits, which were prepared by the Nominations and Remunerations Committee and then approved based on the administrative powers approved by the Board of Directors.
- The company adopts continuous development and motivation for Saudi employees to raise their efficiency, develop their skills and imitate them to leadership positions in the company through developmental plans and job gradation.
- The company works periodically to develop the succession plan for the company's leaders and second-level leadership employees continuously to work to ensure the continuity of the work and growth of the company and to diversify the sources of the company's manpower and to ensure that the company's managers are among the promising youth who can assume responsibility and move forward in the company, especially the Saudis.
- Continuous training, whether on the job, based on training plans for each department and production unit, and external training. The company implemented training programs during the year 2022 AD, with a total number of hours of 4997 training hours on various activities in cooperation with some external and internal training agencies, with the aim of raising the efficiency of administrative and technical workers and strengthening capabilities They have a job, and stand up to the latest requirements of the laws and regulations so that the company's employees are aware and aware of what these laws and regulations require. Focus has been placed on industrial safety programs because of their importance in operational processes, and the company is always working to educate its employees on all quality requirements and developments, which enriches the culture of



the company's employees and employees of the importance of achieving quality that is reflected in the company's products, which is the main gateway to customer satisfaction.

- On-the-job training has also shown its effectiveness continuously alongside the daily work without affecting the production process in order to raise the skills of workers.
- The company adopts specialized programs to train Saudi students to obtain practical training to complete the academic graduation requirements and to mix theoretical studies with the practical side, especially in the technical fields for students of the College of Engineering and technical institutes from various universities in the Kingdom of Saudi Arabia in the company's factories in Riyadh and Dammam. In addition to helping postgraduate students who wish to apply the practical part of their research to obtain master's and doctoral degrees.

(B) Social Responsibilities and the social initiative toward the company Saudi employees and citizen:

The company provides practical support and development for Saudi students during their study stages in practical colleges in the industrial fields out of its societal responsibility. The company has designed specialized training programs for students at a rate of no less than 8 weeks. Practically for each student is designed according to specialization for the benefit of those coming from a Saudi university or college of technology.

The company also always receives students of industrial engineering at King Saud University, along with the professors supervising them, as one of the study programs at the university (visiting factories), which enjoys the support of Al-Babtain Power and Communications Company, by opening its doors to science and education. In addition to training them in the administrative field by supporting and supervising their graduation research projects, as well as conducting developmental research for students of the College of Engineering at King Saud University regarding the company's activity and how to contribute to the development of products and the mechanisms of production processes.

(C) Mowaamah Program:

The company continues to obtain a certificate and apply Mowaamah programs for subsidiaries in addition to the parent company, which enhances its social responsibility towards people of determination, by urging its employees to prepare a work environment suitable for people of the country with special abilities, and ensuring the formation of means to help them accomplish their work according to the type case, as well as providing special and appropriate job opportunities for them. In this regard, the company obtained the Mowaamah certificate for the subsidiaries in 2022, in addition to the continued renewal of the Mowaamah certificate for the parent company, which was obtained in 2021.

(D) Local Content program:

The company has become one of the partners in the local content program with the Saudi Arabian Oil Production Company (Aramco), a program that enhances the ability and credibility of Aramco's local suppliers and works to develop and develop local content in addition to credibility with customers regarding the quality of local products. The program works to enhance the localization and training of Saudi cadres in private sector companies, which contribute to the development of the local product.

The company is also working to increase the local content of products in the Kingdom of Saudi Arabia to contribute to achieving the Kingdom's vision 2030, which can enhance the national output and meet customer demands for local products.

(E) Environment and community service:

The company adjusts the outputs of industrial processes to better levels than those allowed in the relevant standard specifications, especially in accordance with the international standards approved by COP22, and as a complement to that, the company updates and develops the environment management system that conforms to international standards (ISO14001-2015), and this culminated in the company obtaining Environmental approval certificate from the Saudi Presidency of Meteorology and Environmental Protection for all the company's factories, which indicates that all the company's products and the processes involved in manufacturing those products are environmentally friendly and have no harmful effect on the environment.

(F) Occupational safety and health:

One of the important pillars of the company is the concern and work on continuous awareness of occupational safety and health, and the company applies the procedures and regulations for occupational safety and health firmly and seriously in order to preserve workers from occupational and health risks, and as a complement to that, the company applies the occupational safety and health management system since 2009, which conforms to international specifications (ISO45001- 2018) until the date of preparing this report, and the company continues to develop and update occupational safety and health systems in line with the latest requirements of the relevant systems.

(L) career path planning:

Based on the company's vision of preserving its human cadres, the company adopts a career path planning project for its employees, which gives them the opportunity to hold positions and enrich their ambition to plan their career path with the company and give an opportunity to middle management in order to take its role in leadership for the future of the company and its subsidiaries as well. The company saw the need to pump new young blood to be trained and qualified to lead the company in the future and assume responsibility.

(M) Ihsan Platform:

The company continues to deal with the Ihsan platform since the Crown Prince launched this platform. The company was among those interested and supportive of the effective and comprehensive contribution that the platform makes to members of society in an organized and accurate manner. The company participated in supporting the community through the Ihsan platform, and the company was honored by those in charge of The platform and received a shield from among the honorees among the major donors to the platform.

(14) A list of the dates of the General Assembly meetings held during the last fiscal year ended 31.12.2022 and the names of the Board members who attended them.

The company held a meeting of the Shareholders' Assembly and it was an Ordinary General Assembly on 11/05/2022 AD by means of modern technology through the Zoom program, and the attendance of the members of the Board of Directors was as follows:



Board Member Name	Attendance Register
	Ordinary AGM dated 11.05.2022
Ibrahim Hamad Abdullah ABabtain	Attended
Abdulaziz Ibrahim Abdullah Al Babtain	Attended
Khaled Mohammed Abdullah Abdulrahman ABabtain	Attended
Abdulkareem Hamad Abdullah Al Babtain	Attended
Khaled Mohammed Abdullah ABabtain	Attended
Sultan Hamad AL Babtain	Attended
Abdullah Sagher Al Hussani	Attended
Mohammed Abdullah Basher Al Rasheed	Attended
Megren G. AlDalbahi	Attended
Sum of attendances	9

(15) Main Scope of Business: -

The main activity of the company is concentrated in the energy and communications sectors, through marketing, selling, designing and manufacturing products for the transmission and distribution of electric power. In addition, the company provides solutions for the company's activity related to external lighting, Power transmission and distribution, and the activity of communications through the design, supply, installation and maintenance of communication systems . In addition to the activity of supporting the manufacture of solar energy products, the company also galvanizes iron products for its own products as well as for third party products. The energy sector is the largest contributor to the company's results. The following table shows the contribution of each sector of the company's activities to the company's net sales revenue.

Figures by millions riyals

Business activity	Revenue	Percentage
Pole & Lighting activities	877,6	%40
Tower & Tower Testing activities	719,2	%32
Designing , suppling and installing activities	396,1	%18
Solar Energy activities	212,7	%10
Sum	2205,8	%100

The activities of the subsidiaries of the parent company are also based in the Kingdom of Saudi Arabia, the Arab Republic of Egypt and the United Arab Emirates, all of which work on marketing, selling, designing and manufacturing products related to the activities of transmission and distribution of electric Power and solar energy, as the following table shows the contribution of the subsidiaries of the parent company to the revenues.

Figures by millions riyals

Company Name	Country of activity	Revenue	Percentage
Al Babtain Power and Telecommunication company – Riyadh	Saudi Arabia	958,6	%43
Al Babtain Power and Telecommunication company – Egypt	Egypt	112,7	%5



Company Name	Country of activity	Revenue	Percentage
Al Babbain for Power and lighting solution	Egypt	70,3	%3
Al Babbain Le Blanc for Engineering Telecommunication	Saudi Arabia	194,3	%9
Al Babbain Le Blanc Emirate for Engineering Telecommunication	UAE	114	%5
Al Babbain Le Blanc Egypt for Engineering Telecommunication	Egypt	70,8	%3
Al Babbain Qatar for Contracting	Qatar	0	%0
Integrated lighting company	Saudi Arabia	455,3	%21
Al Babbain International Wind Power	Saudi Arabia	0	%0
Al Babbain Meddle East for installing telecommunication systems	UAE	17	%1
Al Babbain Metalogalva	Saudi Arabia	212,7	%10
Sum		2205,8	%100

(16) A description of the company's significant plans and decisions (including changes to the structure, expanding the company's operations or halting them) and the future expectations.

A- Plans and important decision

Based on the company's near and long-term strategic plan, the company adopts detailed executive plans on the basis of which the company takes decisions and announces them on an ongoing basis to achieve the vision and goal of the company. A partnership with European (Portuguese) companies to work together in the field of renewable energy projects by establishing the Al-Babbain Metalogalva Company specialized in the field of renewable energy, as well as contracting with the Spanish company Hayza to exchange experiences and specialized knowledge in the field of wind energy. specialized in this field to enhance its industrial capacity and diversify its products, and this works to maximize the role of the private sector in the national domestic income. The company did not stop at the borders of the Kingdom, but always looked forward to penetrating foreign markets, whether in the Middle East region, European markets, or North African markets, so it entered into renewable energy projects in African markets through the company's factories in the Arab Republic of Egypt, where the company obtained projects in Morocco through its subsidiary in Egypt, and all this in order to maximize the company's profitability and shareholder rights, while at the same time working to reduce potential risks.

(B) Continual Expectations

As a result of the continuous changes in the economic environment and the successive events in the world and its impact on the industrial and operational environment, the company works continuously in continuous research and study of promising future investment opportunities and strategic expansions by using the capabilities of the company and diversifying its use, which is one of the characteristics of the company, through a feasibility study These opportunities are provided by the company's investment committee, which helps achieve the company's objectives and develop the rights of its shareholders. At the same time, the company continues to focus on marketing its basic products and services in its main markets and focus on opening new markets in line with the parent company's strategy of geographical expansion.



The company has adopted research and work in the fields of renewable energy as one of the promising future projects that are in line with the vision of the Kingdom, and the company continues to promote and develop the company's industrial products, so it works on joint cooperation and exchange of experiences with local and international designers, manufacturers and developers in different countries to enter and contribute to these projects that will contribute to increasing the market share of the company in addition to enhancing the presence of the company's products in those countries and the diversity of the company's product styles, as was explained in the previous paragraph regarding the plans and decisions taken by the company.

The company is working on studying increasing partnerships and mutual cooperation with foreign expertise in specialized fields that will be addressed within the Kingdom's future plans.

(17) Information on any risks facing the company

Firstly; Strategic Risks represented by ;

(1) The events resulting from the spreading of global pandemics:

One of the most severe risks that is expected to have a severe impact on the economic situation and the acceleration of production is the outbreak of global epidemics, especially the emerging corona virus, Covid-19, as its impact has extended to the whole world within continual two years, which has led to a near-halt in economic activities, which led to high potential risks of Industrial companies. The company faced this risk by adopting a business continuity plan, alternative means, and the precautionary measures and measures it contained to avoid stopping industrial and commercial activities.

(2) Economic and political Events;

The existing war between Russia and Ukraine showed its severe effects on many sectors, whether the productive industrial sector or even the service sector or the transport and shipping sector, which will lead to the possibility of high price of raw materials as a result of the rise in oil prices and the cessation of gas supplies to Europe, and thus will increase the prices of products and the value of freight will also increase. As a result of stopping traffic through the warring countries and disturbances in the ports. There is no doubt that the war will have a negative impact on the economy in European countries, and thus will be reflected in the Arab countries.

In addition to the continuation of the frequent political events and economic changes that some Arab countries in the Middle East and neighboring countries are going through, in addition to the possibility of postponing plans and projects as a result of tense and sudden events, and thus it is expected that this will affect the level of spending on infrastructure projects, leading to potential risks resulting from an increase in severity of market competition.

(3) Human Resource Risks

The Saudization process for some jobs and professions is one of the risks that the company faces, especially in the occupational categories of workers, welders, and manufacturers of iron parts, due to the nature of the company's products and the nature of its manufacture of galvanized iron materials. In addition, the issuance of successive



government decisions and circulars related to Emiratization and foreign employment and defining a specific scope for some jobs and the system of labor transfer between companies will create pressures to provide and preserve skilled workers, in addition to the escalating fees imposed by the Ministry of Labor on expatriate workers, which constitutes an increasing burden and financial pressure on the company. In spite of all this and the difficulties that the company faces, it is located in the green zone, and the company works continuously to attract qualified and distinguished human cadres from the national cadres and works to train them, develop them and hold them to leadership administrative positions in the company in place of expatriates through a job replacement plan to reduce the impact of those risks. Also, the change in regulations and laws, whether labor laws or tax systems of the countries in which the company's branches or subsidiaries are located, is likely to have an impact on the income of those companies and the synchronization between the parent company and its subsidiary in that country, so the company sets an internal policy applied between companies to counter that change in line with the new regulations in those countries.

(4) Material Prices Risks

Despite predicting the stability of raw material prices at the end of 2021 AD, and oil prices began to reach normal rates, the ongoing Russian-Ukrainian war upset the scales and led to a shortage of some products, which led to an increase in raw material prices starting from the end of 2021 AD, and the company is likely to face The risks of price fluctuations for raw materials as a result of global economic pressures, in addition to credit risks, fluctuations in currency exchange rates, and the increasing demand for raw materials as a result of the continuation of the Russian-Ukrainian war.

(5) Market risk

As a result of the war, it is likely that European markets will be affected and competition will become more intense, and thus this pressure will be reflected on the Middle East markets. It is possible that competition in the market share will be increasing at a high and steady pace, and tensions on the borders in neighboring countries or the other country in North Africa, which It has political tension, which affects the risk of entering these markets.

(6) Dispatch risk for import and export

Freight rates have increased sequentially as a result of the Corona virus and then as a result of the Russian-Ukrainian war, and therefore this increase was reflected in the prices of raw materials, then it was reflected in the price of the product, as it is likely to make the competition very intense, and what is likely to reduce the profit margin. It may not be excluded that the production of some products may be delayed as a result of the delay in raw materials, which may affect profitability in the long run as a result of the increase in operating costs.

Secondly: Compliance Risks

As a result of the continuous amendments and circulars in the governance systems issued by the Capital Market Authority to joint-stock companies, in addition to the Companies Law and the regulations issued in this regard, non-compliance with, adherence to, and development of regulations and systems to comply with developments will pose risks of imposing penalties and fines on the company and impeding its requirements and transactions with the relevant authorities. In compliance with this, the company is constantly keeping pace with all the changes and instructions issued by the relevant authorities on a continuous and consistent basis, which allows the company to always be fully aware of all governance requirements and in constant communication with the Capital Market Authority and the Saudi Stock



Exchange Company, Tadawul, to avoid any reservations or inquiries that you may need. The company is in addition to continuous and vigorous communication with the environmental and industrial bodies, agencies and organizations that have a close relationship with the company's products and the issuance of industrial licenses, which does not affect the continuity of the company's productivity.

Thirdly: Financial risks

The high risks that the company faces in fluctuating the prices of European and Arab currencies against the US dollar, especially as a result of changing interest rates for the dollar based on the meeting of the Federal Bank and raising the interest rate at close intervals during the year 2022, as well as after liberalizing the exchange rate of the pound in the Arab Republic of Egypt against the dollar in the first quarter of 2022 and then the fourth quarter of the same year, which led to a change in the price of the pound at close intervals. There is no doubt that it has a clear impact on the currency differences of the subsidiaries. The company is working on developing plans and possibilities to reduce these risks and adopting financial policies between the parent company and its subsidiaries to reduce the risks of price fluctuations. Currencies, as well as agreements in dealings with local banks of the countries in which the subsidiaries are active, as well as taking into account these changes in customer contracts and agreements.

Fourthly: Operations risks

It is possible that the company will face the risk of declining operating results in some of its companies in countries affected by currency fluctuations and the ongoing Russian-Ukrainian war, which will be reflected in the prices of raw materials and freight, as well as procedures and regulatory laws related to operations. However, the company is working on preparing alternative plans to avoid a decrease in the level of operation. And carrying out many safety measures to maintain the level of operations.

Fifth: the company's policy in management the risks

Through the policies and procedures followed by the company, it always works on monitoring and analyzing potential risks. The company has developed a control system for all procedures and operations and follows it up step by step to ensure that it reduces the impact of these risks. The system can reduce the impact of those risks to the permissible limit and operates continuously through Internal audit plans for all operational processes in the company, whether the parent company or its subsidiaries, in addition to forming a specialized work team to monitor and control these risks and measure the extent of the company's compliance with the provisions of the relevant laws and regulations, in cooperation with the company's internal auditor, the office of Dr. Mohamed Abdel Aziz Hegazy, who is specialized in internal audit and in risks, the audit committee reviews the effectiveness of the audit and risk system every year and evaluates the performance of the external companies that have been appointed to carry out the functions and tasks of the internal audit and risk management department. The company has designed policies, regulations and procedures that reduce, monitor and avoid risks in some cases, and the reports are presented periodically to the Audit Committee for study and recommendation to the Board of Directors for the necessary solutions proposed by the internal auditor for study and adoption.



(18) Summary of the company's assets, liabilities and results

Figures by millions riyals

Statement	Modified -2018	2019	2020	2021	2022
Total Assets	1620,4	1965,7	2062,4	2462,6	2834,5
Liabilities	857,6	1159,3	1270,7	1612	1969,1
Sales	913,2	1348,6	1387,1	1502,1	2205,8
Operation Profits	61	107,7	99,1	89,2	161,9
Net Profits	69,7	86	80,3	51,2	60,4
Earnings per share	1,64	2,02	1,88	1,2	1,42
Total Equity	759,9	799	776,5	835,2	851,1

The company's shares began trading in the Saudi Stock Exchange on 12/12/2006

(19) geographical analysis of the company's and its affiliates' revenues.

(a) according to sectors

Figures by millions riyals

Statement	Modified -2018	2019	2020	2021	2022
Pole and lighting sector	383,1	608	501,1	651,8	877,6
Tower & Tower Station Sector	280,6	354,7	483,4	451,7	719,2
Designing , suppling and installing Sector	249,5	282,8	297,4	295,7	396,1
Solar Energy Sector	0	103,1	105,2	103	212,7

According to Geographical Distribution;

Figures by millions riyals

Statement	Modified -2018	2019	2020	2021	2022
Activities from inside KSA	598	988,5	1070,3	1237	1821
Activities from outside KSA	315,2	360,1	316,8	265,1	384,8

The following is the statement details of year 2022 for subsidiaries companies that clear the revenue by geographical wise.

Figures by millions riyals

Statement	Country of Activity	Sales
Al Babtain Power and Telecommunication company – Riyadh	Saudi Arabia	958,6
Al Babtain Power and Telecommunication company – Egypt	Egypt	112,7
Al Babtain for Power and lighting solution	Egypt	70,3
Al Babtain Le Blanc for Engineering Telecommunication	Saudi Arabia	194,3
Al Babtain Le Blanc Emirate for Engineering Telecommunication	UAE	114
Al Babtain Le Blanc Egypt for Engineering Telecommunication	Egypt	70,8
Al Babtain Qatar for Contracting	Qatar	0
Integrated lighting company	Saudi Arabia	455,3



Statement	Country of Activity	Sales
Al Babbain International Wind Power	Saudi Arabia	0
Al Babbain Meddle East for installing telecommunication systems	UAE	17
Al Babbain Metalgalva	Saudi Arabia	212,7
Total Sum		2205,8

(20) any material differences in the operational results (Equal or more than 10%). The following detail statement about the changes in the operational results of the company comparing with previous year.

Figures by millions riyals

Statement	Year 2022	Year 2021	Changes (+) or (-)	Percent of Change
Revenue	2205,7	1502,1	703,6	%47
Revenue Cost	1928,5	1307,3	621,1	%48
Total Profit	277,3	194,8	82,5	%42
Other operational expenses	115,3	105,5	9,7	%9
Operational Profits (Losses)	161,9	89,2	72,8	%82

(21) There is no difference from the approved accounting standards issued by the Saudi Organization for Certified Public Accountants (SOCPA). The company started issuing the quarterly financial statements for the year 2017 in accordance with the International Finance Report Standards (IFRS) for the parent company and all its subsidiaries, in addition to the consolidated financial statements.

(22) Company and its subsidiaries

Al Babbain Power and Telecommunication Company (The Mother Company) its headquarter in Kingdom of Saudi Arabia (Riyadh) owns full or controlled stakes at its subsidiaries direct and indirect own as shown in the below table;

Company Name ⁽¹⁾	Country of incorporation / the main location of operation s	Capital by the currency of established county	Ownership percentage	Core Business
Direct owned by company				
(1) Al Babbain Power and Telecommunication	Egypt	EGP 125,000,000	% 100	Galvanizing Pole and Tower manufacturing
(2) Al Babbain LeBlanc for engineering communication	KSA	SR 10, 000,000	% 100	Design, supply, and communication system installation
(3) Al Babbain for operation & Maintenance	KSA	SR 500,000	% 100	
(4) Al Babbain Qatar for Contracting	Qatar	QR 200,000	%100	
(5) Integrated Lighting Company – limited	KSA	SR 26,800,000	% 100	Manufacturing, sale, and marketing the decorative pole and LED lighting
(6) Al Babbain International Wind Power	KSA	SR 5,000,000	% 100	Installing, maintaining and repairing wind energy networks and generating electrical energy
In- direct owned by company				
(7) Al Babbain LeBlanc Egypt for engineering communication	Egypt	EGP 35,091,000	% 99,72	Design, supply, and communication system installation
(8) Al Babbain LeBlanc UAE for engineering communication	UAE	UAD 11,000,000	%100	



Company Name ⁽¹⁾	Country of incorporation / the main location of operation s	Capital by the currency of established county	Ownership percentage	Core Business
(9)Al Babtain Meddle East for installing telecommunication systems	UAE	UAD 1,000,000	%70	Installation and maintenance of communications systems equipment - Contracting - oil and gas field services activity
(10)Al Babtain for Power and lighting solution	Egypt	EGP 95,272,000	%100	Production and marketing of poles, masts, galvanized metal structures and solar lighting
Partnership with foreign companies				
(11) ABabtain Metalgalva	KSA	SR 21,300,000	%60	Production of metal moving components for single and biaxial solar PV tracking systems and fixed metal components for solar PV system

(1) The legal form of subsidiary companies inside and outside the Kingdom are limited liability companies except for Al-Babtain Power and Communications Company - Egypt, which is a closed joint stock company consisting of 125,000,000 shares and the value of the share is 1 Egyptian pounds. There are also no stock issues or debt instruments for these companies.

The parent company in Saudi Arabia and its subsidiaries in Egypt and the Gulf states market and export its products to many countries around the world. The aforementioned productive sectors, thank God, were able to operate our factories during the year 2021 AD according to the company's production plans as planned.

The parent company is still determined to offer part of the shares of Al-Babtain Power and Telecom Egypt and its subsidiaries (one of its subsidiaries in the Arab Republic of Egypt) for IPO in the Egyptian financial market, after the subsidiary stopped discussions with the Saudi Egyptian Company for industrial Investments to subscribe to a capital increase the money for the Egyptian company is agreed upon between the two parties, as the discussions and agreements on the legal formulations of the shareholders' agreement and the purchase and sale agreement were not accepted by both parties. The company closely monitors the country's economic situation to choose the appropriate time for the offering. It also works on a continuous study of the company's internal and external environment to assess the situation. This step comes from the standpoint of working to strengthen the company's financial position and reduce risks, in addition to the possibility of the company's expansion of its business..

(23) details of shares and debt instruments issued for each affiliate company

The number of equity shares reached (42,631,312) million fully listed shares in the Saudi stock market. In addition, there are no interest, option rights, subscription rights, or similar rights issued or granted by the company during the year 2022. There are no transfer or subscription rights under convertible debt instruments into shares, option rights, or similar rights certificates issued or granted by the company. There is also no refund or cancellation by the company of any recoverable debt instruments or any arrangements or agreement under which any of the shareholders waived any rights to profits.

There are also no restrictions on the company's shares according to what is stated in each of the rules governing the investment of listed financial organized and the instructions that regulate foreign strategic investors owning strategic stakes in listed companies in accordance with the company's articles of association and instructions issued by the supervisory and supervisory authorities to which the company is subject.

The following table shows the share details of the subsidiary companies as follows:



Company Name	Country of incorporation / the main location of operation s	Capital by the currency of established county	Number of Shares
(1) Al Babtain Power and Telecommunication Egypt	Egypt	EGP 125,000,000	125,000,000
(2) Al Babtain LeBlanc for engineering communication	KSA	SR 10,000,000	100,000
(3) AL Babtain for operation & Maintenance	KSA	SR 500,000	5000
(4) Al Babtain Qatar for Contracting	Qatar	QR 200,000	1
(5) Integrated Lighting Company – limited	KSA	SR 26,800,000	268,000
(6) Al Babtain International Wind Power	KSA	SR 5,000,000	5,000
(7) Al Babtain LeBlanc Egypt for engineering communication	Egypt	EGP 35,091,000	35,091,000
(8) Al Babtain UAE LeBlanc for engineering communication	UAE	UAD 11,000,000	11,000
(9)Al Babtain Meddle East for installing telecommunication systems	UAE	UAD 1,000,000	10,000
(10)Al Babtain for Power and lighting solution	Egypt	EGP 95,272,000	9,527,200
(11) ABabtain Metalgalva	KSA	SR 21,300,000	21,300

(24) Dividends Distribution Policy

The company adopts an annual dividend policy in proportion to the profits achieved and its financial position and according to the opportunities available for investment and expansion in front of the company, which provides it with the necessary financial liquidity to achieve its goals and achieve shareholder satisfaction.

The annual net profits of the company shall be distributed after deducting all general expenses and other costs in accordance with Article (44) of the company's articles of association as follows:

- (10%) of the net profits shall be set aside to form the statutory reserve of the company, and the Ordinary General Assembly may decide to stop this deduction when the said reserve reaches (30%) of the paid capital.
- The extraordinary general assembly based on the proposal of the board of directors to avoid a percentage (10%) of the net profits to form a consensual reserve.
- The Ordinary General Assembly, based on the proposal of the Board of Directors, may decide to disburse the agreement reserve for the benefit of the company or the shareholders.
- The Ordinary General Assembly may decide to create other reserves, to the extent that it serves the interest of the company or ensures that fixed profits are distributed as much as possible to the shareholders, and the aforementioned association may also deduct from the net profits amounts for the establishment of social institutions for the company's employees or to assist what may exist from these institutions.
- From the remainder, a percentage representing (5%) of the paid-up capital shall be distributed to the shareholders.
- Subject to the provisions stipulated in Article (20) of the Articles of Association and Article (76) of the Companies Law, after the aforementioned a percentage (10%) of the remainder shall be allocated to the remuneration of the Board of Directors, provided that the entitlement of this remuneration is proportional to the number of sessions attended by the member.
- After that, the remainder shall be distributed to the shareholders as an additional share of the profits or carried forward to the coming years as approved by the general assembly.



- The statutory reserve is used to cover the company's losses, increase the capital, or distribute profits to shareholders in the years in which the company does not achieve net profits that are sufficient to distribute the share determined to them.

With regard to the fiscal year 2022 AD, the Board of Directors recommended to distribute cash dividend to the shareholders for the financial year that ended on 31/12/2022 and the eligibility of dividends shall be for the shareholders on the day of the general assembly meeting, the below table clarify the summary of the dividends.

Figures by millions riyals

	The dividends that will distributed for year 2022	
	Total dividends distributed for year 2022	For Fiscal year Period ended 31.12.2022
Percentage	05 % from the capital	05 % from the Capital
Total	21,3	21,3

The following is a statement showing the total distributions and reserves made by the company until 12/31/2022

Statement	Saudi Riyals
Retained earnings from 2021	377,767,089
Other adjustments	558,193
Statutory reserve (10% of 2022 net profit)	(0)
Net profit for the year 2022	60,435,460
Net profit after adjustments and distributable statutory reserve	438,760,742
Distributed dividends during the year 2022	(21,315,656)
Net retained earnings carried forward for 2023	417,445,086
Earnings per share from net income for the year (SAR)	1.42

(25) A description of any interest in a class of voting shares held by persons (other than the company's directors, Senior Executives and their relatives):-

The company has not issued any voting-eligible shares, and accordingly, there is no interest in a class of voting-eligible shares belonging to persons (except for members of the Board of Directors, senior executives and their relatives) as per the article no. (85) of the Rules for Offering Securities and Continuing Obligations.

(26) A description of any interest, contractual securities or rights issue of the Board members, Senior Executives and their relatives:-

The company did not issue any convertible debt instruments into shares, and the company did not grant any option rights, subscription rights, or any similar rights to members of the board of directors, senior executives and their families during the fiscal year ending at 31.12.2022 AD as per the article (45) of the Rules for Offering Securities and Continuing Obligations. The following table shows the members of the board of directors and the number of shares owned by them, their spouses and children.



Member Name	Shares No. on 31.12.2021	Shares No. on 31.12.2022	Changes in shares	The percent of change
Ibrahim Hamad Abdullah ABabtain	715,853	399,144	316,709	% 44.3
Abdulaziz Ibrahim Abdullah Al babtain	590,625	590,625	0	0
Khaled Mohammed Abdullah Abdulrahman Ababtain	1,194,287	1,194,287	0	0
Khaled Mohammed Abdullah Ababtain	100,000	41,718	58,282	% 58.3
Abdulkareem Hamad Abdullah Al babtain	682,200	682,200	0	0
Sultan Hamad AL Babtain	799,498	799,498	0	0
Abdullah Sagher Al Hussani	0	0	0	0
Mohammed Abdullah Basher Al Rasheed	0	0	0	0
Megren G. AlDalbahi	0	0	0	0

The following table identify the shares owned by executive managers and their spouses and children

Member Name	Shares No. on 31.12.2020	Shares No. on 31.12.2021	Changes in shares	The percent of change
Jawad Jamel Ismail Abu Shehadah	1000	1000	0	0
Mohammad Najah Tukhy	0	0	0	0
Tamer Adnan Kalo	0	0	0	0

(27) Information on any loans (payable upon request or not), a statement of the total indebtedness of the company and its affiliates, any amounts paid by the company in repayments of loans during the year, the amount of the principal debts, the creditor name, the loan term and remaining amount. In case there is no debts, a declaration thereof shall be presented.

Figures by millions riyals

Statement	Debts in 31.12.2021	Withdraw during year	Paid during year	Debts in 31.12.2022	Principal debts	Period
Long Term debts	885	771,3	231.6	230.6	770,3	From 3 to 5 years
Short term debts and tawarruq	786,3	786,3	3426,3	3137,7	496,6	Less than year
Total	1,671.3	1557,6	3657,9	3367,2	1266,9	

The following table clarify the loans of the mother company and its subsidiaries as the following:

Figures by millions riyals

Company name	Period	Debts in 31.12.2021	Withdraw during year	Paid during year	Debts in 31.12.2022	Principal debts
Al Babtain Power and Telecommunication company - Saudi	Long	759,3	228,6	200	730,8	829,8
	Short	422,5	2795,5	2894,9	521,9	521,9
Al Babtain Power and Telecommunication company – Egypt	Short	33,3	33,2	47,9	47,9	47,9
AL Babtain LeBlanc	Short	2,7	0,70	0	2	2,7
Integrated Lighting Company	Long	10,9	1,4	1,4	10,9	14,3
	Short	38,1	307,1	483,5	214,5	214,5

*The period of short-term loans is less than a year, and the period of long-term loans ranges between three to seven years



The following table clarify the donors of long term loans

Figures by millions riyals	2021	2022
Saudi Industrial Development Fund loan	35.9	61,6
Long Term Tawarruq Loans - Domestic and Foreign Commercial Banks *	734,3	709,8
Total	770,3	771,3

Saudi National Bank, the Saudi Investment Bank, Banque Saudi Fransi, and Al-Rajhi Bank, Kingdom of Saudi Arabia. and the Arab Banking Corporation in Bahrain

The current portion of long-term loans as on December 31, 2022 amounted to (389,3) million Saudi riyals compared to 2021, which amounted to (228,6) million riyals.

The tawarruq loans from the above commercial banks are secured against the issuance of bonds for an order and the company forfeiting some of the proceeds from the contracts in which the associated business is financed.

The banking agreements related to the tawarruq loans above include financial restrictions and pledges on the company related to dividends and net equity, in addition to some other financial ratios specified in these agreements.

(28) Debt instruments, securities and IPOs

The company did not issue any convertible debt instruments into shares, and the company did not grant any option or subscription rights or any similar rights to members of the Board of Directors, senior executives and their families during the fiscal year ending on December 31, 2022.

(29) The company did not issue any conversion or subscription rights under any convertible debt instruments, contractually based securities, warrants or similar rights issued or granted by the company;.

(30) There are no any redemption, purchase or cancellation by the company of any redeemable debt instruments.

(31) Minutes of Board Meetings:

The Main Board Activities

- (1) Review and update the strategic plan.
- (2) Review the company's strategy and approve the new organizational structure and authority matrix
- (3) Adoption of the succession plan
- (4) Approving the results of the quarterly and annual business plan
- (5) approve and review the budget and its types.
- (6) Study investment opportunities and take decisions regarding them.
- (7) Establishing and supervising internal control systems and controls.
- (8) Recommending to the General Assembly the most important decisions and statements
- (9) Supervising the executive management.

(10) Review and approve the policies and procedures of the Board of Directors related to the relevant approved relatives.

(11) Review and approve the company's corporate governance policies and procedures related to the Capital Market Authority in accordance with the updates issued by the Capital Market Authority and present them to the nearest meeting of the General Assembly for approval.

The Board of Directors held three sessions during the year 2022 AD, and the attendance of the members was as shown in the following table:

Sr.	Member Name	The number of board meeting during year 2022 was (3) meetings			Attendance (%)
		2022/03/29	2022/11/10	2022/12/28	
1	Ibrahim Hamad Abdullah ABabtain	✓	✓	✓	
2	Abdulaziz Ibrahim Abdullah Al babsain	✓	✓	✓	100 %
3	Khaled Mohammed Abdullah Abdulrahman Ababtain	✓	✓	✓	100 %
4	Abdulkareem Hamad Abdullah Al babsain	✓	✓	✓	100 %
5	Khaled Mohammed Abdullah Ababtain	✓	✓	✓	100 %
6	Sultan Hamad AL Babsain	✓	✓	✓	100 %
7	Abdullah Sagher Al Hussani	✓	✓	✓	100 %
8	Mohammed Abdullah Basher Al Rasheed	×	✓	✓	77 %
9	Megren G. AlDalbahi	✓	✓	✓	100 %
	Total	8	9	9	100%
	The date of the last general assembly meeting	The last meeting of general assembly meeting was 11.05.2022			

(32) Numbers of company's requests of shareholders records, dates and reasons thereof

Number	Request Date	The date of owned file	Reasons
1	05/05/2022	10/05/2022	Profits file
1	11/05/2022	22/05/2022	Assembly meeting
1	10/01/2023	31/12/2022	Company procedures

(33) The transaction between the company and any Related Party

There are transactions with related parties to the company (subsidiary companies), as shown in the following table

Related parties	Type of relation	Type of contract	The period	The amount (Million Riyals)
Al Babsain Power and Telecommunication company – Egypt	Subsidiary company	Sales	Transaction during the year	0,182
Al Babsain Le Blanc for Engineering Telecommunication	Subsidiary company	Sales & Purchasing		25,4
Al Babsain Le Blanc Emirate for Engineering Telecommunication	Subsidiary company	Sales		20,8
Al Babsain Le Blanc Egypt for Engineering Telecommunication	Subsidiary company	Sales		0
Integrated lighting company	Subsidiary company	Sales & Purchasing		349,8



Related parties	Type of relation	Type of contract	The period	The amount (Million Riyals)
Al Babbain Qatar for Contracting	Subsidiary company	Sales & Finance		3
Al Babbain for Lighting Solutions – Egypt	Subsidiary company	Finance		0,05
Al Babbain Meddle East for installing telecommunication systems	Subsidiary company	Sales		9,7
Al Babbain Metalogalva	Subsidiary company	Finance		201
Al Babbain international Wind Power	Subsidiary company			0
AL Babbain for Advanced Solution	Subsidiary company	Finance		0
Total				610

(34) Information relating to any business or contract to which the company is a party and in which a director of the company, a Senior Executive or any person related to any of them is or was interested.

Based on the role and responsibilities of the board of directors, and in accordance with the requirements of transparency and disclosure, the board of directors confirms, according to the information available to it, that in 2022 AD there were contracts for the company to be party to and in which there is a fundamental interest for the chairman and some members of the board, and the following table explains Related parties, volume of transactions and balances resulting from transactions with related companies with the Board of Directors.

(1) Related party

	Ibrahim Hamad Abdullah ABabbain	Abdulaziz Ibrahim Abdullah Al Babbain	Abdulkareem Hamad Abdullah Al Babbain	Khaled Mohammed Abdallah Abdul Rahman ABabbain
AL Babbain Contracting Company LLC	Board Member	Board Member	Board Member	Board Member
AL Babbain for Trading LLC	Board Member	Board Member	Board Member	Board Member

(2) Business and Contracts

Sr.	Types of business & contract	Contract volume (By million riyals)	Contract period	Contracting condition	Related party
1	Sales & Finance	3	Interactivity transaction during the year	The company follows in its contracts with related parties the same terms that it follows with others	AL-babbain Contracting Company LLC
2	Purchasing & Finance	0,64			AL-babbain for Trading LLC
	Total	3,64			

All these transactions are presented to the ordinary general assembly annually, and do not include any loans or balances due for payment after more than one fiscal year, and all of them are considered current balances.

(35) There is no any arrangement or agreement under which a director or a Senior Executive of the company has waived any remuneration

(36) there is no any arrangement or agreement under which a shareholder of the company has waived any rights to dividends.



(37) A statement of the value of any paid and outstanding statutory payment on account of any zakat, taxes, fees or any other charges

Statement	31.12.2021	31.12.2022
Zakat & Taxes	12,198,723	24,645,103
Social Insurance	311,148	875,231
Total	12,509,871	25,520,304

- The Zakat status with the Zakat, Tax and Customs Authority (the authority) was terminated until the fiscal year ended on December 31, 2013.
- The Zakat bell has been issued for the fiscal year ending on December 31, 2014, which resulted in a zakat difference of 1,138,648 Saudi riyals.
- The company filed a lawsuit with the General Secretariat of the Tax Committees, and the Committee for Adjudication of Tax Violations and Disputes issued its decision in favor of the company, but the Authority appealed the decision to the General Secretariat of the Tax Committees, and the appeal is still under study.
- The Authority issued an amended zakat assessment on the company for the fiscal years 2015 to 2018, which resulted in a zakat difference of 32,040,281 Saudi riyals. The company objected to this assessment with the General Secretariat of the Tax Committees, and the objection is still under study.
- Based on the examination of the external auditor, he saw that the company has a fair opportunity to obtain decisions in support of a destination that we show from the objection and appeal committees regarding the objection to the zakat assessment for the fiscal years from 2014 to 2018.

(38) There is no any investments made or any reserves set up for the benefit of the employees of the company.

(39) declarations that

- (A) The company confirms that the account records have been prepared correctly.
- (B) The company also confirms that the internal control system has been prepared on sound basis and has been effectively implemented. The Audit Committee reviews the results of the reports and informs the Board of them. Note that in 2022 AD there are no material observations regarding the results of the annual review of the effectiveness of the company's internal control systems.
- (C) The company also confirms its ability to continue its activity and there is no doubt about the company's ability to continue its activity.

(40) Information related to disclosure of the external auditor's report of the company

There are no reservations about the annual financial statements audited for the year 2022 AD by the company's external auditor, mentioned in his independent report.

The financial statements and clarifications contained in the auditor's report are complementary to that stated in the report of the Board of Directors and are an integral and original part of this report.

(41) Governance

(A) In accordance with the Corporate Governance Regulations issued by the Capital Market Authority under Resolution No. (8-16-2017) dated 16/05/1438 AH corresponding to 13/02/2017 AD, as amended by the Capital Market Authority Board Resolution No. (8- 5-2023) dated 25/06 /1444 AH corresponding to 18/01/2023, the company has prepared a governance regulation for the company that includes the items mentioned in the governance regulation issued by the Capital Market Authority, whether they are mandatory or guiding, in a manner that does not violate the regulations and rules issued by the relevant authorities, and the company has complied with the governance regulations issued by Financial Market Authority.

(B) A statement of the provisions of the Corporate Governance Regulations that have been implemented and what have not been implemented, and the reasons for that.

The company applies all the provisions mentioned in the amended Corporate Governance Regulations issued by the Capital Market Authority on 18/01/2022, with the exception of the provisions listed below as follows:

Article No.	The statement	The reasons of didn't comply
Article (57)	Forming Remuneration committee	The Board of Directors decided to merge the remuneration and nomination committees into one committee that performs all the tasks of the two committees and was approved by the General Assembly on 04/24/2019
Article (61)	Forming Nomination committee	
Article (67)	Forming Risk Management Committee	Where the article is guidance, the Board of Directors decided to merge the functions of the Risk Management Committee with the Internal Audit Department (as the indicative article, the company has been allocated by a decision of the Board of Directors the assistance of an external party (the office of Dr. Muhammad Abdul Aziz Hegazy) to carry out the tasks and functions of risk management and internal audit.)
Article (69)	Risk management committee meetings	Whereas, this article is guiding but there are meetings between the persons assigned to the risk management and audit department of the company with the audit committee emanating from the board of directors every six months to discuss and study the activities of the internal audit and the risks to which the company is exposed.
Article (82)	Employees Motivation	The company has an internal system to evaluate and motivate employees based on productivity and performance
Article (84)	Social Responsibility	Whereas the article is indicative, the company plays its social role as it works on: 1- Implementing a system for preserving the environment. 2- It trains and develops Saudis in order to achieve the Kingdom's vision 2030 3- It develops and supports its Saudi employees in obtaining the appropriate academic qualifications for their specialization. 4- Adopting the Moamah project for people with special abilities (Handicapped).



Article No.	The statement	The reasons of didn't comply
		5- Adopting career development plans for Saudis
Article (85)	Social work initiatives	The company works on social contribution to society through training and supervision of Saudi students from Saudi universities to gain practical experience with the company. The company also participates in seminars and introductory and educational events with the General Directorate of Civil Defense and charitable societies, as well as participation and support for humanitarian and social societies, and sharing in the Ihsan platform for social activities.
Article (92)	Forming Governance Committee	Whereas, this article is guiding, and as per the importance of the issue of corporate governance, the secretary of the board of directors carries out all the responsibilities, works, tasks and functions of the Governance Committee under the supervision of the Board of Directors.

42) The essential events announced by the company on the Tadawul website

- The company announced that it had obtained long-term bank financing with an Islamic tawarruq financing system through Banque Saudi Fransi at a value of 200 million riyals on 12/19/2022 AD.
- The company announced an increase in the capital of one of its subsidiaries in the Kingdom of Saudi Arabia (Al-Babtain Metalogulfa Company), with an increase of 3,300,000 riyals, so that the capital after the increase became 21,300,000 riyals. On 10/24/2022 AD.
- The company announced the latest developments regarding the signing of an agreement with Hayza International Investment Company, where the agreement for the International Wind Company was reformulated to become a cooperation agreement based on the exchange, support and transfer of technical expertise between the two companies on 10/19/2022 AD.
- The company announced that one of its subsidiaries in the Arab Republic of Egypt, "Al-Babtain Energy and Communications Company - Egypt," signed a contract with the Giza Cables Industry Company in the Arab Republic of Egypt regarding a purchase order for the supply of galvanized steel towers with a voltage of 500 kV. For the electrical interconnection line project between the Arab Republic of Egypt and the Kingdom of Saudi Arabia, at a value of 28 million dollars, on 10/05/2022 AD.
- About one of its subsidiaries in the Arab Republic of Egypt, "Al-Babtain Energy and Communications Company – Egypt," signing a contract with El Sewedy Electric D & T in the Arab Republic of Egypt regarding a purchase order for the supply of 400 kV galvanized steel towers. For a project of 3 tower lines for the transmission of electric power in the Kingdom of Morocco. At a value of \$24 million on 10/05/2022 AD.
- The company announced the date and method of distributing cash dividends to shareholders for the fiscal year ending on 12/31/2021 AD on 04/28/2022 AD.

We ask the Lord to reconcile everyone to what is good




**Board of Directors
Al babtain Power and Telecommunication Company**