

**AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY**  
**(A Saudi Joint Stock Company)**  
**Interim Condensed Consolidated Financial Statements (Unaudited)**  
**For the three-month and six-month periods ended 30 June 2023**  
**Together with the independent Auditor's Review Report**

**AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY**

(A Saudi Joint Stock Company)

**Interim Condensed Consolidated Financial Statements****For the three-month and six-month periods ended 30 June 2023**

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## INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the shareholders of  
**Al Babbain Power and Telecommunications Company**  
(A Saudi Joint Stock Company)  
Riyadh –Kingdom of Saudi Arabia

### Introduction

We have reviewed the accompanying interim condensed Consolidated statement of financial position of **Al Babtain Power and Telecommunications Company** - a Saudi Joint Stock Company ("the Company") and its subsidiaries (together "the Group") as of 30 June 2023 and the related interim condensed consolidated statements of profit or loss and other comprehensive income for three month and six month period then ended and the interim condensed consolidated statements of changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard (IAS 34) – "Interim Financial Reporting" that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with International Accounting Standard No. (34) that is endorsed in the Kingdom of Saudi Arabia.

### Other Matter

The Group's interim condensed consolidated financial statements for the three-month and six-month period ended 30 June 2022 were reviewed by another auditor, who expressed an unmodified conclusion on those interim condensed consolidated financial statements dated 4 Safar 1444 H corresponding to 31 August 2022 G. The Group's consolidated financial statements were also audited for the year ended 31 December 2022 by another auditor, who expressed an unmodified opinion on these consolidated financial statements in his report dated 18 Ramadan 1444 H corresponding to 9 April 2023 G.

For Dr. Mohamed Al-Amri & Co.



Gihad Al-Amri  
Certified Public Accountant  
License No. 362

1 Safar 1445 (H)  
17 August 2023 (G)



**AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY**

(A Saudi Joint Stock Company)

**Interim Condensed Consolidated Statement of Financial Position****As at 30 June 2023**

(All amounts in Saudi Riyals unless otherwise stated)

|  | <b>Note</b> | <b>31 June 2023<br/>(unaudited)</b> | <b>31 December 2022<br/>(audited)</b> |
|--|-------------|-------------------------------------|---------------------------------------|
| <b>ASSETS</b>  |             |                                     |                                       |
| <b>Non-current assets</b>  |             |                                     |                                       |
| Property, Plant and equipment  |             | 392,775,191                         | 395,173,651                           |
| Intangible assets  |             | 26,527,953                          | 27,605,022                            |
| Investment properties  |             | 48,396,240                          | 48,396,240                            |
| Financial assets at fair value through other comprehensive income (FVOCI)            | 6           | 69,139,204                          | 89,554,166                            |
| Investment in Associates and joint venture   | 7           | 7,785,622                           | 8,243,134                             |
| Right-of-use assets  |             | 24,078,567                          | 25,243,484                            |
| Due from related parties - non-current portion                                       | 10-a        | 19,238,665                          | 22,080,724                            |
| <b>Total Non-current assets</b>  |             | <b>587,941,442</b>                  | <b>616,296,421</b>                    |
| <b>Current assets</b>  |             |                                     |                                       |
| Inventory  | 8           | 908,677,866                         | 833,560,697                           |
| Trade receivables  | 9           | 869,956,659                         | 837,520,195                           |
| Due from related parties   | 10-a        | 13,437,151                          | 14,455,146                            |
| Prepaid expenses and other receivables   | 11          | 80,321,182                          | 91,146,954                            |
| Contract assets  |             | 207,765,208                         | 212,733,722                           |
| Positive fair value derivatives  |             | 17,922,409                          | 20,305,182                            |
| Investment at fair value through profit or loss                                      |             | 6,821,772                           | 17,965,819                            |
| Cash and cash equivalents  |             | 149,424,598                         | 178,652,661                           |
| <b>Total current assets</b>  |             | <b>2,254,326,845</b>                | <b>2,206,340,376</b>                  |
| <b>Assets available for sale</b>   |             | <b>-</b>                            | <b>3,762,118</b>                      |
| <b>Total assets</b>  |             | <b>2,842,268,287</b>                | <b>2,826,398,915</b>                  |
| <b>Equity and liabilities</b>  |             |                                     |                                       |
| <b>Equity</b>  |             |                                     |                                       |
| Share capital  | 12          | 426,313,120                         | 426,313,120                           |
| Statutory reserve  |             | 127,893,936                         | 127,893,936                           |
| Foreign currency translation reserve   |             | (110,308,805)                       | (95,029,773)                          |
| Reserve of Financial assets at fair value through other comprehensive income (FVOCI) |             | (51,756,664)                        | (31,341,702)                          |
| Actuarial losses   |             | 5,901,918                           | 5,901,918                             |
| Retained earnings  |             | 451,009,999                         | 417,445,085                           |
| <b>Total equity attributable to the company's shareholders</b>                       |             | <b>849,053,504</b>                  | <b>851,182,584</b>                    |
| Non-controlling interest   |             | 14,147,817                          | 14,129,652                            |
| <b>Total Equity</b>  |             | <b>863,201,321</b>                  | <b>865,312,236</b>                    |
| <b>Non-current liabilities</b>   |             |                                     |                                       |
| Long term loans – non-current portion  | 14-1        | 341,796,194                         | 381,950,822                           |
| Lease obligation – non -current portion  |             | 20,135,372                          | 20,424,125                            |
| Employees' post-employment benefits  |             | 74,671,353                          | 68,517,376                            |
| Deferred revenue - non-current portion   |             | 36,201,717                          | 25,004,761                            |
| <b>Total Non-current liabilities</b>   |             | <b>472,804,636</b>                  | <b>495,897,084</b>                    |
| <b>Current liabilities</b>   |             |                                     |                                       |
| Short term loans   | 14-2        | 823,290,593                         | 786,306,857                           |
| Long term loans - current portion  | 14-1        | 317,487,076                         | 389,366,340                           |
| Lease obligation – current portion   |             | 4,758,122                           | 4,101,453                             |
| Deferred revenue -current portion  |             | 173,865                             | 8,472,616                             |
| Trade payables   |             | 91,381,994                          | 90,138,733                            |
| Due to related parties   | 10-b        | 14,338,109                          | 13,898,041                            |
| Accrued expenses and other payables  | 15          | 241,377,774                         | 148,260,452                           |
| Provision for Zakat and income tax   | 16-1        | 13,454,797                          | 24,645,103                            |
| <b>Total current liabilities</b>   |             | <b>1,506,262,330</b>                | <b>1,465,189,595</b>                  |
| <b>Total liabilities</b>   |             | <b>1,979,066,966</b>                | <b>1,961,086,679</b>                  |
| <b>Total Shareholder's equity and liabilities</b>                                    |             | <b>2,842,268,287</b>                | <b>2,826,398,915</b>                  |
| <b>Contingent liabilities and capital commitments</b>                                | 20          |                                     |                                       |

The accompanying notes 1 to 25 form an integral part of these interim condensed consolidated financial statements.

Chief Financial Officer

Chief Executive Officer

Chairman of Board of Directors

**AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY**

(A Saudi Joint Stock Company)

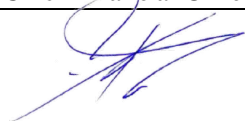
**Interim Condensed Consolidated Statement of Profit or Loss****For the three-month and six-month periods Ended 30 June 2023**

(All amounts in Saudi Riyals unless otherwise stated)

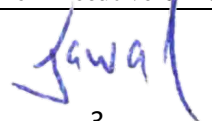
|  | Note | For the three-month period ended 30 June |                     | For the six-month period ended 30 June |                     |
|--|------|--|---------------------|--|---------------------|
|  |      | 2023<br>(Unaudited)                      | 2022<br>(Unaudited) | 2023<br>(Unaudited)                    | 2022<br>(Unaudited) |
| Revenues   |      | 534,318,568                              | 358,605,060         | 1,169,800,062                          | 770,119,901         |
| Cost of Revenues   |      | (436,577,027)                            | (312,183,635)       | (1,011,051,132)                        | (686,576,144)       |
| <b>Gross profit</b>  |      | <b>97,741,541</b>                        | 46,421,425          | <b>158,748,930</b>                     | 83,543,757          |
| Selling and Marketing expenses   |      | (8,362,171)                              | (7,643,764)         | (15,904,936)                           | (13,706,788)        |
| General and Administrative expenses  |      | (28,141,253)                             | (28,943,181)        | (52,214,034)                           | (48,254,268)        |
| Other income   | 17   | 10,037,808                               | 13,756,743          | 25,770,647                             | 23,831,447          |
| <b>Operating Profit</b>  |      | <b>71,275,925</b>                        | 23,591,223          | <b>116,400,607</b>                     | 45,414,148          |
| Finance Cost   | 18   | (20,082,482)                             | (15,654,896)        | (40,186,125)                           | (28,067,981)        |
| Foreign currency revaluation differences   |      | 91,666                                   | -                   | (2,384,735)                            | -                   |
| Expected credit losses   |      | (843,715)                                | -                   | (1,585,917)                            | -                   |
| Unrealized gains from the sale of investments carried at fair value through profit and loss  |      | (233,268)                                | -                   | 1,686,732                              | -                   |
| Realized gains from the sale of investments carried at fair value through profit and loss  |      | 1,356,530                                | -                   | 1,412,895                              | -                   |
| Gains (loss) from derivatives carried at fair value through profit and loss  |      | 2,697,661                                | -                   | (2,382,772)                            | -                   |
| Profit / (loss) from investments in joint venture  |      | 82,685                                   | 1,103,860           | (457,512)                              | 1,164,493           |
| Share of investment in associate   |      | -  | 5,394,425           | -                                      | 5,394,425           |
| <b>Net profit before Zakat and income tax</b>  |      | <b>54,345,002</b>                        | 14,434,612          | <b>72,503,173</b>                      | 23,905,085          |
| Zakat and income tax   | 16-1 | (13,779,086)                             | (3,936,879)         | (17,604,437)                           | (4,784,817)         |
| <b>Net profit for the period</b>   |      | <b>40,565,916</b>                        | 10,497,733          | <b>54,898,736</b>                      | 19,120,268          |
| <b>Profit for the period attributable to:</b>  |      |  |                     |  |                     |
| Shareholders of the parent company   |      | 40,682,287                               | 11,430,493          | 54,880,569                             | 20,156,246          |
| Non-controlling interest   |      | (116,371)                                | (932,760)           | 18,165                                 | (1,035,978)         |
|  |      | <b>40,565,916</b>                        | 10,497,733          | <b>54,898,734</b>                      | 19,120,268          |
| <b>Earnings per share:</b>   |      |  |                     |  |                     |
| Earnings per share Basic and diluted earnings per share as per profit for the period attributable to the shareholders of the Company | 19   | <b>0.95</b>                              | 0.27                | <b>1.29</b>                            | 0.47                |

The accompanying notes 1 to 25 form an integral part of these interim condensed consolidated financial statements.

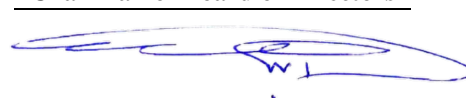
Chief Financial Officer



Chief Executive Officer



Chairman of Board of Directors



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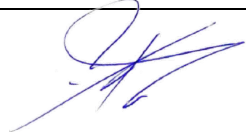
**Interim Condensed Consolidated Statement of Comprehensive Income****For the three-month and six-month periods Ended 30 June 2023**

(All amounts in Saudi Riyals unless otherwise stated)

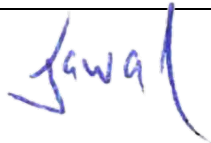
|  | <b>For the three-month period<br/>ended 30 June</b> |                    | <b>For the six-month period<br/>ended 30 June</b> |                    |
|--|---|--------------------|---|--------------------|
|  | <b>2023</b>   | <b>2022</b>        | <b>2023</b>                                       | <b>2022</b>        |
|  | <b>(Unaudited)</b>                                  | <b>(Unaudited)</b> | <b>(Unaudited)</b>                                | <b>(Unaudited)</b> |
| Net profit for the period  | <b>40,565,916</b>                                   | 10,497,733         | <b>54,898,736</b>                                 | 19,120,268         |
| <b>Items that not reclassified to profit or loss</b>                       |   |                    |   |                    |
| Changes in the fair value of financial assets through comprehensive income | <b>(19,805,737)</b>                                 | 6,311,808          | <b>(20,414,962)</b>                               | 6,311,808          |
| Actuarial gains from remeasurement of Employees' post-employment benefits  | -   | -                  | -   | -                  |
| <b>Items that can be reclassified to profit or loss</b>                    |   |                    |   |                    |
| Foreign currency translation reserve                                       | <b>1,933,236</b>                                    | (1,202,484)        | <b>(15,279,032)</b>                               | (5,160,770)        |
| <b>Total comprehensive income for the period</b>                           | <b>(17,872,501)</b>                                 | 5,109,324          | <b>(35,693,994)</b>                               | 1,151,038          |
| <b>Total comprehensive income for the period after zakat and tax</b>       | <b>22,693,415</b>                                   | 15,606,958         | <b>19,204,742</b>                                 | 20,271,306         |
| <b>Comprehensive income for the period attributable to</b>                 |   |                    |   |                    |
| Shareholders of the parent company   | <b>22,809,787</b>                                   | 16,539,718         | <b>19,186,577</b>                                 | 21,307,284         |
| Non-controlling interest   | <b>(116,372)</b>                                    | (932,760)          | <b>18,165</b>                                     | (1,035,978)        |
|  | <b>22,693,415</b>                                   | 15,606,958         | <b>19,204,742</b>                                 | 20,271,306         |

The accompanying notes 1 to 25 form an integral part of these interim condensed consolidated financial statements.

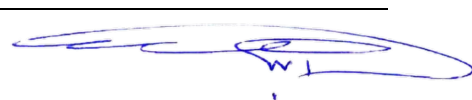
**Chief Financial Officer**



**Chief Executive Officer**



**Chairman of Board of Directors**



**AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY**

(A Saudi Joint Stock Company)

**Interim Condensed Consolidated Statement of Changes in Equity****For the three-month and six-month periods Ended 30 June 2023**

(All amounts in Saudi Riyals unless otherwise stated)

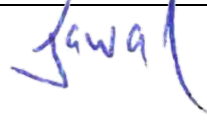
|  | Share capital      | Statutory reserve  | Foreign currency translation reserve | Reserve of Financial assets at fair value through other comprehensive income | Actuarial losses   | Retained earnings  | Total equity attributable to the main shareholders of company | Non-controlling interest | Total equity       |
|--|--------------------|--------------------|--------------------------------------|--|--------------------|--------------------|---|--------------------------|--------------------|
| <b><u>For the six-month period ended on 30 June 2023</u></b> |                    |                    |                                      |  |                    |                    |   |                          |                    |
| Balance at 1 January 2023 (audited)                          | 426,313,120        | 127,893,936        | (95,029,773)                         | (31,341,702)   | 5,901,918          | 417,445,085        | 851,182,584   | 14,129,652               | 865,312,236        |
| Net profit for the period                                    | -                  | -                  | -                                    | -  | -                  | 54,880,569         | 54,880,569  | 18,165                   | 54,898,734         |
| Other comprehensive income                                   | -                  | -                  | (15,279,032)                         | (20,414,962)   | -                  | -                  | (35,693,994)  | -                        | (35,693,994)       |
| Total comprehensive income for the period                    | -                  | -                  | (15,279,032)                         | (51,756,664)   | -                  | 54,880,569         | 19,186,575  | 18,165                   | 19,204,740         |
| Dividends declared (note 14)                                 | -                  | -                  | -                                    | -  | -                  | (21,315,655)       | (21,315,655)  | -                        | (21,315,655)       |
| <b>Balance as at 30 June 2023 (unaudited)</b>                | <b>426,313,120</b> | <b>127,893,936</b> | <b>(110,308,805)</b>                 | <b>(51,756,664)</b>  | <b>5,901,918</b>   | <b>451,009,999</b> | <b>849,053,504</b>  | <b>14,147,817</b>        | <b>863,201,321</b> |
| <b><u>For the six-month period ended on 30 June 2022</u></b> |                    |                    |                                      |  |                    |                    |   |                          |                    |
| Balance at 1 January 2022 (audited)                          | 426,313,120        | 127,893,936        | (60,265,098)                         | (35,256,672)   | (1,288,761)        | 377,767,089        | 835,163,614   | 15,427,262               | 850,590,876        |
| Net profit for the period                                    | -                  | -                  | -                                    | -  | -                  | 20,156,246         | 20,156,246  | (1,035,978)              | 19,120,268         |
| Other comprehensive income items                             | -                  | -                  | (5,160,769)                          | 6,311,808  | -                  | -                  | 1,151,039   | -                        | 1,151,039          |
| Total comprehensive income for the period                    | -                  | -                  | (5,160,769)                          | 6,311,808  | -                  | 20,156,246         | 21,307,285  | (1,035,978)              | 20,271,307         |
| Dividends declared (note 14)                                 | -                  | -                  | -                                    | -  | -                  | (21,315,657)       | (21,315,657)  | -                        | (21,315,657)       |
| <b>Balance as at 30 June 2022 (unaudited)</b>                | <b>426,313,120</b> | <b>127,893,936</b> | <b>(65,425,867)</b>                  | <b>(28,944,864)</b>  | <b>(1,288,761)</b> | <b>376,607,678</b> | <b>835,155,242</b>  | <b>14,391,284</b>        | <b>849,546,526</b> |

The accompanying notes 1 to 25 form an integral part of these interim condensed consolidated financial statements.

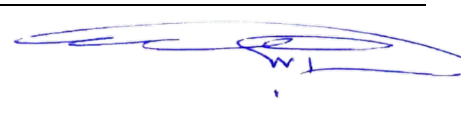
Chief Financial Officer



Chief Executive Officer



Chairman of Board of Directors





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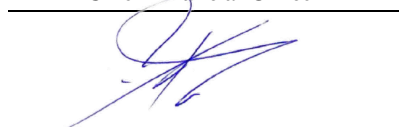
**Interim Condensed Consolidated Statement of Cash Flows****For six-month periods ended 30 June 2023**

(All amounts in Saudi Riyals unless otherwise stated)

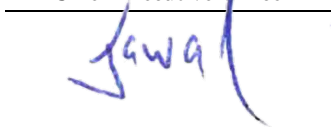
|   | Note | 30 June 2023<br>(unaudited) | 30 June 2022<br>(audited) |
|---|------|-----------------------------|---------------------------|
| <b>Cash flows from operating activities</b>                                   |      |                             |                           |
| Net profit for the period before Zakat and tax                                |      | 72,503,173                  | 23,905,085                |
| <b>Adjustments for:</b>   |      |                             |                           |
| Depreciation of property, plant and equipment                                 |      | 13,650,249                  | 14,098,279                |
| Gain on disposal of property, plant and equipment                             |      | -                           | (115,459)                 |
| Depreciation on right-of-use assets   |      | 1,990,656                   | 1,999,211                 |
| Amortization of intangible assets   |      | 1,059,606                   | 966,561                   |
| Lease liabilities interest  | 18   | 998,979                     | 950,980                   |
| Financial Assets derivatives FVPL Losses                                      |      | 2,382,773                   | -                         |
| Provision for Employees' post-employment benefits                             |      | 9,181,381                   | 7,096,503                 |
| Provision for expected credit losses  | 9    | 1,585,917                   | 2,120,655                 |
| Loss in investment in joint venture   |      | 457,152                     | 546,694                   |
| Share of profits from investment in associate                                 |      | -                           | (5,394,425)               |
| Gain on investments at fair value through profit or loss                      |      | (1,412,895)                 | (52,920)                  |
| Change in measurement of investments at fair value through profit or loss     |      | (1,686,732)                 | -                         |
| Provision for non-moving inventory  |      | 207,554                     | -                         |
| Reverse provision on non-moving inventory                                     |      | (276,619)                   | (286,277)                 |
|   |      | <u>100,641,554</u>          | <u>45,834,887</u>         |
| <b>Changes in operating assets and liabilities</b>                            |      |                             |                           |
| Trade receivables   |      | (33,990,862)                | (32,273,325)              |
| Inventory   |      | (75,079,474)                | (358,027,801)             |
| Prepaid expenses and other receivables  |      | 10,825,772                  | (22,662,008)              |
| Contracts assets  |      | 4,968,514                   | 11,375,233                |
| Trade payables  |      | 1,243,261                   | (37,938,657)              |
| Deferred revenue  |      | 2,898,205                   | -                         |
| Accrued expenses and other payables   |      | 93,117,322                  | 171,340,811               |
| Related parties   |      | 4,300,122                   | (2,081,420)               |
| <b>Cash flow (used in) generated from working capital</b>                     |      | <u>108,924,414</u>          | <u>(229,593,049)</u>      |
| Employees' post-employment benefits paid                                      |      | (3,027,404)                 | (2,535,549)               |
| Zakat and income tax paid   | 16-1 | (28,794,743)                | (14,400,509)              |
| <b>Net cash (used in) generated from operating activities</b>                 |      | <u>77,102,267</u>           | <u>(246,529,107)</u>      |
| <b>Cash flows from investing activities</b>                                   |      |                             |                           |
| Proceeds from sell of investment carried at fair value through profit or loss |      | 14,515,774                  | -                         |
| Addition of financial assets at fair value through profit and loss            |      | (272,100)                   | -                         |
| Additions of intangible assets  |      | (2,768)                     | -                         |
| Addition of property plant, and equipments                                    |      | (15,945,644)                | (9,411,708)               |
| Proceeds from disposal of property, plant and equipment                       |      | 26,857                      | 230,918                   |
| <b>Net cash used in investing activities</b>                                  |      | <u>(1,677,881)</u>          | <u>(9,180,790)</u>        |
| <b>Cash flows from financing activities</b>                                   |      |                             |                           |
| Net movement in short term loans  |      | 36,983,736                  | 316,483,959               |
| Net movement in long term loans   |      | (112,033,892)               | (8,114,167)               |
| Lease liabilities paid  |      | (1,366,895)                 | (2,235,801)               |
| Dividend paid   | 13   | (21,315,655)                | (21,315,657)              |
| lease additions   |      | (1,361,123)                 | -                         |
| <b>Net cash generated from financing activities</b>                           |      | <u>(99,093,829)</u>         | <u>284,818,334</u>        |
| <b>Net change in cash and cash equivalents</b>                                |      | <u>(23,669,444)</u>         | <u>29,108,437</u>         |
| Cash and cash equivalents at beginning of the period                          |      | 178,652,661                 | 210,709,260               |
| Effect of exchange rate change on cash and cash equivalents                   |      | (5,558,619)                 | (5,160,769)               |
| <b>Cash and cash equivalents at the ending of the period</b>                  |      | <u>149,424,598</u>          | <u>239,817,697</u>        |
| <b>Non-monetary transaction</b>   | 22   |                             |                           |

The accompanying notes 1 to 25 form an integral part of these interim condensed consolidated financial statements.

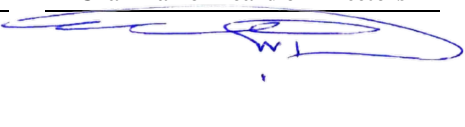
Chief Financial Officer



Chief Executive Officer



Chairman of Board of Directors





# AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY

(A Saudi Joint Stock Company)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months period ended 30 June 2023

(All amounts in Saudi Riyals unless otherwise stated)

### 1- LEGAL STATUS AND ACTIVITY

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

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

The current period of Company starts on January 1, 2023, and ends on 30 June,2023 and the fiscal year of the Group start from January 1st of each calendar year and ends at end of December of the same year.

On 30 June 2023, the Company owns, directly or indirectly, majority interests that enable it to control subsidiaries collectively known as the "Group." The Company's business and its subsidiaries, set forth below, is focused on the production of lighting poles, power transmission and accessories, power transmission towers and accessories, telecommunication towers, as well as operation and maintenance of communication software and systems, and the following are the subsidiaries and their shareholding percentages:

| <u>Company Name</u>   | <u>Headquarter</u> | <b>Percentage of shareholding</b> |                  |
|---|--------------------|-----------------------------------|------------------|
|   |                    | 30 June 2022                      | 31 December 2021 |
| <b><u>First: directly owned companies</u></b>                         |                    |                                   |                  |
| Al-Babtain Power and Telecommunication Company                        | Egypt              | <b>100%</b>                       | 100%             |
| Al Babtain LeBlanc Telecommunication Systems Ltd.                     | KSA                | <b>100%</b>                       | 100%             |
| Al-Babtain Operation and Maintenance Co. Ltd                          | KSA                | <b>100%</b>                       | 100%             |
| Integrated Lighting Co., Ltd.   | KSA                | <b>100%</b>                       | 100%             |
| Al Babtain Contracting Company (1/1/1)                                | Qatar              | <b>100%</b>                       | 100%             |
| International Wind Energy Company                                     | KSA                | <b>100%</b>                       | 100%             |
| Al-Babtain Metalgalva Co. Ltd. (1/1/2)                                | KSA                | <b>60%</b>                        | 60%              |
| <b><u>Second: indirectly owned companies</u></b>                      |                    |                                   |                  |
| Al-Babtain Leblanc Egypt Telecommunication Engineering Co.            | Egypt              | <b>85%</b>                        | 85%              |
| Al Babtain LeBlanc Emirates Telecommunication Systems LLC             | UAE                | <b>100%</b>                       | 100%             |
| Al-Babtain Middle East for the Installation of Communications Systems | UAE                | <b>70%</b>                        | 70%              |

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

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

### 2- BASIS OF PREPARATION

#### 2-1 Statement of compliance

The interim condensed consolidated financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' that is endorsed in Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by Saudi Organization for Chartered and Professional Accountants ("SOCPA") and should be read in conjunction with the Group's annual financial statements for year ended 31 December 2022. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual statements to prepare a complete set of financial statements; however, the accounting policies and explanatory notes are mentioned to explain events and the important transaction to understand the changes in the Group's financial position and its performance since the last annual financial statement of the Group.

The results for the period six-month ended 30 June 2023 are not necessarily indicative of the results that can be expected for the financial year ended 31 December 2023.

## **AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY**

(A Saudi Joint Stock Company)

### **NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**For the six months period ended 30 June 2023**

(All amounts in Saudi Riyals unless otherwise stated)

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#### **2- BASIS OF PREPARATION (continued)**

##### **2-2 Basis of consolidation**

The interim condensed consolidated financial statements include the financial statements of Al-Babtain Power and Telecommunications Company and its subsidiaries (collectively the “Group”) as disclosed within note (1).

Accordingly, comprises of the financial statements of the parent company and its subsidiaries as at 30 June 2023. Subsidiaries are entities which are controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

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

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

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

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

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

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

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

# **AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY**

(A Saudi Joint Stock Company)

## **NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**For the six months period ended 30 June 2023**

(All amounts in Saudi Riyals unless otherwise stated)

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### **2- BASIS OF PREPARATION (continued)**

#### **2-3 Basis of measurement**

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

- a- Investments measured at fair value.
- b- Employees' end of service benefits is recognized at the present value of future obligations using the expected unit credit method.

#### **2-4 Currency Presentation and activity**

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

### **3- NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS**

No new standards have been issued, but there are amendments to the standards, and these amendments are effective as of January 1, 2023 that have been disclosed in the Group consolidated financial statements but don't have material effect the interim condensed consolidated financial statements the group did not have to change its accounting policies or make retrospective adjustments as a result of adoption these amended standards.

### **4- SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of these interim condensed consolidated financial statements required management to make judgments, estimates and assumptions that affect the application of policies and reported amounts, liabilities, revenues, and expenses. Actual results may differ from these estimates.

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

The significant estimates made by management when applying the Group accounting policies and the significant sources of estimation uncertainties were the same as those shown in the last annual financial statements.

### **5- SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies used in preparing the interim condensed consolidated financial statements are in line with the policies followed in preparing the annual consolidated financial statements of the Group for the year ended 31 December 2022.

**AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY**

(A Saudi Joint Stock Company)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****For the six months period ended 30 June 2023**

(All amounts in Saudi Riyals unless otherwise stated)

**6- FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

|   | <u>Ownership percentage</u> |             | <b>30 June 2023<br/>(unaudited)</b> | <b>31 December<br/>2022<br/>(audited)</b> |
|---|-----------------------------|-------------|-------------------------------------|---|
|   | <b>2023</b>                 | <b>2022</b> |                                     |   |
| Masheed Saudi Arabia Company                    | 3.57%                       | 3.57%       | <b>25,000</b>                       | 25,000                                    |
| Qatar Engineering and Minerals<br>Company (6-1) | 5.66%                       | 5.66%       | <b>14,355,236</b>                   | 15,601,741                                |
| Mina Juice Limited – Turkey (6-1)               | 8.015%                      | 8.015%      | <b>49,410,000</b>                   | 64,773,675                                |
| Pasta World Limited - Turkey (6-1)              | 0.60%                       | 0.60%       | <b>5,348,968</b>                    | 5,238,780                                 |
|   |                             |             | <b>69,139,204</b>                   | 89,554,166                                |

(6-1) The investments referred to above represent investments in unlisted securities. This portfolio is managed by Venture Capital Bank, and according to the latest report issued by the bank, it appears at fair value for the period ended on 30 June 2023, and there are no indications of impairment in value.

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

|  | <b>30 June 2023<br/>(unaudited)</b> | <b>31 December<br/>2022<br/>(audited)</b> |
|--|-------------------------------------|---|
| Balance as at 1 January 2023   | <b>89,554,166</b>                   | 85,639,196                                |
| Gains on revaluation of assets at fair value through other<br>comprehensive income | <b>(20,414,962)</b>                 | 3,914,970                                 |
|  | <b>69,139,204</b>                   | 89,554,166                                |

**7- INVESTING IN ASSOCIATE**

|  | <u>Ownership percentage</u> |             | <b>30 June 2023<br/>(Unaudited)</b> | <b>31 December<br/>2022<br/>(audited)</b> |
|--|-----------------------------|-------------|-------------------------------------|---|
|  | <b>2023</b>                 | <b>2022</b> |                                     |   |
| Petitjean Company (formerly Al-<br>Babtain France) | <b>25%</b>                  | <b>25%</b>  | <b>7,785,622</b>                    | 8,243,134                                 |
|  |                             |             | <b>7,785,622</b>                    | 8,243,134                                 |

**8- INVENTORY**

|   | <b>30 June 2023<br/>(unaudited)</b> | <b>31 December 2022<br/>(audited)</b> |
|---|-------------------------------------|---------------------------------------|
| Raw material                                | <b>628,200,718</b>                  | 587,020,518                           |
| Finished goods                              | <b>89,249,456</b>                   | 153,400,352                           |
| Spare parts and consumables                 | <b>18,166,736</b>                   | 19,572,685                            |
| Work in process                             | <b>85,899,537</b>                   | 55,840,657                            |
| Goods in transit                            | <b>96,702,332</b>                   | 27,666,647                            |
| Others                                      | <b>2,113,472</b>                    | 1,751,918                             |
|   | <b>920,332,251</b>                  | 845,252,777                           |
| <b>Less: provision for non-moving items</b> | <b>(11,654,385)</b>                 | (11,692,080)                          |
|   | <b>908,677,866</b>                  | 833,560,697                           |

**AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY**

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(All amounts in Saudi Riyals unless otherwise stated)

**Movement of the provision for non-moving items:**

|   | <b>30 June 2023</b><br><b>(unaudited)</b> | <b>31 December</b><br><b>2022</b><br><b>(audited)</b> |
|---|---|---|
| Balance at the beginning of the period / year | <b>11,692,080</b>                         | 9,420,087   |
| Charge during the period / year               | <b>207,554</b>                            | 2,663,541   |
| Currency translation differences              | <b>31,370</b>                             | (316,372)   |
| Used during the period / year                 | <b>(276,619)</b>                          | (75,176)  |
| Balance at the end of the period / year       | <b>11,654,385</b>                         | 11,692,080  |

**8- TRADE RECEIVABLES**

|  | <b>30 June 2023</b><br><b>(unaudited)</b> | <b>31 December 2022</b><br><b>(audited)</b> |
|--|---|---|
| Trade receivables                            | <b>846,088,815</b>                        | 835,264,838                                 |
| Checks under collection and notes receivable | <b>9,581,597</b>                          | 39,819,513                                  |
| Advance payment under settlement             | <b>46,048,967</b>                         | -   |
|  | <b>901,719,379</b>                        | 875,084,351                                 |
| <b>Less: Expected credit losses</b>          | <b>(31,762,720)</b>                       | (37,564,156)                                |
|  | <b>869,956,659</b>                        | 837,520,195                                 |

Movement of expected credit losses is as follows:

|  | <b>30 June 2023</b><br><b>(unaudited)</b> | <b>31 December</b><br><b>2022</b><br><b>(audited)</b> |
|--|---|---|
| Balance at the beginning of the period / year                  | <b>37,564,156</b>                         | 21,909,845  |
| Charge during the period / year                                | <b>1,585,917</b>                          | 16,000,383  |
| Used during the period / year                                  | <b>(7,418,871)</b>                        | -   |
| Foreign currency exchange differences during the period / year | <b>31,518</b>                             | (346,072)   |
| Balance at the end of the period / year                        | <b>31,762,720</b>                         | 37,564,156  |

**10- RELATED PARTY TRANSACTIONS AND BALANCES**

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

**10-a) Due from related parties**

|  | <b>Nature of relationship</b> | <b>30 June</b><br><b>2023</b><br><b>(unaudited)</b> | <b>31</b><br><b>December</b><br><b>2022</b><br><b>(audited)</b> |
|--|-------------------------------|---|---|
| Petitjean company (Al Babbain France previously) | Joint Venture Company         | <b>27,634,465</b>                                   | 29,277,124  |
| Al Babbain Contracting Company                   | Affiliate Company             | <b>4,759,136</b>                                    | 6,976,531   |
| Al-Babbain Engineering Industries Company        | Affiliate Company             | <b>282,215</b>                                      | 282,215   |
|  |                               | <b>32,675,816</b>                                   | 36,535,870  |

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(All amounts in Saudi Riyals unless otherwise stated)

**The following is the current portion and non-current portion**

|                     | <b>30 June 2023</b><br><b>(unaudited)</b> | <b>31 December</b><br><b>2022</b><br><b>(audited)</b> |
|---------------------|---|---|
| Current portion     | <b>13,437,151</b>                         | 14,455,146  |
| Non-current portion | <b>19,238,665</b>                         | 22,080,724  |
|                     | <b>32,675,816</b>                         | 36,353,870  |

**10-b) Due to related parties**

|   | <b>Nature of relationship</b> | <b>30 June 2023</b><br><b>(unaudited)</b> | <b>31 December</b><br><b>2022</b><br><b>(audited)</b> |
|---|-------------------------------|---|---|
| Metalgalva Air Mouse Silvia IE – Portugal | Affiliate Company             | <b>14,332,769</b>                         | 13,828,717  |
| Al Babbain Trading Company                | Affiliate Company             | <b>5,340</b>                              | 69,324  |
|   |                               | <b>14,338,109</b>                         | 13,898,041  |

**10-c) Significant transactions with related parties**

|   | <b>30 June 2023</b><br><b>(unaudited)</b> | <b>30 June 2022</b><br><b>(unaudited)</b> |
|---|---|---|
| <b><u>Sales</u></b>                       |   |   |
| Al Babbain Contracting Company            | <b>3,199,188</b>                          | 2,994,888                                 |
| <b><u>Purchases</u></b>                   |   |   |
| Al Babbain Trading Company                | -   | 63,984                                    |
| <b><u>Financing</u></b>                   |   |   |
| Metalgalva Air Mouse Silvia IE – Portugal | -   | 1,821,094                                 |

**11- PREPAID EXPENSES AND OTHER RECEIVABLES**

|   | <b>30 June 2023</b><br><b>(unaudited)</b> | <b>31 December</b><br><b>2022</b><br><b>(audited)</b> |
|---|---|---|
| Dividend receivable   | -   | 523,177   |
| Prepaid expenses  | <b>10,904,225</b>                         | 13,438,346  |
| Advance payments to suppliers   | <b>24,773,289</b>                         | 27,455,570  |
| Accrued revenue from government loan                                      | <b>1,295,209</b>                          | 1,757,742   |
| Purchase of land for the International Wind Energy Company project (11-1) | <b>8,564,756</b>                          | 8,564,756   |
| Value added tax   | <b>10,193,007</b>                         | 13,440,447  |
| Deposits against security and security refunds                            | <b>6,281,658</b>                          | 6,168,499   |
| Advanced to employees   | <b>5,391,123</b>                          | 4,957,468   |
| Others  | <b>12,917,915</b>                         | 14,840,949  |
|   | <b>80,321,182</b>                         | 91,146,954  |

(11-1) These are the amounts paid to Emaar the Economic City under the account of the purchase of the Industrial Valley land in King Abdullah City for the International Wind Energy Company project.

**12- CAPITAL**

The authorized and paid-up capital of the Group is 426,313,120 SAR as on 30 June 2023 (December 31, 2020: 426,313,120 million SAR) divided into 42,631,312 shares (December 31, 2020: 42,631,312 shares) with a value of 10 SAR each.

**AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY**

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**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****For the six months period ended 30 June 2023**

(All amounts in Saudi Riyals unless otherwise stated)

**13- DIVIDEND**

During the year 2023 the Group declared distribution of dividend according to the recommendation of the board of directors amounted to 21,315,655 Saudi riyals at 0.5 Saudi riyals per share (2022: 21,315,657) Saudi riyals at 0.5 Saudi riyals per share), which is equivalent to 5% of the nominal value of the share, The Ordinary General Assembly approved the proposed dividends in its meeting held on 12 Dhu al-Qi`dah 1444 AH corresponding to 1 June 2023.

**14- LOANS****14-1 Long Term Loans**

|  | <b>30 June 2023<br/>(unaudited)</b> | <b>31 December 2022<br/>(audited)</b> |
|--|-------------------------------------|---------------------------------------|
| Saudi Industrial Development Fund Loan*              | <b>64,595,769</b>                   | 61,560,218                            |
| Long Term Tawarruq Loans - Local Commercial Banks ** | <b>594,687,501</b>                  | 709,756,944                           |
|  | <b>659,283,270</b>                  | 771,317,162                           |

|                     | <b>30 June 2023<br/>(unaudited)</b> | <b>31 December 2022<br/>(audited)</b> |
|---------------------|-------------------------------------|---------------------------------------|
| Current portion     | <b>317,487,076</b>                  | 389,366,340                           |
| Non-current portion | <b>341,796,194</b>                  | 381,950,822                           |
|                     | <b>659,283,270</b>                  | 771,317,162                           |

**The movement on loans during the year was as follows:**

|   | <b>30 June 2023<br/>(unaudited)</b> | <b>31 December 2022<br/>(audited)</b> |
|---|-------------------------------------|---------------------------------------|
| Balance at the beginning of the period / year | <b>771,317,162</b>                  | 770,287,737                           |
| Paid during the period / year                 | <b>(119,593,892)</b>                | (230,572,253)                         |
| Addition during the period / year             | <b>7,560,000</b>                    | 231,601,678                           |
| Balance at the end of the period / year       | <b>659,283,270</b>                  | 771,317,162                           |

\*The Group entered into a loan agreement with the Saudi Industrial Development Fund in the amount of 29,800,000 Saudi riyals on 30 May 2018, for the purpose of establishing a factory for the production of power transmission and communication towers, which is located on a plot of land of 69,000 square meters in the third industrial city in Dammam, the loan is repaid in twelve semi-annual installments.

One of the subsidiaries (Integrated Lighting Company Limited) entered into a loan with the Saudi Industrial Development Fund in the amount of 14,300,000 Saudi riyals on February 24, 2019. This is for the purpose of setting up a factory to produce steel decorative poles and lighting lamps with LED technology in the Industrial Gate City in Riyadh, and these loans are repaid in guaranteed semi-annual installments.

Also, one of the subsidiaries (Al-Babtain Metalogalfa Co. Ltd.) obtained during the period a loan with the Saudi Industrial Development Fund in the amount of 40,900,000, for the purpose of establishing a factory for the



## AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY

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For the six months period ended 30 June 2023

(All amounts in Saudi Riyals unless otherwise stated)

production of photovoltaic installation systems on a plot of land in Dammam, the third industrial city, with an area of 55,026 square meters. These loans are repaid in guaranteed semi-annual installments.

The balance of Saudi Industrial Development Fund loan for the group as of 30 June 2023 amounted 64,595,769.

\*\* The Group obtained long-term bank financing from local banks for the purpose of paying the outstanding amounts owed by the group with other banks and restructuring the financial position, in addition to concluding new medium-term loan contracts during the period from local banks amounting to 210,000,000 Saudi riyals for the same previous purpose.

#### Guarantees

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

Bank commitments for loans are represented in the financial ratios mentioned in the bank agreements, and the most important of these ratios are:

-Liquidity ratio.

-Leverage ratio.

-Debt service ratio.

-Equity balance.

-Tangible net worth.

#### Non-compliance with bank commitments

Due to the existence of a breach in some of the financial covenants mentioned in the agreement with some banks, the amount of 151,041,667 Saudi riyals has been reclassified from the non-current liabilities to the current liabilities, and the financial covenants were as follows

|               | Financial<br>Covenant | The agreed rate | The percentage as<br>of 30 June 2023<br>(Unaudited) | Override |
|---------------|-----------------------|-----------------|---|----------|
| Al Rajhi Bank | Debt service ratio    | 1.1%            | 0.48%   | 0.6%     |

#### 14-2 Short Term Loans

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

|                                      | 30 June 2023<br>(unaudited) | 31 December 2022<br>(audited) |
|--------------------------------------|-----------------------------|-------------------------------|
| Short-term securitization bank loans | 532,353,033                 | 534,271,577                   |

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|                 |                    |             |
|-----------------|--------------------|-------------|
| Notes payables  | <b>238,368,045</b> | 202,131,742 |
| Overdraft loans | <b>52,569,515</b>  | 49,903,538  |
|                 | <b>823,290,593</b> | 786,306,857 |

**Guarantees**

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

**15- ACCRUED EXPENSES AND OTHER PAYABLES**

|  | <b>30 June 2023<br/>(unaudited)</b> | <b>31 December 2022<br/>(audited)</b> |
|--|-------------------------------------|---------------------------------------|
| Advanced payment from customers                      | <b>135,285,696</b>                  | 70,945,113                            |
| Accrued expenses                                     | <b>70,867,348</b>                   | 54,970,998                            |
| Accrued dividend                                     | <b>699,265</b>                      | 1,857,195                             |
| Accrued remuneration of board members and committees | <b>2,654,834</b>                    | 4,946,834                             |
| Accrued vacation allowance                           | <b>7,860,321</b>                    | -                                     |
| Other credit balances                                | <b>24,010,310</b>                   | 15,540,312                            |
|  | <b>241,377,774</b>                  | 148,260,452                           |

**16- ZAKAT AND INCOME TAX PROVISION****16-1 Zakat movement**

The movement in the provision for zakat is as follows:

|  | <b>30 June 2023<br/>(unaudited)</b> | <b>31 December 2022<br/>(audited)</b> |
|--|-------------------------------------|---------------------------------------|
| Balance at the beginning of the period /year | <b>24,645,103</b>                   | 12,198,723                            |
| Addition during the period /year             | <b>17,604,437</b>                   | 33,815,179                            |
| Paid during the period /year                 | <b>(28,794,743)</b>                 | (21,368,799)                          |
| Balance at the end of the period /year       | <b>13,454,797</b>                   | 24,645,103                            |

**16-2 Zakat assessment position**

The group submitted its zakat return for the year ending on 31 December 2022 and obtained a final zakat certificate valid until 30 April 2024, following the submission of the financial statements and the zakat return for the same year.

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

**17- OTHER REVENUE**

|                     | <b>30 June 2023<br/>(unaudited)</b> | <b>30 June 2022<br/>(unaudited)</b> |
|---------------------|-------------------------------------|-------------------------------------|
| Scrap sales revenue | <b>23,449,738</b>                   | 17,721,490                          |
| Rental income       | <b>1,069,846</b>                    | -                                   |

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|                              |                   |            |
|------------------------------|-------------------|------------|
| Miscellaneous income         | <b>1,251,063</b>  | 2,363,170  |
| provision no longer required | -                 | 3,746,787  |
|                              | <b>25,770,647</b> | 23,831,447 |

**18- FINANCE COST**

|                             | <b>30 June 2023<br/>(unaudited)</b> | 30 June 2022<br>(unaudited) |
|-----------------------------|-------------------------------------|-----------------------------|
| Loan financing              | <b>39,187,146</b>                   | 27,117,001                  |
| Financing lease obligations | <b>998,979</b>                      | 950,980                     |
|                             | <b>40,186,125</b>                   | 28,067,981                  |

**19- BASIC AND DILUTED EARNING PER SHARE**

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

|  | <b>30 June 2023<br/>(unaudited)</b> | 30 June 2022<br>(unaudited) |
|--|-------------------------------------|-----------------------------|
| profit for the period                      | <b>55,460,322</b>                   | 20,156,246                  |
| Weighted average number of shares issued   | <b>42,631,312</b>                   | 42,631,312                  |
| Basic and diluted earnings per share (SAR) | <b>1.30</b>                         | .47                         |

|  | <b>For The Six-month Period Ended</b> |                                     | <b>For The Three-month Period Ended</b> |                                     |
|--|---------------------------------------|-------------------------------------|---|-------------------------------------|
|  | <b>30 June 2023<br/>(unaudited)</b>   | <b>30 June 2022<br/>(unaudited)</b> | <b>30 June 2023<br/>(unaudited)</b>     | <b>30 June 2022<br/>(unaudited)</b> |
| Profit for the period                      | <b>55,460,322</b>                     | 20,156,246                          | <b>41,262,038</b>                       | 11,430,493                          |
| Weighted average number of shares issued   | <b>42,631,312</b>                     | 42,631,312                          | 42,631,312                              | 42,631,312                          |
| Basic and diluted earnings per share (SAR) | <b>1.29</b>                           | 0.47                                | <b>0.95</b>                             | 0.27                                |

**20- CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS**

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

|                     | <b>30 June 2023<br/>(unaudited)</b> | 31 December 2022<br>(audited) |
|---------------------|-------------------------------------|-------------------------------|
| Letter of credit    | <b>189,967,357</b>                  | 149,631,974                   |
| Letter of guarantee | <b>821,049,632</b>                  | 730,210,460                   |
|                     | <b>1,011,016,989</b>                | 879,842,434                   |

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**21- SEGMENT INFORMATION**

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

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

b - The following is a summary of the information for the period ended June 30, according to the operating segments as follows:

**Operational information**

|  | <b>Towers and metal<br/>structures sector</b> | <b>Poles and<br/>lighting sector</b> | <b>Design, supply<br/>and installation<br/>sector</b> | <b>Solar energy<br/>sector</b> | <b>Headquarter</b> | <b>Total</b>  |
|--|---|--------------------------------------|---|--------------------------------|--------------------|---------------|
| <b><u>30 June 2023 (unaudited)</u></b>                             |   |                                      |   |                                |                    |               |
| Net revenue  | 417,478,254                                   | 466,845,203                          | 187,633,774   | 97,842,831                     | -                  | 1,193,249,800 |
| Net profit for the period before<br>zakat and income tax           | 32,084,004                                    | 26,856,162                           | 10,916,901  | 5,246                          | 2,909,837          | 73,082,924    |
| Finance cost   | 16,677,654                                    | 17,595,185                           | 2,442,676   | 3,470,610                      | -                  | 40,186,125    |
| Property, plant and equipment                                      | 157,963,995                                   | 89,896,041                           | 20,670,013  | 71,879,267                     | 52,365,875         | 392,775,191   |
| <b><u>30 June 2022 (audited)</u></b>                               |   |                                      |   |                                |                    |               |
| Net revenue  | 270,173,026                                   | 311,043,449                          | 97,496,800  | 91,406,626                     | -                  | 770,119,901   |
| Net profit for the period before<br>zakat and estimated income tax | (12,009,408)                                  | 23,020,700                           | 5,127,226   | (2,767,793)                    | 10,534,360         | 23,905,085    |
| Finance cost   | 14,561,375                                    | 9,382,720                            | 1,004,626   | 3,119,260                      | -                  | 28,067,981    |
| Property, plant and equipment                                      | 149,496,265                                   | 101,425,349                          | 22,033,806  | 71,952,432                     | 46,426,869         | 391,334,721   |

- Due to the nature of the group's activities and its management structure, it is not practically possible to allocate the items of assets and liabilities to the different operational and geographical sectors.

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**Geographical information**

The following is a summary of geographical information for the period ended June 30, as follows:

|  | <b>Kingdom of Saudi<br/>Arabia</b> | <b>United Arab<br/>Emirates</b> | <b>Egyptian Arabic<br/>Republic</b> | <b>Total</b>         |
|--|------------------------------------|---------------------------------|-------------------------------------|----------------------|
| <b><u>30 June 2023 (unaudited)</u></b>                   |                                    |                                 |                                     |                      |
| Net revenue  | <b>1,027,319,603</b>               | <b>57,986,657</b>               | <b>84,493,802</b>                   | <b>1,169,800,062</b> |
| Net profit for the period before zakat<br>and income tax | <b>58,056,991</b>                  | <b>4,100,590</b>                | <b>10,345,592</b>                   | <b>72,503,173</b>    |
| Property, plant and equipment                            | <b>372,835,275</b>                 | <b>120,317</b>                  | <b>19,819,598</b>                   | <b>392,775,191</b>   |
| Finance cost   | <b>35,834,123</b>                  | <b>408,845</b>                  | <b>3,943,158</b>                    | <b>40,186,125</b>    |
| <b><u>30 June 2022 (unaudited)</u></b>                   |                                    |                                 |                                     |                      |
| Net revenue  | 597,509,110                        | 65,179,671                      | 107,431,120                         | 770,119,901          |
| Net profit for the period before zakat<br>and income tax | 17,363,413                         | 5,538,952                       | 1,002,720                           | 23,905,085           |
| Property, plant and equipment                            | 363,544,031                        | 379,340                         | 27,411,350                          | 391,334,721          |
| Finance cost   | 25,350,593                         | 329,935                         | 2,387,453                           | 28,067,981           |

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**22- NON-MONETARY TRANSACTION**

|   | <b>30 June 2023</b><br><b>(unaudited)</b> | 30 June 2022<br>(audited) |
|---|---|---------------------------|
| Capital work in progress has been transferred to property, plant and equipment                      | <b>(16,784,522)</b>                       | (529,518)                 |
| Differences in the translation of property, plant and equipment - net                               | <b>(4,666,998)</b>                        | (5,247,502)               |
| Differences in the translation of intangible assets - net   | <b>(20,231)</b>                           | (16,760)                  |
| Excluding the effect of previous years' adjustments from accrued expenses and other credit balances | <b>(535,384)</b>                          | -                         |
| Differences in the translation right of use assets  |   | (27,238)                  |

**23- FAIR VALUE**

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

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

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

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

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

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

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

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

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have taken place between levels in the above hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. Consolidated financial statements.

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

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

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**23-FAIR VALUE (Continued)**

| <b>As of 30 June 2023</b>                                    | <b>1</b>  | <b>Fair value<br/>Level<br/>2</b> | <b>3</b> | <b>Total</b> |
|--|-----------|-----------------------------------|----------|--------------|
| Investments at fair value through other comprehensive income | -         | 69,139,204                        | -        | 69,139,204   |
| Investments at fair value through profit or loss             | 6,821,772 |                                   | -        | 6,821,772    |

| <b>As of 31 December 2022</b>                                     | <b>1</b>   | <b>Fair value<br/>Level<br/>2</b> | <b>3</b> | <b>Total</b> |
|---|------------|-----------------------------------|----------|--------------|
| Financial assets at fair value through other comprehensive income |            | 89,554,166                        |          | 89,554,166   |
| Investments at fair value through profit or loss                  | 17,965,819 |                                   |          | 17,965,819   |

**24- SUBSEQUENT EVENTS**

On 15 June 2023 G, the Board of Directors recommended in its meeting to raise the capital from 426,313,120 Saudi riyals to 639,469,680 Saudi riyals, by granting bonus shares (one share for every two shares) with a capital increase rate of 50%, by calculating the retained earnings as of 31/12/2022 G (Council Resolution No. 126/2023), and the company announced that on 15 June 2023 G, and the necessary approvals were obtained to invite shareholders to hold an extraordinary meeting on 17 August 2023 G to decide on the recommendation.

**25- DATE OF APPROVAL OF THE FINANCIAL STATEMENTS**

These interim condensed consolidated financial statements have been approved and issued on --- August, 2023 (corresponding to --- Muharram 1445 H) by the company's board of directors.