



البابطين للطاقة و الاتصالات
AL-BABTAIN POWER & TELECOM

AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY
(A Saudi Joint Stock Company)
Consolidated financial statements
for the year ended 31 December 2024
and the independent auditor's report

AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY
(A Saudi joint stock company)
Consolidated financial statements and the independent auditor's report
For the year ended 31 December 2024

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the consolidated financial statements of **Al-Babtain Power and Telecommunications Company** (the "Company") and its subsidiaries (together "the Group"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statements of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024 and its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

Basis for opinion

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

Key Audit Matters

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

Independent auditor’s report on the audit of the consolidated financial statements of Al-Babtain Power and Telecommunications Company for the year ended 31 December 2024 “Continued”

Key Audit Matters “Continued”

Key Audit Matter	How our audit addressed the key audit matter
Revenue from contracts with customers	
<p>The Company applies the IFRS 15 “Revenue from Contracts with Customers”.</p> <p>The Group recognized revenue amounting to SR 2.81 billion for the year ended 31 December 2024.</p> <p>Revenues from sale of goods are recognized when the control over the product is transferred to the customer upon actual delivery and fulfillment of the performance obligations.</p> <p>Revenue is considered one of the significant indicators for measuring the performance of the Group, resulting in inherent risks through the possibility of recognizing revenue at more than its actual value.</p> <p>Revenue recognition was considered as a key audit matter due to the materiality of the revenue amount and the risks inherent to the overstatement of the revenue amount, which may have a material impact on the Group's consolidated financial statements.</p>	<p>Our procedures included the following:</p> <ul style="list-style-type: none"> • Evaluated the appropriateness of the Group's accounting policies relating to revenue recognition, and assessed the compliance with the applicable accounting standards. • Obtained understanding of and evaluated the design, and implementation of internal controls related to revenue recognition. • On a sample basis, test revenue transactions with the supporting documents, to verify that the revenues are recorded at the correct amount and in their correct period. • Performed Cut-off procedures on the timing of revenue recognition from sales after the products were delivered to the customers and recognized during the correct accounting year. • We evaluated the adequacy and appropriateness of disclosures included in the consolidated financial statements.
For more details, Refer to notes (4-2-33 / 29 /37)	

Independent auditor’s report on the audit of the consolidated financial statements of Al-Babtain Power and Telecommunications Company for the year ended 31 December 2024 “Continued”

Key Audit Matters “Continued”

Key Audit Matter	How our audit addressed the key audit matter
Expected credit losses provision for trade receivables and contract assets	
<p>As at 31 December 2024, the Group’s trade receivable and contract assets balance amounted to SR 1.26 billion, with an impairment allowance of SR 32 million.</p> <p>The Group assesses at each reporting date whether the trade receivable and contract assets are impaired. Management has applied an expected credit loss (“ECL”) model to determine the appropriate allowance for impairment loss.</p> <p>The determination of allowance for expected credit losses is based on certain assumptions that relates mainly to risk of probability of default and loss given default. The management applies judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group’s past history, market conditions, as well as forward looking estimates.</p> <p>We considered this as a key audit matter due to the level of judgment applied and estimates made in the application of the ECL.</p>	<p>Our procedures included the following:</p> <ul style="list-style-type: none"> • We obtained an understanding of the process used by management in determining the allowance for expected credit losses for the trade receivable and contract assets; • Obtained understanding of and evaluated the design, implementation of key internal controls over the measurement of expected credit losses on trade receivables and contract assets; • Involved our specialist in assessing the methodology applied by the Group management in the ECL model in accordance with the requirements of IFRS 9, tested the key assumptions used by management and assessed the reasonableness of the estimates used to record the expected credit losses on trade receivables and contract assets; • On a sample basis, we tested the accuracy of the historical data and aging analysis of trade and contract assets used as inputs to the ECL model; • We evaluated the adequacy and appropriateness of disclosures included in the consolidated financial statements.
For more details, Refer to notes (4-2-3 / 12 / 13 / 38)	

Independent auditor's report on the audit of the consolidated financial statements of Al-Babtain Power and Telecommunications Company for the year ended 31 December 2024 "Continued"

Other information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

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

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

When we read the annual report, when made available to us, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

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

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

Independent auditor's report on the audit of the consolidated financial statements of Al-Babtain Power and Telecommunications Company for the year ended 31 December 2024 "Continued"

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

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

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

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



Independent auditor's report on the audit of the consolidated financial statements of Al-Babtain Power and Telecommunications Company for the year ended 31 December 2024 "Continued"

Auditor's responsibilities for the Audit of the Consolidated Financial Statements "Continued"

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

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

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

For Dr. Mohamed Al-Amri & Co.

Gihad Mohamed Al-Amri
Certified Public Accountant
License No. 362



Riyadh, on: 27 March 2025 (G)
Corresponding to: 27 Ramadan 1446 (H)

AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY

(A Saudi Joint Stock Company)

Consolidated statement of financial position

As at 31 December 2024

(All amounts in Saudi riyals unless otherwise stated)

	Note	31 December 2024	31 December 2023
ASSETS			
Non-current assets			
Property, plant and equipment	5	361,523,672	405,701,756
Intangible assets	6	3,203,872	5,177,484
Investment properties	7	130,216,256	48,396,240
Financial assets at fair value through other comprehensive income	8	97,168,897	74,170,409
Investment in associates	9	-	548,979
Right-of-use assets	10	21,958,849	25,322,803
Due from related parties – non-current	14	4,204,893	15,420,819
Deferred tax assets	28	952,061	-
Total non-current assets		619,228,500	574,738,490
Current assets			
Inventories	11	822,316,645	845,512,453
Trade and notes receivables	12	927,723,211	944,348,168
Contract assets	13	308,443,116	258,682,387
Due from related parties – current	14	13,526,915	14,063,632
Prepaid expenses and other receivables	15	69,530,363	82,473,904
Financial derivatives at fair value	16	5,025,785	9,291,171
Financial assets at fair value through profit or loss	17	-	6,343,200
Cash and cash equivalents	18	121,023,144	192,785,853
Total current assets		2,267,589,179	2,353,500,768
Total assets		2,886,817,679	2,928,239,258
EQUITY AND LIABILITIES			
EQUITY			
Share capital	19	639,469,680	639,469,680
Foreign currency exchange reserve		)135,427,715(	(109,721,839)
Financial assets at fair value through OCI reserve		)23,726,971(	(46,725,459)
Actuarial losses		)2,953,691(	(2,582,723)
Retained earnings		594,225,618	424,397,684
Total equity is attributed to the Company's shareholders		1,071,586,921	904,837,343
Non-controlling interest	21	21,763,416	15,468,125
Total Equity		1,093,350,337	920,305,468
LIABILITIES			
Non-current liabilities			
Long term loans – non-current portion	23	161,933,333	337,425,000
Lease liabilities – non-current portion	10	18,428,190	20,271,236
Employees defined benefits liabilities	24	83,385,978	80,932,332
Deferred tax liabilities	28	1,372,449	474,281
Provision non-current portion	25	39,502,032	40,470,777
Total non-current liabilities		304,621,982	479,573,626
Current liabilities			
Short term loans	23	591,663,479	723,804,074
Long-term loans - current portion	23	175,491,667	203,037,500
Trade and notes payable	26	433,138,512	243,439,135
Accrued expenses and other payables	27	207,636,528	229,817,893
Contract liabilities		26,894,429	42,276,774
Provision - current portion	25	6,731,674	36,452,915
Provision for zakat and income tax	28	30,116,621	29,199,533
Due to related parties	14	13,435,810	15,340,243
Lease liabilities – current portion	10	3,736,640	4,992,097
Total current liabilities		1,488,845,360	1,528,360,164
Total liabilities		1,793,467,342	2,007,933,790
Total equity and liabilities		2,886,817,679	2,928,239,258

The accompanying notes 1 to 42 form an integral part of these consolidated financial statements.

Financial Manager

Ahmed Abdelfattah



Chief Executive Officer

Jawad Jamil Ismail Abu Shehadeh



Chairman of Board of Directors

Ibrahim Hamad Abdullah Al-Babtain



AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY

(A Saudi Joint Stock Company)


Consolidated statement of profit or loss for the year ended 31 December 2024**(All amounts in Saudi riyals unless otherwise stated)**

	Note	31 December 2024	31 December 2023
Revenues	29	2,812,476,486	2,490,493,706
Cost of revenues	30	(2,353,647,594)	)2,093,151,605(
Gross profit		458,828,892	397,342,101
General and administrative expenses	31	(101,112,265)	)91,916,666(
Selling and marketing expenses	32	(36,100,358)	)30,955,595(
Expected credit losses	12-13	(1,961,921)	)1,482,170(
Revenue from the sale of waste		45,822,628	42,997,627
Net profit from operating activities		365,476,976	315,985,297
Finance cost	33	(89,588,165)	)91,193,606(
Foreign currency revaluation differences		(9,558,036)	)3,272,430(
Group's share of net results from associate	9	(548,979)	)1,576,662(
Gain on sale of investments in associate	9	-	1,551,453
Gains from financial assets at fair value through profit or loss	17	2,346,263	2,895,947
Dividends received	22	4,719,026	2,762,633
Gain on sale of investment properties		47,740,000	-
Revaluation losses of financial derivatives at fair value	16	)4,265,386(	)11,014,011(
Other income, net	34	2,514,352	5,050,299
Formed provisions	25	(14,113,021)	)43,540,914(
Profit before zakat and income tax		304,723,030	177,648,006
Deferred tax	28-2	33,390	)461,522(
Zakat and income tax	28-1	(32,744,120)	)34,200,303(
Net profit for the year		272,012,300	142,986,181
Income for the year attributable to:			
Shareholders of parent company		265,748,386	141,491,850
Non-controlling interest	21	6,263,914	1,494,331
		272,012,300	142,986,181
Earnings Per Share:			
Basic earnings per share	35	4.16	2.21

The accompanying notes 1 to 42 form an integral part of these consolidated financial statements.



Financial Manager
Ahmed Abdelfattah



Chief Executive Officer
Jawad Jamil Ismail Abu
Shehadeh



Chairman of Board of Directors
Ibrahim Hamad Abdullah Al-
Babtain

AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY

(A Saudi Joint Stock Company)

Consolidated statement of other comprehensive income for the year ended 31 December 2024**(All amounts in Saudi riyals unless otherwise stated)**

	<u>Note</u> <u>31 December 2024</u>	<u>31 December 2023</u>
Net profit of the year	272,012,300	142,986,181
Other comprehensive income:		
<i>Items that will not be reclassified to profit or loss</i>		
Revaluation gain \ (loss) of financial assets at fair value through other comprehensive income	8 22,998,488	(15,383,757)
Re-measurement losses on employees defined benefits liabilities	24)339,591(	(8,640,499)
<i>Items that can be reclassified to profit or loss</i>		
Foreign currency revaluation differences	)25,705,876(	(14,692,066)
Total other comprehensive income	)3,046,979(	(38,716,322)
Total comprehensive income for the year	268,965,321	104,269,859
Comprehensive income for the year attributable to		
Shareholders of the parent Company	262,670,030	102,931,386
Non-controlling interest	6,295,291	1,338,473
	268,965,321	104,269,859

The accompanying notes 1 to 42 form an integral part of these consolidated financial statements.



Financial Manager
Ahmed Abdelfattah



Chief Executive Officer
Jawad Jamil Ismail Abu Shehadeh



Chairman of Board of Directors
Ibrahim Hamad Abdullah Al-Babtain

AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY

(A Saudi Joint Stock Company)

Consolidated statement of change in equity

for the year ended 31 December 2024

(All amounts in Saudi riyals unless otherwise stated)

	Share capital	Statutory reserve	Foreign currency exchange reserve	Financial assets at fair value through OCI reserve	Actuarial losses	Retained earnings	Equity attributable to holder of the parent Company	Non-controlling interest	Total equity
For the year ended on 31 December 2024									
Balance as at 1 January 2024	639,469,680	-	)109,721,839	()46,725,459	()2,582,723	424,397,684	904,837,343	15,468,125	920,305,468
Net profit for the year	-	-	-	-	-	265,748,386	265,748,386	6,263,914	272,012,300
Other comprehensive income items	-	-	)25,705,876	22,998,488	(370,968)	-	)3,078,356	31,377	)3,046,979
Total comprehensive income for the year	-	-	)25,705,876	22,998,488	(370,968)	265,748,386	262,670,030	6,295,291	268,965,321
Dividends (note 22)	-	-	-	-	-	)95,920,452	(95,920,452)	-	(95,920,452)
Balance as of 31 December 2024	639,469,680	-	)135,427,715	()23,726,971	()2,953,691	594,225,618	1,071,586,921	21,763,416	1,093,350,337

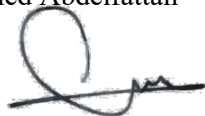
For the year ended on 31 December 2023

Balance as at 1 January 2023	426,313,120	127,893,936	)95,029,773	()31,341,702	(5,901,918	389,484,115	823,221,614	14,129,652	837,351,266
Net profit for the year	-	-	-	-	-	141,491,850	141,491,850	1,494,331	142,986,181
Other comprehensive income items	-	-	)14,692,066	()15,383,757	()8,484,641	-	)38,560,464	()155,858	)38,716,322
Total comprehensive income for the year	-	-	)14,692,066	()15,383,757	()8,484,641	141,491,850	102,931,386	1,338,473	104,269,859
Transfer from statutory reserve to retained earnings	-	)127,893,936	-	-	-	127,893,936	-	-	-
Transfer to share capital	213,156,560	-	-	-	-	)213,156,560	-	-	-
Dividends (note 22)	-	-	-	-	-	)21,315,657	()21,315,657	-	()21,315,657
Balance as of 31 December 2023	639,469,680	-	)109,721,839	()46,725,459	()2,582,723	424,397,684	904,837,343	15,468,125	920,305,468

The accompanying notes 1 to 42 form an integral part of these consolidated financial statements.

Financial Manager

Ahmed Abdelfattah



Chief Executive Officer

Jawad Jamil Ismail Abu Shehadeh



Chairman of Board of Directors

Ibrahim Hamad Abdullah Al-Babtain



AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY

(A Saudi Joint Stock Company)

Consolidated statement of cash flows

(All amounts in Saudi riyals unless otherwise stated)

	Notes	31 December 2024	31 December 2023
Cash flows from operating activities			
Profit before zakat and income tax		304,723,030	177,648,006
Adjustments for:			
Depreciation of property, plant and equipment	5	28,176,053	29,341,379
Amortization of intangible assets	6	1,988,362	2,121,004
Depreciation of right-of-use assets	10	3,605,070	3,697,733
Gain on sale of investment properties	7	)47,740,000(-
Loss (Gain) on disposal of property, plant and equipment		594,200	)152,076(
Gain on disposal right of use assets		)31,332(-
Inventories write down	11	3,722,503	8,134,610
Gain from derivatives carried at fair value through profit and loss	16	4,265,386	11,014,011
Group's share of net results from associate		-	)1,551,453(
Loss from sale of investment in associate		548,979	1,576,662
Realized gains from the sale of financial assets at fair value through profit or loss	17	)2,346,263(	)2,895,947(
Dividends received		)4,719,026(	(2,762,633)
Finance cost	33	89,588,165	91,193,606
Expected credit losses	12-13	1,961,921	1,482,170
Provision of employee's defined benefits	24	12,987,666	10,248,660
Formed provisions	25	14,113,021	43,446,315
Used provisions	25	(44,636,401)	-
Changes in operating assets and liabilities			
Inventories		19,524,746	(12,179,972)
Trade and notes receivables		18,230,970	)108,058,609(
Contract assets		(52,726,035)	)46,013,890(
Prepaid expenses and other receivables		12,943,541	8,673,050
Trade and notes payable		189,699,377	)48,831,340(
Accrued expenses and other payables		(22,181,365)	79,344,778
Contract liabilities		)15,382,345(	42,276,774
Related parties		9,848,210	8,493,622
Cash from operation activities		<u>526,758,433</u>	<u>296,246,460</u>
Employees defined benefits paid	24	)10,872,321(	)6,474,203(
Zakat and income tax paid	28	)30,620,955(	(29,303,896)
Net cash generated from operating activities		<u>485,265,157</u>	<u>260,468,361</u>
Cash flows from investing activities			
Additions of property plant, and equipment	5	)14,785,783(	)44,608,809(
Proceeds from disposal of property plant and equipment		2,842,370	183,950
Additions of investment properties	7	)64,655,000(-
Proceeds from investment properties		50,820,000	-
Additions of intangible assets	6	)32,979(	)5,673(
Addition of financial assets at fair value through profit or loss	17	(598,878)	)334,758(
Proceeds from sale of financial assets at fair value through profit or loss	17	9,288,341	14,853,324
Dividends received		4,719,026	2,762,633
Net cash used in investing activities		<u>)12,402,903(</u>	<u>(27,149,333)</u>
Cash flows from financing activities			
Payment from financing facilities and long-term loans during the year	23	)2,540,371,619(	(2,389,593,882)
Proceeds from financing facilities and long-term loans during the year	23	2,219,662,369	2,345,554,867
Finance costs paid		)88,434,656(	(123,956,467)
Dividends paid	22	)95,920,452(	)21,315,656(
Payment of lease liabilities	10	)4,104,993(	)4,748,338(
Net cash used in financing activities		<u>(509,169,351)</u>	<u>)194,059,476(</u>
Net Change in cash and cash equivalents		<u>(36,307,097)</u>	<u>39,259,552</u>
Effect of exchange rate change on cash and cash equivalent		(35,455,612)	(25,126,360)
Cash and cash equivalents at beginning of the year		192,785,853	178,652,661
Cash and cash equivalents at the end of the year		<u>121,023,144</u>	<u>192,785,853</u>

NON-CASH TRANSACTIONS (note 39)

The accompanying notes 1 to 42 form an integral part of these consolidated financial statements.

Financial Manager

Ahmed Abdelfattah



Chief Executive Officer

Jawad Jamil Ismail Abu

Shehadeh
Jawad

Chairman of Board of Directors

Ibrahim Hamad Abdullah Al-

Babtain



AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY

(A Saudi Joint Stock Company)

Notes to the consolidated financial statements for the year ended 31 December 2024

(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 practices 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.

Head office is Building No. 4037, First Street, Al-Jazeera District, Riyadh City, Kingdom of Saudi Arabia.

The Company's activity represents The main activity of the company is represented in (designing and producing poles, masts and lanterns for lighting streets, stadiums and squares as well as towers and poles for power transmission and communications, marketing, selling and manufacturing decorative poles and LED lighting, installation, operation and maintenance of programs for telecommunications systems, computer devices and networks, mechanical and electrical equipment for factories, production of metal components Mobile solar photovoltaic tracking systems single and biaxial and fixed metal components of the solar photovoltaic system, installing, maintaining and repairing wind energy networks and generating electric energy, carrying out electrical and mechanical works, designing, supplying and installing communication systems, installing and maintaining equipment for communication systems - contracting - oil field services activity and gas).

In the year ended 31 December 2024, the Company owns, directly or indirectly, majority stakes, enabling it to control subsidiaries collectively known as the "Group", and the company's business and its subsidiaries set out below are concentrated in the production of lighting poles, power transmission and accessories, power transmission towers and accessories, as well as communication towers, operation and maintenance of communication programs and systems, and the following is a statement of the subsidiaries and their activities:

<u>Company name</u>	<u>Country of the company</u>	<u>Capital of subsidiary</u>	<u>Core business</u>	<u>Ownership</u>	
				<u>2024</u>	<u>2023</u>
<u>First, directly owned companies</u>					
Al Babtain Power and Telecommunication	Egypt	125,000,000EGP	Design and production of poles, masts and lanterns for street lighting, stadiums and squares, as well as towers and poles for power transmission and communications	100%	100%
Al Babtain LeBlanc for engineering communication limited	KSA	10,000,000 SR	Design, supply, and communication system installation	100%	100%
AL Babtain for operation & Maintenance Limited	KSA	500,000 SR	Installation, operation and maintenance of programs for wired and wireless communication systems, computer devices and networks, and mechanical and electrical equipment for factories	100%	100%
Integrated Lighting limited Company	KSA	26,800,000 SR	Manufacturing, sales, and marketing the decorative pole and LED lighting	100%	100%
Al Babtain for Contracting Limited	Qatar	200,000 QR	Carrying out electrical and mechanical works	100%	100%
Al Babtain International Wind Power	KSA	5,000,000 SR	Installing, maintaining and repairing wind energy networks and generating electrical energy	100%	100%
Al-Babtain Metalgalva Limited co.	KSA	21,300,000 SR	roduction of metal moving components for single and xial solar PV tracking stems and fixed metal components : the solar PV system	60%	60%
<u>Second, indirectly owned companies</u>					
Babtain LeBlanc Egypt for engineering communication	Egypt	35,091,000 EGP	Design, supply, and communication system installation	99.72%	99.72%
Al Babtain for Power and lighting solution	Egypt	95,272,000 EGP	Production and marketing of poles, masts, galvanized metal structures and solar lighting	100%	100%
Al Babtain LeBlanc UAE for engineering communication	UAE	11,000,000 UAD	Design, supply, and communication system installation	100%	100%
Al Babtain Meddle East for installing telecommunication systems	UAE	1,000,000 UAD	Installation and maintenance of communications systems equipment - Contracting - oil and gas field services activity	70%	70%

AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY

(A Saudi Joint Stock Company)

Notes to the consolidated financial statements for the year ended 31 December 2024

(All amounts in Saudi riyals unless otherwise stated)

1. LEGAL STATUS AND ACTIVITY(continued)

The financial year for the Company starts at the beginning of January and ends at the end of December of the same year.

The Company operates through its following branches:

<u>Branch Name</u>	<u>Issue Date</u>	<u>CR No.</u>
Al-Babtain Factory for Poles and Masts	11-3-1986	1010064131
Al-Babtain Factory for Towers and Metal Structures	11-29-1995	1010139399

2. BASIS OF PREPARATION

2-1 Statement of compliance and basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) that are endorsed in Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi organization for Chartered and professional Accountants ("SOCPA")

Certain prior year figures have been reclassified to conform to the current year's presentation (Note 40)

2-2 Basis of consolidation

The consolidated financial statements include the financial statements of the Company, its branches, and its subsidiaries (the Group) as stated in Note (1).

Subsidiaries are entities controlled by the Group. Control is achieved when the Group is exposed to, 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 has less than a majority of the voting rights or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over the investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group reassesses 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 control of the subsidiary. Assets, liabilities, revenue, and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any non-controlling interests
- 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 profit or loss
- Reclassifies the parent's share of components previously recognized in other comprehensive income to 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 consolidated financial statements for the year ended 31 December 2024

(All amounts in Saudi riyals unless otherwise stated)

2. BASIS OF PREPARATION (continued)

2-3 Basis of measurement

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

A- Equity 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.

C- Financial derivatives at fair value.

2-4 Presentation currency and functional currency

The consolidated financial statements are presented in Saudi Riyals, which is the functional currency and presentation currency of the Group. All amounts have been rounded to the nearest Saudi Riyal, unless otherwise stated.

3. NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPERTATIONS:

3- 1 New standards, interpretations and amendments

There are a number of standards, amendments to standards, and interpretations which have been issued by the International Accounting Standards Board ("IASB") that are effective in future accounting periods that the Company has decided not to adopt early.

<u>IFRS</u>	<u>Summary</u>	<u>Effective date</u>
IAS 21	Amendment – Lack of Exchangeability	1 January 2025
IFRS 9 and IFRS 7	Amendments regarding the classification and measurement of financial instruments	1 January 2026
Annual		
Improvements to IFRS Accounting Standards	Amendments/Annual improvements in IFRS 1, IFRS 7, IFRS 9, IFRS 10, IAS 7	1 January 2026
IFRS 18	Presentation and Disclosures in Financial Statements	1 January 2027
IFRS 19	Disclosures – Subsidiaries without Public Accountability	1 January 2027

The Company is currently assessing the impact of these new accounting standards and amendments. The Company does not expect any standard issued by IASB that are yet to be effective, to have a material impact on the Company.

3-2 New standards, interpretations, and amendments effective in the current year

The following are the new standards, interpretations and amendments to standards that are effective in the current year but they have no impact on these financial statements.

<u>IFRS</u>	<u>Summary</u>	<u>Effective date</u>
IFRS 16	Amendment – Lease Liability in a Sale and Leaseback	1 January 2024
IAS 1	Classification of Liabilities as Current or Non-Current	1 January 2024
IAS 1	Amendment – Non-current Liabilities with Covenants	1 January 2024
IAS 7 and IFRS 7	Amendment – Supplier Finance Arrangements	1 January 2024

4. JUDGMENTS AND ESTIMATES AND ASSUMPTIONS AND MATERIAL ACCOUNTING POLICY INFORMATION

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

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

4-1 MATERIAL ACCOUNTING JUDGMENTS AND ESTIMATES AND ASSUMPTIONS

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

4-1-1 Lease term

When determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise extension or termination options. The assessment is reviewed if there is a significant event or change in circumstances affecting this evaluation. During the current fiscal year, there was no significant financial impact from reviewing lease terms to reflect the effects of exercising extension or termination options

4-1-2 Determine the discount rate to calculate the present value

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

4-1-3 Classification of investments

On acquisition of an investment, management must decide whether it is to be classified as "at fair value through profit or loss" or "at fair value through other comprehensive income" or "loans and advances." In doing so, management considers the main purpose for which bought for and how you intend to manage it, and report on its performance, and this decision determines whether it should be measured subsequently at cost or fair value and whether changes in the fair value of financial instruments are reported in the statement of profit or loss or directly within equity.

4-1-4 Actuarial valuation of employees' defined benefits.

The cost of defined benefit liability and the present value of the liability are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate and future salary increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit liability is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

4-1-5 Fair value measurement and valuation process

Certain assets and liabilities of the Company have been measured at fair value for financial reporting purposes. The Company's management is responsible for determining appropriate valuation inputs and methods for measuring fair value.

In estimating the fair value of an asset or a liability, the Company uses market observable data to the extent available. In the event that Level 1 input is not available, the company will hire accredited third-party evaluators to conduct the assessment. Company management works closely with approved external evaluators to determine appropriate inputs and valuation techniques in the model.

4. JUDGMENTS AND ESTIMATES AND ASSUMPTIONS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4-1 MATERIAL ACCOUNTING JUDGMENTS AND ESTIMATES AND ASSUMPTIONS (continued)

4-1-6 Useful lives of property, plant and equipment and intangible assets

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

4-1-7 Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value, less costs of disposal and its value in use. The fair value-less costs of disposal calculation are based on available data from binding sales transactions, conducted at arm's length for similar assets or observable market prices, less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and does not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

4-1-8 Zakat and tax provision

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

4-1-9 Provisions

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

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

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

4-1-10 Expected Credit Losses

The Group assesses on a forward-looking basis the Expected Credit Losses ("ECL") associated with its debt instruments as part of its financial assets, which are carried at amortized cost and FVOCI. For accounts receivables, the Group applies the simplified approach, which requires expected lifetime losses to be recognized from initial recognition of the receivables. The ECL assessment requires several estimates related to the categorization of customers, discount rates and a general assessment of the economic conditions in the market. Management uses their best estimates and historical trends of customers to assess the receivables provision under the ECL model.

4. JUDGMENTS AND ESTIMATES AND ASSUMPTIONS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4-1 MATERIAL ACCOUNTING JUDGMENTS AND ESTIMATES AND ASSUMPTIONS (continued)

4-1-11 Inventories write-down and obsolete inventories allowance

Management establishes an allowance for slow-moving, obsolete, and damaged inventory items. Estimates of net realizable value are based on the most reliable evidence available at the time the estimates are made. These estimates take into account price fluctuations or costs directly associated with events occurring after the balance sheet date to the extent that these events confirm the conditions existing at year-end.

4-1-12 Service warranties

Some goods sold by the group include warranties which require the group to either replace or mend a defective product during the warranty period if the goods fail to comply with agreed-upon specifications. In accordance with IFRS 15, such warranties are not accounted for as separate performance obligations and hence no revenue is allocated to them. Instead, a provision is made for the costs of satisfying the warranties in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets. On some product lines, a customer is able to take out extended warranties. These are accounted for as separate performance obligations, with the revenue earned recognized on a straight-line basis over the term of the warranty.

4-2 MATERIAL ACCOUNTING POLICY INFORMATION

The following are the key accounting policies that the group has consistently used in preparing these consolidated financial statements for all periods presented in these consolidated financial statements

4-2-1 Cash and cash equivalents

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

4-2-2 Inventories

Inventory is recognized at cost or net realizable value, whichever is lower. The cost is determined using the weighted average method. The inventory cost contains all the purchase cost, conversion cost and other costs incurred to bring the inventory to its current location and condition. The cost of goods under manufacture and finished goods includes the cost of raw materials, the standard cost of conversion and other additional expenses incurred in the production process if the standard cost is approximately the actual cost. The normative cost of the transfer is regularly reviewed, if necessary, in the light of the current situation. Any reduction to the net present value of the net is recorded as an expense and a reversal of expenses in the consolidated profit or loss statement in the year in which they occur.

4-2-3 Expected credit losses

Management assesses on a forward-looking basis the ECL associated with its account receivables, contract assets.

Management applies the simplified approach in calculating ECL's. Therefore, management does not track changes in credit risk, but instead recognized a loss allowance base on lifetime ECL's at each reporting date. Management has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Also, management evaluate on on-going basis the credit risk where it takes additional ECL for specific cases where applicable.

Expected credit losses are recognized in the consolidated statement of profit or loss. The difference between the amounts collected in future periods and the amounts expected will be recognized in the consolidated statement of profit or loss.

4. JUDGMENTS AND ESTIMATES AND ASSUMPTIONS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)**4-2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)****4-2-4 Property, plant and equipment**

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

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

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

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

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

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

<u>Description</u>	<u>Year</u>
Buildings	20-33
Roads and networks	10
Machine and equipment	8-20
Vehicles	4-5
Tools	5-20
Computers	4-10
Office furniture and equipment	4-10

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

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

4-2-5 Impairment

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets are written down to their recoverable amount being the higher of their fair value, less costs to sell and their value in use.

The cash generating unit (CGU) at which the impairment assessment and testing is performed is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

4. JUDGMENTS AND ESTIMATES AND ASSUMPTIONS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4-2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4-2-6 Annual review of residual lives and useful lives

The residual value of an asset is the estimated amount that the Group would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of age and in the condition expected at the end of its useful life.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. If expectations differ from previous estimates, the change(s) are accounted for as a change in an accounting estimate.

4-2-7 Componentization of assets

Property, plant and equipment are often composed of various parts with varying useful lives or consumption patterns. These parts are (individually) replaced during the useful life of an asset, accordingly:

- Each part of an item of Property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately, except where one significant part has a useful life and a depreciation method that is the same as those of another part of that same item of Property, plant and equipment; in which case, the two parts may be grouped together for depreciation purposes;
- Under the component approach, the Group does not recognize in the carrying amount of an item of Property, plant and equipment the costs of the day-to-day servicing of the item. These costs are recognized in the consolidated statement of profit or loss as incurred. The various components of assets are identified and depreciated separately only for significant parts of an item of Property, plant and equipment with different useful lives or consumption patterns; however, the principles regarding replacement of parts (that is, subsequent cost of replaced part) apply generally to all identified parts, regardless of whether they are significant or not.

4-2- 8 Capital spare parts

The Group classifies CSPs into critical spare parts (strategic spare parts) and general spare parts using the below guidance:

- A critical spare part is one that is on "stand-by", i.e. probable to be a major item / part critical to be kept on hand to ensure uninterrupted operation of production equipment. They would normally be used only due to a breakdown and are not generally expected to be used on a routine basis. Depreciation on critical spares commences immediately on the date of purchase.
- General spare parts are other major spare parts not considered critical and are bought in advance due to planned replacement schedules (in line with prescribed maintenance program) to replace existing major spare parts with new parts that are in operation. Such items are considered to be "available for use" only at a future date, and hence depreciation commences when it is installed as a replacement part. The depreciation period for such general capital spares is over the lesser of its useful life, and the remaining expected useful life of the equipment to which it is associated.

4-2-9 Work in progress

Projects in progress are stated at costless impairment losses. All expenses incurred during the installation and construction period are recorded and charged to projects in progress, then the cost of assets in progress is transferred to the appropriate category of property and equipment when they are ready to use.

The cost of projects in progress includes purchase costs and costs that are directly attributable to bringing the assets in progress for their intended use or purpose.

4-2-10 Investment properties

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

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

Maintenance and normal repairs that do not materially extend the estimated useful life of the asset are charged to the consolidated statement of profit or loss as incurred.

4. JUDGMENTS AND ESTIMATES AND ASSUMPTIONS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4-2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4-2-11 Intangible Assets

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

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

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

4-2-12 Consideration for vacating land

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

4-2-13 Software application costs

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

4-2-14 Research and development costs

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

4-2-15 Net realizable value and inventory allowance

The net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and sale. Net realizable value is typically measured individually for inventory items. This occurs when items related to the same production line (having the same purpose and final use) have been produced and marketed in the same geographic area.

The practice of reducing inventory value to less than cost to net realizable value is consistent with the perspective provided in International Financial Reporting Standards, which states that assets should not be carried at amounts expected to be realized from their sale.

An allowance is formed for slow-moving, obsolete, and damaged inventory. Damaged inventory is identified and its value reduced during inventory counts. The allowance for slow-moving and obsolete inventory is evaluated for each category of inventory as part of its ongoing financial reporting. Obsolescence is assessed based on a comparison of inventory levels with expected future potential sales.

4. JUDGMENTS AND ESTIMATES AND ASSUMPTIONS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4-2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4-2-16 Impairment of non-financial assets

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

Impairment occurs when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, which is greater than its fair value, less costs of disposal and value in use. The recoverable amount is sensitive to the discount rate used for the (discounted cash flow) model as well as expected future cash flows and the growth rate used for extrapolation purposes.

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

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

4-2-17 Investment in Associates

Associates are all entities over which the Group has significant influence but does not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. In case the shareholding in an associate does not have significant influence, the Group classifies this investment as fair value through profit or loss.

Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to profit or loss where appropriate. The Group's share of post-acquisition profit or loss is recognized in the consolidated statement of profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. Dividends received or receivable from associates are recognized as a reduction in the carrying amount of the investment.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount adjacent to "share of profit/ (loss) of associates" in the consolidated statement of profit or loss.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognized in the Group's financial statements only to the extent of unrelated investors' interests in the associates.

Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group. Dilution gains and losses arising in investments in associates are recognized in the consolidated statement of profit or loss.

4. JUDGMENTS AND ESTIMATES AND ASSUMPTIONS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4-2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4-2-18 Contingent liabilities

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

- There is no possibility that an outflow of resources embedded in the economic benefits will be required to settle the obligation, or
- The obligation amount cannot be measured sufficient reliability; they all must be evaluated at each statement of financial position and disclosed in the Company financial statements as contingent liabilities.

4-2-19 Borrowings

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

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

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

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

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

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

4. JUDGMENTS AND ESTIMATES AND ASSUMPTIONS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4-2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4-2-20 Zakat and income tax

The Saudi Shareholders of the Group are subject to zakat calculated in accordance with the regulations of the Zakat, Tax and Custom Authority (ZATCA) computed at 2.5% and the foreign shareholders are subject to income tax at a flat rate of 20% on the taxable income. A provision for zakat and income tax for the Group and zakat related to the Group's subsidiary is charged to the consolidated statement of profit or loss. Differences, if any, at the finalization of final assessments are accounted for when such amounts are determined and settled against any previously provided provisions, if any.

The Group withholds taxes on certain transactions with non-resident parties in the Kingdom of Saudi Arabia as required under Saudi Arabian Income Tax Law

4-2-21 Deferred Tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with accounting and tax depreciation on property, plant and equipment, except where the Group is able to control the reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with accumulated tax losses are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences, and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient tax profits will be available to allow all or part of the assets to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would arise from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

The Saudi shareholders' portion of the Group is subject to Zakat, which is calculated in accordance with the regulations of the Zakat, Tax and Customs Authority at a rate of 2.5%. The foreign shareholders' portion is subject to income tax at a fixed rate of 20% of the taxable profit. The Zakat and income tax provision for the Group and the Zakat provision related to the Group's subsidiary are charged to the consolidated statement of profit or loss. Differences, if any, are accounted for when the final assessments are issued, at which point these amounts are determined and settled against any previously formed provisions, if any.

The Group withholds taxes on certain transactions with non-resident parties in the Kingdom of Saudi Arabia in accordance with the Saudi Income Tax Law.

4. JUDGMENTS AND ESTIMATES AND ASSUMPTIONS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4-2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4-2-22 Employees defined benefits liabilities

The liability or recognized asset in the consolidated statement of financial position in relation to defined benefits. The end-of-service bonus plan for employees represents the present value of the liability for defined benefits at the end of the reporting year. The liability for defined benefits is calculated annually by independent actuaries using the expected unit credit method.

The present value of the liability for defined benefits is determined by discounting the estimated future outflows of cash using interest rates of high-quality corporate bonds denominated in the currency in which the bonuses will be paid, with terms that approximate those of the related liability

Defined benefit costs are classified as follows:

Service cost

Service costs include the current service, and the previous service is recognized in the consolidated statement of profit or loss immediately.

Changes in the present value of the defined benefit obligation resulting from plan modifications or curtailments are recognized immediately in the consolidated statement of profit or loss as past service costs.

Interest cost

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

Re-measuring gains or losses

Re-measurement gains or losses arising from experience adjustments and changes in actuarial assumptions are recognized in the year in which they occur in the consolidated statement of other comprehensive income.

4-2-23 Foreign currencies

Transactions in foreign currencies are initially recorded by the Group at the spot rates of its own functional currency on the date that the transaction qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the spot exchange rates of the functional currency at the reporting date.

Differences arising on settlement or translation of monetary items are recognized in the consolidated statement of profit or loss.

4. JUDGMENTS AND ESTIMATES AND ASSUMPTIONS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4-2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4-2-24 Financial Instruments

4-2-24-1 Financial assets

Financial Assets classification

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

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. Amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or losses
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in comprehensive income. On derecognition, gains and losses accumulated in comprehensive income are reclassified to profit or loss.
Equity investments at FVTCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other gains and losses are recognized in the comprehensive income and are never reclassified to profit or loss.

Derecognition of financial assets

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

- The right to receive cash flows from the asset has expired, or
- The Group has transferred its rights to receive cash flow from the assets or has assumed an obligation to pay the received cash flows in full without material delay

A) The Group has transferred substantially all the risks and rewards of the assets, or

B) The Group does not transfer or retain substantially all the risks and rewards of the asset and does not retain control of the financial asset

Impairment of financial assets

The Group assesses on a forward-looking basis the lifetime expected credit losses associated with its financial assets carried at amortized cost.

The Group applies the simplified approach as permitted by IFRS 9, which requires the recognition of lifetime expected losses from initial recognition of receivables.

4. JUDGMENTS AND ESTIMATES AND ASSUMPTIONS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4-2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4-2-24 Financial Instruments (continued)

4-2-24-1 Financial assets (continued)

The Group uses a provision matrix in calculating expected credit losses on receivables to estimate lifetime expected credit losses, applying certain allowance rates to contractual obsolescence groups that are past due. The provision matrix has been developed keeping in mind the probability of default and loss given default, which is derived from the Group's historical statements and adjusted to reflect the expected future outcome which includes macroeconomic factors.

Other instruments are considered low risk, and the Group uses a provisional matrix in calculating expected credit losses.

A financial asset is written off only when:

A - It is past due, and

B - There is no reasonable expectation of recovery

In the event of a write-off of financial assets, the Group continues to engage in enforcement activities to attempt to recover the outstanding receivables. When recoveries are made after the write-off, they are recognized in the consolidated statement of profit or loss.

4-2-24-2 Financial Liabilities

Initial recognition

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

Subsequent measurement

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

Derecognition of financial liabilities

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

Derivative financial instruments

Financial derivatives are financial contracts that derive their value from an underlying asset. Financial derivatives include many: options, guarantees, futures contracts, customer swaps, and interest rates. The group is obligated to disclose and report the profits and losses of financial derivatives in accordance with IAS 7. All derivative financial instruments are measured at fair value through profit or loss.

These derivative financial instruments are initially recognized at fair value on the date the derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive, and as financial liabilities when the fair value is negative.

4. JUDGMENTS AND ESTIMATES AND ASSUMPTIONS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4-2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4-2-24 Financial Instruments (continued)

4-2-24-2 Financial Liabilities (continued)

Offsetting financial instruments

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

Fair value hierarchy of financial instruments

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

Level one

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

Level two

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

Level three

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

Effective interest method

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

4-2-25 Assets held for sale

Non-current assets or groups of exclusion that include assets and liabilities are classified as assets held for sale if their book value is highly likely to be recovered mainly through a sale transaction rather than through continued use.

These assets or groups of disposals are typically measured at their book value or fair value less the costs of their elimination, whichever is lower. Impairment losses are recognized at initial classification as held for sale and subsequent gains and losses are recognized upon remeasurement in the consolidated statement of profit or loss.

4. JUDGMENTS AND ESTIMATES AND ASSUMPTIONS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4-2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4-2-26 Value added Tax

Expenses and assets are recognized after deducting the VAT amount, except:

- where VAT incurred on the purchase of assets or services is not recoverable from the tax authorities, in which case VAT is recognized as part of the cost of purchasing the asset or as part of the expense of the item, where applicable, and/or
- When showing receivables and payables including VAT amount

The net amount of VAT recoverable from/or due to the tax authorities is included either as part of prepaid expenses and other current assets or accrued expenses and other current liabilities in the consolidated statement of financial position.

4-2-27 Lease contracts

a) The Group as a lessee

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

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

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

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

The lease liability is presented as a separate line item in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments paid.

4. JUDGMENTS AND ESTIMATES AND ASSUMPTIONS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4-2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4-2-27 Lease contracts (continued)

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

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

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

The right of use assets includes the initial measurement of the corresponding lease liability, lease payments made on or before the commencement day, any less lease incentives received and any initial direct costs. It is subsequently measured at cost less accumulated depreciation and impairment losses. When the Group incurs an obligation for the costs of dismantling and removing a leased asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, the provision is recognized and measured under IAS 37 to the extent the costs relate to the right of use assets, the provision is recognized and measured under IAS 37 the costs are included in the right-of-use of the related asset, unless those costs are incurred to produce the inventory.

The right to use asset is amortized over the shorter lease term and the useful life of the right to use the asset. If the lease transfers ownership of the underlying asset or the cost of the right to use the asset reflects that the company expects to exercise the purchase option, the right to use the related asset is amortized over the useful life of the underlying asset. Depreciation begins at the start date of the lease.

The right to use assets is presented as a separate line item in the consolidated statement of financial position.

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

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

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

4. JUDGMENTS AND ESTIMATES AND ASSUMPTIONS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4-2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4-2-27 Lease contracts (continued)

b) The Group as a lessor

The Group enters into lease contracts as a lessor in respect of certain of its investment properties.

Lease for which the Company is a lessor are classified as financing or operating leases. When the terms of a lease transfer substantially all of the risks and benefits of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the company is an intermediary lessor, it counts the master lease and the sub-lease as two separate contracts. A sublease is categorized as a finance or operating lease by reference to the right to use the asset arising from the underlying lease. rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. The initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the term of the lease.

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

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

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

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

4-2-28 Finance cost

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

4-2-29 non-controlling interests

For Business combinations the Group has the choice, on a transaction-by-transaction basis, to initially recognize any non-controlling interest in the acquiree which is a present ownership interest and entitles its holders to a proportionate share of the entity's net assets in the event of liquidation at either acquisition date fair value or, at the present ownership instruments' proportionate share in the recognized amounts of the acquiree's identifiable net assets. The total comprehensive income of non-wholly owned subsidiaries is attributed to owners of the parent and to the non-controlling interests in proportion to their relative ownership interests.

4. JUDGMENTS AND ESTIMATES AND ASSUMPTIONS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4-2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4-2-30 Selling, distribution, general and administrative expenses

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

4-2-31 Earnings / (Loss) per share

Basic earnings / (loss) per share

Basic earnings per share are calculated by dividing:

- the profit / (loss) attributable to owners of the Group, excluding any costs of servicing equity other than ordinary shares; and
- by the weighted average number of ordinary shares outstanding during the financial period.
- Diluted earnings / (loss) per share
- Diluted earnings/ (loss) per share adjusts the figures used in the determination of basic earnings per share to take into account:
- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding, assuming the conversion of all dilutive potential ordinary shares.

4-2-32 Segment reports

Operational Segment

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

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

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

Geographical Segmental

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

4. JUDGMENTS AND ESTIMATES AND ASSUMPTIONS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)**4-2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)****4-2-33 Revenue recognition**

Revenue consists of the fair values of consideration received or accrued from the sale of goods and the provision of services in the normal course of the Group's activities taking into account contractually defined payment terms. Revenue is recorded on the net after discounts, incentives and reductions.

Revenue is recognized when it can be reliably measured, when the economic benefit is likely to be accrued to the Group and when specific criteria are met for each of the Group's activities as described below.

The Group recognizes revenue under IFRS 15 using the following five-step model:

Step 1: Identify the contract with the customer	A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
Step 2: Identify the performance obligations	A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
Step 3: Determine the transaction price.	The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
Step 4: Allocate the transaction price	For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
Step 5: Revenue recognition	The Group recognizes revenue (or as) it satisfies a performance obligation by transferring a promised good or service to the customer under a contract.

Identify the contract with the customer

The Group carefully evaluates the terms and conditions of contracts with its customers because revenue is recognized only when the performance obligations in contracts with customers are satisfied. A change in the scope or price of the contract (or both) is considered a contract modification and the Group determines whether that change will be considered a new contract or counted as part of an existing contract.

Identify the performance obligations

Once the Group has identified a contract with a customer, it evaluates the contractual terms and customary business practices to determine all of the agreed services within the contract and determine which of those agreed services (or Group of agreed services) will be treated as separate performance liabilities.

Determine the transaction price

The Group determines the transaction price as the amount it expects to receive. It includes an estimate of any variable consideration, the effect of a significant financing component (i.e. the time value of money), the fair value of any non-cash consideration and the effect of any consideration paid or owed to a customer (if any). The variable consideration is limited to the amount by which it is probable that a material reversal in the amount of cumulative revenue recognized will not occur when the uncertainties associated with the variable consideration are subsequently clarified.

4. JUDGMENTS AND ESTIMATES AND ASSUMPTIONS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4-2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4-2-33 Revenue recognition (continued)

Determine the transaction price (continued)

The amount of consideration is determined based on the transaction price agreed with the customers and there are no other promises in the customer contract that are identified as separate performance obligations for which a portion of the transaction price must be allocated. In determining the transaction price for the services, the Group considered the effects of variable consideration, the presence of significant financing components, the non-cash consideration and consideration payable to the customer (if any) and concluded that such considerations are not included in the transaction price.

Contract modifications, for example change orders, are accounted for as part of the existing contract, with a cumulative revenue adjustment. For material contract modifications, a separate contract may be recognized, based on management's assessment of the following factors:

- The scope of the contract increases due to the addition of the promised distinct goods or services; And the
- The contract price is increased by an amount that reflects the entity's independent selling prices for the additional promised goods or services and any appropriate adjustments to that price to reflect the circumstances of the particular contract.

There were no substantial contract modifications during the year ending 31 December 2024.

Allocate the transaction price

When determining the performance obligations and the transaction price, the transaction price is allocated to the performance obligations, usually in proportion to their stand-alone selling prices (i.e. on the basis of the relative future selling price). In determining stand-alone selling prices, the Group is required to use observable information, if available. If standalone selling prices are not directly observable, the Group uses estimates based on reasonably available information.

Revenue recognition

The Group recognizes revenue in accordance with the terms and conditions of contracts with customers to the extent that performance obligations relating to customer contracts are fulfilled by the Group by transferring control of an agreed service to the customer. It is possible to transfer control over time or at a certain point in time. When a performance obligation is satisfied over a period of time, the Group determines progress under the contract based on an input or output method that best measures performance completed to date. The specified method is applied consistently to similar performance obligations and in similar circumstances. The Group believes that it fulfills the performance obligations in its contracts with customers over time in relation to the installation, operation and maintenance of communication systems and related services, and at a certain point in time for the rest of the types of revenue, and then it realizes revenue when it fulfills its obligations under its contracts with customers.

4-2-34 Remuneration of Board Members

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

4-2-35 Dividends

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

AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY

(A Saudi Joint Stock Company)

Notes to the consolidated financial statements for the year ended 31 December 2024

(All amounts in Saudi riyals unless otherwise stated)

	Lands	Buildings	Roads and networks	Machines and equipment	Vehicles	Tools	Computers	Office furniture and equipment	Work in progress	Total
5. PROPERTY, PLANT AND EQUIPMENT										
Cost										
Balance as of 1 January 2024	56,633,346	252,763,069	12,239,873	436,980,036	25,719,046	14,101,806	12,843,459	18,168,413	15,405,365	844,854,413
Additions during the year	-	259,801	-	7,115,309	856,647	2,042,538	629,131	511,250	3,371,107	14,785,783
Transferred from work in progress	-	2,761,720	-	80,934	-	-	-	104,600	)2,947,254(-
Transfer to investment properties	)20,245,016(	-	-	-	-	-	-	-	-	)20,245,016(
Disposals during the year	-	)113,407(	-	)6,503,806(	)2,991,972(	)1,460,467(	)51,206(	)377,725(	)1,346,274(	)12,844,857(
Foreign currency translation differences	)824,303(	)3,385,836(	)862,731(	)4,776,152(	)270,316(	)131,672(	)260,272(	)275,768(	)1,142,954(	)11,930,004(
Balance as of 31 December 2024	35,564,027	252,285,347	11,377,142	432,896,321	23,313,405	14,552,205	13,161,112	18,130,770	13,339,990	814,620,319
Accumulated depreciation										
Balance as of 1 January 2024	-	95,102,422	5,185,983	284,596,829	22,991,061	11,101,879	10,192,617	9,981,866	-	439,152,657
Depreciation during the year	-	9,488,051	852,472	13,832,579	723,197	1,159,401	1,034,940	1,085,413	-	28,176,053
Disposals during the year	-	)45,400(	-	)5,356,588(	)2,129,230(	)1,460,467(	)49,804(	)366,799(	-	)9,408,288(
Foreign currency translation differences	-	)1,282,884(	)388,341(	)2,467,395(	)235,382(	)77,582(	)209,247(	)162,944(	-	)4,823,775(
Balance as of 31 December 2024	-	103,262,189	5,650,114	290,605,425	21,349,646	10,723,231	10,968,506	10,537,536	-	453,096,647
Net book value as of 31 December 2024	35,564,027	149,023,158	5,727,028	142,290,896	1,963,759	3,828,974	2,192,606	7,593,234	13,339,990	361,523,672

5-1: The buildings above include buildings with a net book value as of 31 December 2024, amounting to SR 133,592,841 (2023: SR 134,757,763), situated on three leased lands from the Saudi Industrial Property Authority in Riyadh and Damman, under nominal annual rent agreements expiring on 26 Sha'ban 1452 H (corresponding to 21 December 2030), 13 Ramadan 1454 H (corresponding to 16 December 2032), and 5 Rabi' al-Thani 1456 H (corresponding to 21 June 2034)

5-2: Property, Plant, and equipment above include depreciated assets with a net book value as of 31 December 2024, amounting to SR 223,825,486 (2023: SR 218,394,612), and are still in service

5-3 Property, Plant, and Equipment above includes assets pledged to the Industrial Development Fund against loans obtained amounting to SR 231,855,452 as of 31 December 2024 (2023: SR 245,115,722)

5-4 During the year, two plots of land were reclassified to investment properties after it was no longer required for operational purpose, and relocated to the company's site in Damman (Note no. 7)

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(All amounts in Saudi riyals unless otherwise stated)

	Lands	Buildings	Roads and networks	Machines and equipment	Vehicles	Tools	Computers	Office furniture and equipment	Work in progress	Total
Cost										
Balance as at 1 January 2023	57,200,560	224,476,749	10,130,891	421,519,544	25,724,821	12,748,154	12,852,383	14,669,989	29,955,778	809,278,869
Additions during the year	-	29,672	-	10,649,154	1,559,821	1,418,395	1,129,248	480,219	29,342,300	44,608,809
Transferred from work in progress	-	30,464,939	2,702,639	6,865,121	-	-	-	3,240,382	)43,273,081(-
Disposals during the year	-	-	-	)56,609(	)1,385,313(	)12,734(	)978,196(	)59,217(	-	)2,492,069(
Foreign currency translation differences	)567,214(	)2,208,291(	)593,657(	)1,997,174(	)180,283(	)52,009(	)159,976(	)162,960(	)619,632(	)6,541,196(
Balance as at 31 December 2023	56,633,346	252,763,069	12,239,873	436,980,036	25,719,046	14,101,806	12,843,459	18,168,413	15,405,365	844,854,413
Accumulated depreciation										
Balance as at 1 January 2023	-	87,238,509	4,637,836	268,874,707	23,739,604	10,200,229	10,278,602	9,135,731	-	414,105,218
Depreciation during the year	-	8,666,591	764,447	16,163,632	786,546	952,623	1,014,593	992,947	-	29,341,379
Disposals during the year	-	-	-	)68,292(	)1,375,664(	)8,834(	)969,962(	)37,443(	-	)2,460,195(
Foreign currency translation differences	-	)802,678(	)216,300(	)373,218(	)159,425(	)42,139(	)130,616(	)109,369(	-	)1,833,745(
Balance as at 31 December 2023	-	95,102,422	5,185,983	284,596,829	22,991,061	11,101,879	10,192,617	9,981,866	-	439,152,657
Net book value as of 31 December 2023	56,633,346	157,660,647	7,053,890	152,383,207	2,727,985	2,999,927	2,650,842	8,186,547	15,405,365	405,701,756

Depreciation expense has been distributed as follows

	Note	2024	2023
Cost of revenue	30	25,431,339	26,084,247
General and administrative expenses	31	2,249,106	2,822,958
Selling and marketing expenses	32	495,608	434,174
		28,176,053	29,341,379

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6. INTANGIBLE ASSETS

	Emptying lands charge	Automated software applications	Research, development and equity	Total
<u>At 31 December 2024</u>				
<u>Cost</u>				
Balance as of 1 January 2024	7,049,328	18,199,535	9,015,332	34,264,195
Additions during the year	-	32,979	-	32,979
Foreign currency translation differences	-	)207,296(	-	)207,296(
Balance as of 31 December 2024	7,049,328	18,025,218	9,015,332	34,089,878
<u>Accumulated amortization</u>				
Balance as of 1 January 2024	7,049,328	15,345,970	6,691,413	29,086,711
Amortization for the year	-	559,606	1,428,756	1,988,362
Foreign currency translation differences	-	)189,067(	-	)189,067(
Balance as of 31 December 2024	7,049,328	15,716,509	8,120,169	30,886,006
Net book value as of 31 December 2024	-	2,308,709	895,163	3,203,872

	Emptying lands charge	Automated software applications	Research, development and equity	Total
<u>At 31 December 2023</u>				
<u>Cost</u>				
Balance as of 1 January 2023	7,049,328	18,264,062	9,015,332	34,328,722
Additions during the year	-	5,673	-	5,673
Foreign currency translation differences	-	(70,200)	-	(70,200)
Balance as of 31 December 2023	7,049,328	18,199,535	9,015,332	34,264,195
<u>Accumulated amortization</u>				
Balance as of 1 January 2023	7,049,328	15,010,332	4,956,064	27,015,724
Amortization for the year	-	385,655	1,735,349	2,121,004
Foreign currency translation differences	-	(50,017)	-	(50,017)
Balance as of 31 December 2023	7,049,328	15,345,970	6,691,413	29,086,711
Net book value as of 31 December 2023	-	2,853,565	2,323,919	5,177,484

Amortization expense has been distributed as follow:

	Note	2024	2023
Cost of revenue	30	1,598,049	1,735,349
General and administrative expenses	31	390,313	385,655
		1,988,362	2,121,004

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Notes to the consolidated financial statements for the year ended 31 December 2024**(All amounts in Saudi riyals unless otherwise stated)****7. INVESTMENT PROPERTIES**

	Lands	
	<u>31 December 2024</u>	<u>31 December 2023</u>
Balance at the beginning of the year	48,396,240	48,396,240
Additions during the year (1/7)	64,655,000	-
Transfer from property, plant and equipment	20,245,016	-
Disposal during year (2/7)	(3,080,000)	-
Balance at the end of the year	<u>130,216,256</u>	<u>48,396,240</u>

(7/1) During the year 10 deeds were purchased with a total area of up to 60,300 square meters. The purchase cost is 64,655,000 SR.

(7/2) During the year, a land was sold consisting of two deeds with a total area of 30,800 square meters. Its book value amounted to 3,080,000 SR, and the proceeds amounted to 50,820,000 SR, with gain from the disposal amounting to 47,740,000 SR recorded at consolidated statements of profit or loss.

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

Properties	Evaluation Method	Purpose	Important inputs and assessment assumptions	Fair value as of 31 December 2024	Fair value as of 31 December 2023
Land of Al-Jazirah neighborhood - east of Riyadh	Sales comparison method	Knowing the market value	Comparative selling price	143,132,000	157,508,162
Land of Al- Musfat neighborhood - Riyadh	Sales comparison method	Knowing the market value	Comparative selling price	51,180,200	32,113,243
Land of industrial Gate City-Riyadh city	Sales comparison method	Knowing the market value	Comparative selling price	149,757,500	-
Land of Al- Musfat neighborhood - Riyadh	Sales comparison method	Knowing the market value	Comparative selling price	21,956,000	-
Land of Taiba scheme-Riyadh city	Sales comparison method	Knowing the market value	Comparative selling price	72,420,000	-
				<u>438,445,700</u>	<u>189,621,405</u>

The fair value was determined by an independent external real estate evaluator (Shaiq Saleh al Shaiq real estate appraisal company membership number 1210001415) accredited by the Saudi Authority for Accredited Valuers ("TAQEEM") to determine the investment properties fair value. The fair value of investment properties was determined using valuation methodologies including significant judgments and estimations

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	Ownership percentage		31 December 2024	31 December 2023
	2024	2023		
Mina Juice Limited - Turkey (8/1)	5.9%	5.9%	50,460,278	51,178,729
Qatar Engineering and Minerals Company (8/1)-(8/2)	5.66%	5.66%	30,320,557	10,217,250
Pasta World Limited - Turkey (8/1)	0.60%	0.60%	12,271,845	6,893,430
Arabian Mashed Company (8/2)	3.57%	3.57%	4,116,217	5,881,000
			97,168,897	74,170,409

8/1 The investments mentioned above represent holdings retained by Esterad Capital Bank in its capacity as custodian, and according to the latest financial report for the fiscal year ending on 31 December 2024, issued by the bank, they are reported at fair value.

8/2 The investment above represents investments in unlisted equity interests and is measured at fair value through other comprehensive income (Level 3 fair value measurement).

The following is a summary of the movement of investment at fair value through other comprehensive income:

	31 December 2024	31 December 2023
Balance at the beginning of the year	74,170,409	89,554,166
Revaluation gains / (losses)	22,998,488	(15,383,757)
Balance at the end of the year	97,168,897	74,170,409

9. INVESTMENT IN ASSOCIATES

	Ownership %		31 December 2024	31 December 2023
	2024	2023		
Petitjean Company - France (formerly Al Babtain France)	25%	25%	-	548,979
			-	548,979

A- Below is a summary of the investments:

	31 December 2024	31 December 2023
Balance at the beginning	548,979	2,125,641
Group's share of net results from associate	)548,979(	(1,576,662)
Balance at the end	-	548,979

B- Gain on sales of investments in associate

On 12 December 2022, the group signed a framework agreement with Metalogalva Ermaus Silva SA in Portugal to sell 26% of the shares of Babtain France for 941,000 euros, equivalent to SR 3,762,118. The sale and transfer agreement for this stake was signed on February 28, 2023. As a result, the group's ownership in Babtain France reduced to 25%, with Metalogalva Ermaus Silva SA owning 75%. This transaction resulted in a profit from the sale of investments amounting to 1,551,453 SR.

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Notes to the consolidated financial statements for the year ended 31 December 2024**(All amounts in Saudi riyals unless otherwise stated)****10. RIGHT OF USE ASSETS AND LEASE LIABILITIES**

The assets represent the right to use assets and liabilities in the form of leased lands under long-term contracts extending up to 20 years within and outside the Kingdom of Saudi Arabia. They are consumed over the term of the contract. These lands have buildings recorded in Property, plant and equipment

<u>10-1 Right-of-use assets</u>	<u>31 December 2024</u>	<u>31 December 2023</u>
Right-of-use assets at the beginning of the year	34,807,655	35,557,484
Additions during the year	432,085	5,345,909
Disposals during the year	)716,244(	(5,366,580)
Currency translation differences	)535,830(	(729,158)
Balance at the end of the year	<u>33,987,666</u>	<u>34,807,655</u>
<u>Accumulated amortization</u>		
Balance at the beginning of the year	9,484,852	10,314,000
Amortization during the year	3,605,070	3,697,733
Disposals during the year	)581,822(	(4,306,445)
Currency translation differences	)479,283(	(220,436)
Balance at the end of the year	<u>12,028,817</u>	<u>9,484,852</u>
Net book value	<u>21,958,849</u>	<u>25,322,803</u>

Expense has been distributed as follow:	Note	<u>31 December 2024</u>	<u>31 December 2023</u>
Cost of revenues	30	2,638,239	1,885,561
General and administrative expenses	31	636,782	269,343
Selling and marketing expenses	32	330,049	1,542,829
		<u>3,605,070</u>	<u>3,697,733</u>

<u>10-2 Lease liabilities</u>	<u>31 December 2024</u>	<u>31 December 2023</u>
Balance as at the beginning of the year	25,263,333	24,525,578
Additions during the year	432,085	5,345,909
Disposals during the year	)165,754(	(899,509)
Interest charged during the year	1,153,509	1,292,209
Payment during the year	)4,104,993(	(4,748,338)
Foreign currency translation differences	)413,350(	(252,516)
Balance at the end of the year	<u>22,164,830</u>	<u>25,263,333</u>

Lease liabilities included in the consolidated statement of financial position are as follows:

	<u>31 December 2024</u>	<u>31 December 2023</u>
Current portion	3,736,640	4,992,097
Non-current portion	18,428,190	20,271,236
	<u>22,164,830</u>	<u>25,263,333</u>

Expense charged in consolidated statement of profit or loss

	<u>31 December 2024</u>	<u>31 December 2023</u>
Amortization expense	3,605,070	3,697,733
Interest expense	1,153,509	1,292,209

During the year ended 31 December 2024, expenses related to short-term and low-value lease assets amounted to SR 10,582,187 SR (2023: SR 9,317,005).

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Notes to the consolidated financial statements for the year ended 31 December 2024**(All amounts in Saudi riyals unless otherwise stated)****11. INVENTORIES**

	<u>31 December 2024</u>	<u>31 December 2023</u>
Raw materials	519,096,529	552,869,393
Goods in transit	158,664,308	114,303,566
Finished goods	101,838,372	133,794,027
Work in progress	45,477,227	42,803,641
Consumables and other supplies	15,082,998	17,600,947
	840,159,434	861,371,574
Less: Inventories write down	)17,842,789(	(15,859,121)
	822,316,645	845,512,453

The movement for inventories write down is as follows:

	<u>31 December 2024</u>	<u>31 December 2023</u>
Balance at the beginning of the year	15,859,121	11,692,080
Formed during the year	3,722,503	8,134,610
Write off during the year	(1,687,394)	)3,938,825(
Foreign currency translation differences	(51,441)	)28,744(
Balance at the end of the year	17,842,789	15,859,121

12. TRADE AND NOTES RECEIVABLES

	<u>31 December 2024</u>	<u>31 December 2023</u>
Trade receivables	811,909,632	888,958,851
Checks under collection and notes receivable	10,998,168	5,334,789
Retention receivable	133,997,173	81,935,479
	956,904,973	976,229,119
Less: Expected credit losses	)29,181,762(	)31,880,951(
	927,723,211	944,348,168

The movement for expected credit losses is as follows:

	<u>31 December 2024</u>	<u>31 December 2023</u>
Balance at the beginning of the year	31,880,951	37,564,156
(Reversal) / formed during the year	(998,763)	1,416,945
Write off during the year	(1,093,176)	(6,913,841)
Foreign currency translation differences	(607,250)	(186,309)
Balance at the end of the year	29,181,762	31,880,951

The trade receivables are classified as financial assets measured at amortized cost.

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Notes to the consolidated financial statements for the year ended 31 December 2024**(All amounts in Saudi riyals unless otherwise stated)****13. CONTRACT ASSETS**

	<u>31 December 2024</u>	<u>31 December 2023</u>
Balance at the beginning of the year	258,682,387	212,733,722
Realized revenues according to the percentage of completion	411,885,742	412,234,196
Invoices issued for the work performed during the year	(355,944,932)	(365,259,502)
Currency translation differences	(3,135,232)	(946,486)
	<u>311,487,965</u>	<u>258,761,930</u>
Less: Expected credit losses	(3,044,849)	(79,543)
Balance at the end of the year	<u><u>308,443,116</u></u>	<u><u>258,682,387</u></u>

The movement on expected credit losses was as follows:

	<u>31 December 2024</u>	<u>31 December 2023</u>
Balance at the beginning of the year	79,543	14,318
Formed during the year	2,960,684	65,225
Foreign currency translation differences	4,622	-
Balance at the end of the year	<u><u>3,044,849</u></u>	<u><u>79,543</u></u>

14. RELATED PARTY TRANSACTIONS AND BALANCES

Transactions with related parties consist in purchasing some tools and materials as well as selling final products in addition to salaries, bonuses, compensation and allowances for board members, senior executives and senior management.

The most significant transactions with related parties and the balances resulting from them are as follows:

a) Due from related parties

	<u>Nature of relationship</u>	<u>31 December 2024</u>	<u>31 December 2023</u>
Petitjean Company - France (formerly Al Babtain France)	Associate Company	15,076,128	24,132,980
Al Babtain Contracting Company	Affiliate Company	2,483,258	5,179,049
Al-Babtain Engineering Industries Company	Affiliate Company	172,422	172,422
		<u><u>17,731,808</u></u>	<u><u>29,484,451</u></u>

Below is the current and non-current part

	<u>31 December 2024</u>	<u>31 December 2023</u>
Current portion	13,526,915	14,063,632
Non-current portion	4,204,893	15,420,819
	<u><u>17,731,808</u></u>	<u><u>29,484,451</u></u>

b) Due to related parties

	<u>Nature of relationship</u>	<u>31 December 2024</u>	<u>31 December 2023</u>
Metalogalva Air Mouse Silvia IE – Portugal	Shareholder in subsidiary	13,409,095	14,248,804
Al Babtain Trading Company	Affiliate Company	26,715	840
Al-Babtain Contracting Company – Egypt	Affiliate Company	-	1,090,599
		<u><u>13,435,810</u></u>	<u><u>15,340,243</u></u>

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Notes to the consolidated financial statements for the year ended 31 December 2024**(All amounts in Saudi riyals unless otherwise stated)****14. RELATED PARTY TRANSACTIONS AND BALANCES (continued)****c) Significant transactions with related parties**

	Nature of transactions	31 December 2024	31 December 2023
Al Babtain Contracting Company	Sales	15,308,427	6,828,654
	Collection	18,004,218	-
Al Babtain Trading Company	purchases	22,500	-
Petitjean Company - France (formerly Al Babtain France)	Collection	9,044,831	7,626,580
Al-Babtain Engineering Industries Company	Payment	-	225,260
Al-Babtain Metalogalva Ermaus Company – Portugal*	Currency revaluation	828,206	420,087
Metalgolfa Air Mouse Silvia EA - Portugal	Purchases	11,503	-
Saudi Egyptian Refrigeration Manufacturing Company	Payment	1,090,599	-

D) Benefits, Rewards, and Remuneration for Senior Management and Executives:

	31 December 2024		31 December 2023	
	Board and committee members	Executive Management	Board and committee members	Executive Management
Remuneration of members of the board of directors and committees	4,650,000	-	3,924,760	-
Salaries, wages and equivalents		7,254,000		6,932,098

15. PREPAID EXPENSES AND OTHER RECEIVABLES

	31 December 2024	31 December 2023
Advance payments to suppliers	32,583,549	30,931,780
Value Added Tax	2,066,581	7,673,384
Prepaid expenses	11,308,998	14,394,028
Refundable security deposits	10,396,320	15,452,337
Employee payables	4,479,313	5,490,677
Prepaid housing allowance	2,517,795	2,829,808
Dividends receivables	-	1,223,744
Others	6,177,807	4,478,146
	69,530,363	82,473,904

16. FINANCIAL DERIVATIVE AT FAIR VALUE

Hedging is an essential tool for managing financial risks, and companies that engage in hedging activities are more prepared to overcome market uncertainties. Through hedging, companies can mitigate the impact of volatile market conditions, allowing them to focus on their core business operations and achieving their strategic goals, even Company guarantees that it will not be adversely affected by any fluctuations in global interest rates and minimize or eliminate the risks of adverse movements in prices.

The company entered into Murabaha price swap agreements (“swap contracts”) with Al Rajhi Bank and Banque Saudi Fransi with a total nominal amount of SR 675 million as of 31 December 2024 (2023:SR 675 million) to hedge against future fluctuations in Murabaha rates for part of its long-term loans signed with those banks. Under swap contracts, the company receives a return at a floating rate according to the variable SIBOR rates, and in return the company pays a fixed rate according to the terms of the contract to cover the risks resulting from the change in SIBOR prices for Islamic loans.

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The tables below provide a summary of hedged items, hedging instruments and derivative trading, the notional amounts, and their fair values. The notional amounts refer to the volume of transactions outstanding at the date of the consolidated financial statements, and are not indicative of market risk or credit risk.

The maturity date for the swap contracts and the average Murabaha rates are as follows:

The bank	The nominal loan amount	Loan date	Loan term	Fair value as at 31 December 2024	Fair value as at 31 December 2023
Al Rajhi Bank	250,000,000	7 November 2021	4 years	948,021	3,682,357
The Saudi French Bank	425,000,000	5 January 2023	5 years	4,077,764	5,608,814
Total	<u>675,000,000</u>			<u>5,025,785</u>	<u>9,291,171</u>

The following table summarizes the amounts recognized in the consolidated statement of profit or loss:

	31 December 2024	31 December 2023
Balance at the beginning of the year	9,291,171	20,305,182
Losses from revaluation	(4,265,386)	)11,014,011(
Balance at the end of the year	<u>5,025,785</u>	<u>9,291,171</u>

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Investments in financial assets at fair value through profit or loss are represented in a portfolio for the benefit of the group for the purpose of trading through which property rights in companies listed in the Saudi Stock Exchange market are purchased. The following is the movement of financial assets listed at fair value through profit or loss:

The movement on the investment during the year was as follows:

	31 December 2024	31 December 2023
Balance at the beginning of the year	6,343,200	17,965,819
Purchases during the year	598,878	334,758
Sales during the year	(9,288,341)	(14,853,324)
Change from revaluation	-	1,338,214
Realized gains from selling	2,346,263	1,557,733
Balance at the end of the year	<u>-</u>	<u>6,343,200</u>

18. CASH AND CASH EQUIVALENTS

	31 December 2024	31 December 2023
Banks –current accounts	120,687,997	192,341,688
Cash in hand	335,147	444,165
	<u>121,023,144</u>	<u>192,785,853</u>

This current accounts in local banks, all of which are unrestricted. The company does not have short-term deposits, demand deposits, or highly liquid investments with original maturities of three months or less.

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The authorized and paid-up capital of the company is SR 639,469,680 as of 31 December 2024 (31 December 2023: SR 639,469,680) divided into 63,946,968 shares with a value of SR 10 each.

On 28 September 2023, the Extraordinary General Assembly approved increasing the capital from SAR 426,313,120 to SR 639,469,680, an increase of SR 213,156,560, by issuing bonus shares (one share for every two shares) at a capital increase rate of 50%, from the retained earnings as of 31 December 2022, and the related regulatory procedures were completed. The Extraordinary General Assembly also approved transferring the balance of the statutory reserve to retained earnings.

20. STATUTORY RESERVE

During the year 2023, an amount of SR 127,893,936 was transferred to retained earnings.

21. NON-CONTROLLING INTEREST

	NCI rate	31 December 2024	31 December 2023
Balance at the beginning of the year		<u>15,468,125</u>	<u>14,129,652</u>
Added profits of Al-Babtain LeBlanc Egypt	0.28%	2,252	7,309
Added losses of Al-Babtain Metal Galva limited company	40%	6,261,662	1,487,022
Added actuarial gains and foreign currency translation differences of Al-Babtain Metal Galva Company Limited and Leblanc Egypt	40%	31,377	(155,858)
Balance at the end of the year		<u><u>21,763,416</u></u>	<u><u>15,468,125</u></u>

22. DIVIDENDS

<u>Declaration Date</u>	<u>Distributed date</u>	<u>Amount (Saudi Riyals per share)</u>	<u>Distributed amount</u>	<u>Distributed date</u>	<u>Type</u>	<u>Status</u>
7 November2024	2 December2024	0.50	31,973,484	2 December2024	Interim	Paid
30 March2024	26 June 2024	1	63,946,968	26 June 2024	Interim	Paid
2 April2023	19 June2023	0.50	21,315,657	19 June2023	Interim	Paid

23. LOANS**23-1 Long Term Loans**

	31 December 2024	31 December 2023
Saudi industrial development fund Loan (23\1\1)	<u>46,800,000</u>	<u>61,400,000</u>
Long term Tawarruq loans - local commercial banks (23\1\2)	<u>290,625,000</u>	<u>479,062,500</u>
	<u><u>337,425,000</u></u>	<u><u>540,462,500</u></u>

The current and non-current portion was as follows:

	31 December 2024	31 December 2023
Long term loans-non-current portion	<u>161,933,333</u>	<u>337,425,000</u>
Long term loans-current portion	<u>175,491,667</u>	<u>203,037,500</u>
	<u><u>337,425,000</u></u>	<u><u>540,462,500</u></u>

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The movement on loans during the year was as follows:

	31 December 2024	31 December 2023
Balance at the beginning of the year	540,462,500	771,317,162
Payment during the year	(203,037,500)	(241,694,444)
Collected during the year	-	10,839,782
Balance at the end of the year	337,425,000	540,462,500

(23/1/1) The Group has multiple long-term facilities from the Saudi Industrial Development Fund. The upfront and annual administrative fees are charged by the Fund according to the loan agreements. These facilities are secured by mortgages on the properties and equipment of the relevant companies for which the loans were granted, as well as promissory notes. The loan maturities, based on their repayment schedules, extend until 2028. The loan agreements contain certain covenants that require the relevant companies to maintain specific financial ratios, mainly the current ratio and leverage ratio. The covenants are regularly monitored by management, and actions are taken to ensure compliance, including obtaining waivers from the Saudi Industrial Development Fund, if necessary. There has been no non-compliance with the covenants that would require the loans to be repaid on demand.

(23/1/2) The parent company has long-term bank facilities from local banks for the purpose of restructuring its financial position.

Warranties

The long and medium-term bank financing from local banks is guaranteed against the issuance of Letters of credit and the group's waiver of some of the proceeds of the contracts concluded by the group and other guarantees according to the bank facilities contracts. The banking agreements include restrictions and financial pledges on the group related to dividends and net equity, in addition to restrictions on some other financial ratios specified in these agreements. These bank financings are subject to a commission according to prevailing market rates.

23-2 Short Term Loans

The Group has obtained banking facilities from local commercial banks in the form of Tawarruq loans and letters of credit to finance working capital requirements, as well as letters of credit. The Group has also obtained banking facilities from commercial banks (in the Arab Republic of Egypt) in the form of overdrafts to finance working capital requirements, as well as letters of credit. These facilities are subject to commissions according to prevailing market rates, and their details are as follows:

	31 December 2024	31 December 2023
Short Term Tawarruq bank loans	559,415,695	683,744,888
Bank overdraft	32,247,784	40,059,186
	591,663,479	723,804,074

The movement on loans during the year was as follows:

	31 December 2024	31 December 2023
Balance at the beginning of the year	723,804,074	584,175,115
Paid during the year	(2,337,334,119)	(2,147,899,438)
Collected during the year	2,219,662,369	2,297,462,334
Foreign currency translation differences	(14,468,845)	(9,933,937)
Balance at the end of the year	591,663,479	723,804,074

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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.

24. EMPLOYEES' DEFINED BENEFIT LIABILITIES

	<u>31 December 2024</u>	<u>31 December 2023</u>
Balance at the beginning of the year	80,932,332	68,517,376
Current service costs	9,056,083	6,932,043
Current service financing cost	3,931,583	3,316,617
Paid during the year	)10,872,321(	)6,474,203(
Actuarial losses	339,591	8,640,499
Foreign currency translation differences	)1,290(-
Balance at the end of the year	<u>83,385,978</u>	<u>80,932,332</u>

24-1 Actuarial Assumptions

	<u>31 December 2024</u>	<u>31 December 2023</u>
Discount rate	5.1%- 5.9%	4.80%-5%
Salary increases rate (% per year)	1%- 5%	1%-5%
Staff turnover (% per year)	3%- 7%	3%-7%

24-2 The sensitivity of the defined benefit obligation to changes in the weighted average of the key assumptions is:

Factor	<u>Change in assumption</u>	<u>31 December 2024</u>	<u>31 December 2023</u>
Discount rate	+0.5%	(2,972,212)	(2,302,918)
	-0.5%	3,188,828	4,063,548
Salary increase rate	+0.5%	3,209,361	4,065,099
	-0.5%	(3,021,352)	(2,336,152)

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

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	<u>As of 1 January 2024</u>	<u>Formed</u>	<u>Used</u>	<u>Foreign currency translation differences</u>	<u>31 December 2024</u>
Warranty provision (25/1)	44,883,411	8,238,712	(8,109,072)	-	45,013,051
Claims provision (28/2)	32,040,281	5,874,309	(36,527,329)	(166,606)	1,220,655
	<u>76,923,692</u>	<u>14,113,021</u>	<u>(44,636,401)</u>	<u>(166,606)</u>	<u>46,233,706</u>
	<u>As of 1 January 2023</u>	<u>Formed</u>	<u>Used</u>	<u>Foreign currency exchange</u>	<u>31 December 2023</u>
Warranty provision (25/1)	33,382,778	10,489,832	-	-	43,872,610
Claims provision (28/2)	-	33,051,082	-	-	33,051,082
	<u>33,382,778</u>	<u>43,540,914</u>	<u>-</u>	<u>-</u>	<u>76,923,692</u>

(25/1) Warranty provision is recognized for expected warranty claims on the sold products for which the Group is responsible to cover the warranty, and it is expected that all these costs will be incurred within 10 years after the reporting date and the assumptions used to calculate are based on the warranty is based on product sales, date of sale, warranty period, estimated level of repairs, and warranty costs.

The details provisions as below:

	<u>31 December 2024</u>	<u>31 December 2023</u>
Non-current portion	39,502,032	40,470,777
Current portion	6,731,674	36,452,915
	<u>46,233,706</u>	<u>76,923,692</u>

26. TRADE AND NOTES PAYABLE

	<u>31 December 2024</u>	<u>31 December 2023</u>
Trade payables	212,283,973	136,336,671
Notes payable	220,854,539	107,102,464
	<u>433,138,512</u>	<u>243,439,135</u>

27. ACCRUED EXPENSES AND OTHER PAYABLES

	<u>31 December 2024</u>	<u>31 December 2023</u>
Advance payments from customers	85,454,574	139,977,277
Accrued salaries and expenses	85,694,675	66,373,731
Value added tax	20,963,149	12,244,310
Accrued remunerations of board members and committees	4,686,000	4,950,234
Dividends payable	2,813,427	2,776,305
Social insurance	834,230	1,125,635
Other	7,190,473	2,370,401
	<u>207,636,528</u>	<u>229,817,893</u>

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The movement in the provision for zakat and income tax is as follows:

	31 December 2024		
	Zakat	Income Tax	Total amount
Balance at the beginning of the year	26,696,332	2,503,201	29,199,533
Formed during the year	24,251,159	8,492,961	32,744,120
Paid during the year	(27,551,388)	(3,069,566)	(30,620,954)
Foreign currency exchange	-	(1,206,078)	(1,206,078)
Balance at the end of the year	<u>23,396,103</u>	<u>6,720,518</u>	<u>30,116,621</u>

	31 December 2023		
	Zakat	Income Tax	Total amount
Balance at the beginning of the year	23,430,246	1,214,857	24,645,103
Formed during the year	29,592,785	4,607,518	34,200,303
Paid during the year	(26,326,699)	(2,977,197)	(29,303,896)
Foreign currency exchange	-	(341,977)	(341,977)
Balance at the end of the year	<u>26,696,332</u>	<u>2,503,201</u>	<u>29,199,533</u>

28-2 Deferred Tax

Below is the deferred tax movement:

	31 December 2024		
	Deferred tax Assets	Deferred tax Liability	Total amount
Balance at the beginning of the year	-	(474,281)	)474,281(
Formed during the year	985,051	(951,661)	33,390
Foreign currency translation differences	)32,990(	53,493	20,503
Balance at the end of the year	<u>952,061</u>	<u>(1,372,449)</u>	<u>(420,388)</u>

	31 December 2023		
	Deferred tax Assets	Deferred tax Liability	Total amount
Balance at the beginning of the year	-	29,933	29,933
Formed during the year	-	(461,522)	(461,522)
Foreign currency translation differences	-	(42,692)	(42,692)
Balance at the end of the year	<u>-</u>	<u>(474,281)</u>	<u>(474,281)</u>

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28-2. Zakat assessment position

The company submits a consolidated Zakat declaration for the group, except for Al-Babtain Metal Galva Ltd. (Saudi Arabia), Al-Babtain LeBlanc Egypt for Telecommunications Engineering (Egypt), and Al-Babtain Middle East for Telecommunications Systems Installation (UAE)

Year 2014:

There was an ongoing case with the number (Z-2021-41131) at the appellate committees, and a final decision was issued in this case by the appellate committees on August 6, 2024, to pay an amount of 222,591 Saudi Riyals. The examination process by the authority was completed, and the payment was made during the year of 2024

Years from 2015 to 2018:

The authority issued the revised Zakat assessment for the group for the fiscal years from 2015 to 2018, which resulted in Zakat differences amounting to 32,040,281 Saudi Riyals. The group submitted a petition to reconsider the decision, but the petition was rejected by the competent authority. The amount was settled and paid to the Zakat, Tax, and Customs Authority, and the examination process by the authority was completed, and the payment was made during the year of 2024.

Years from 2019 to 2022:

The authority conducted the initial examination of the unified Zakat declaration, and after the issuance of the Zakat regulation for the year 1445 AH, which allows the application of the 1445 AH regulation to the years before 2024, the authority issued the revised Zakat assessment for the group for the fiscal years from 2019 to 2022, which resulted in Zakat differences amounting to 4,082,663 Saudi Riyals. The examination process by the authority was completed, and the payment was made during the year of 2024.

Year 2023

The group submitted the unified Zakat declaration, and the examination by the authority is currently on going. The group obtained a certificate valid until 30 April, 2025.

Babtain Metalgalva Limited:

The Company has submitted its Zakat and Tax return until 31 December 2023, and has obtained a valid certificate until 30 April 2025.

Al Babtain Leblanc Egypt for Telecommunications Engineering:

The tax return has been submitted and finalized from the beginning of the activity until the year 2020. Years from 2021 to 2023: The company was not notified of the examination process.

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The following is a summary of the revenues as follows:

A) Classification by type of revenue:

	<u>31 December 2024</u>	<u>31 December 2023</u>
Towers and metal structures sector	1,132,087,540	953,048,213
Columns and lighting sector	616,996,605	776,718,240
Design, supply and installation sector	425,523,159	470,485,348
Solar energy sector	637,869,182	290,241,905
	<u>2,812,476,486</u>	<u>2,490,493,706</u>

B) Classification according to the timing of revenue recognition

	<u>31 December 2024</u>	<u>31 December 2023</u>
At a point in time	2,386,953,327	2,020,008,358
Over a period of time	425,523,159	470,485,348
	<u>2,812,476,486</u>	<u>2,490,493,706</u>

30. COST OF REVENUES

	<u>31 December 2024</u>	<u>31 December 2023</u>
Material cost	1,929,741,898	1,665,419,333
Operating expenses and subcontractors	125,064,852	150,269,963
Salaries, wages and equivalents	169,153,173	159,651,644
Depreciation and amortization	29,667,627	29,705,173
Transportation, shipping and clearing	41,009,991	31,354,905
Supplies and facilities	41,450,562	41,732,263
Rental expenses	7,534,067	6,614,239
Inventories write down	3,722,503	8,134,610
Professional fees	2,566,412	269,475
Others	3,736,509	-
	<u>2,353,647,594</u>	<u>2,093,151,605</u>

31. GENERAL AND ADMINISTRATIVE EXPENSES

	<u>31 December 2024</u>	<u>31 December 2023</u>
Salaries, wages and equivalents	72,692,598	69,142,452
Allowances and remuneration for members of the Board of Directors	4,650,000	3,924,760
Depreciation and amortization	3,276,201	4,751,440
Professional and consulting fees	5,106,542	3,855,612
Supplies and facilities	6,538,992	8,635,978
Zakat Differences	3,047,202	54,800
Others	5,800,730	1,551,624
	<u>101,112,265</u>	<u>91,916,666</u>

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Notes to the consolidated financial statements for the year ended 31 December 2024**(All amounts in Saudi riyals unless otherwise stated)****32. SELLING AND MARKETING EXPENSES**

	<u>31 December 2024</u>	<u>31 December 2023</u>
Salaries, wages and equivalents	24,467,118	22,599,320
Depreciation and amortization	825,657	703,517
Transportation, shipping and clearing	1,950,507	738,405
Supplies and facilities	2,862,208	2,440,237
Rental expenses	3,048,120	2,702,766
Professional fees	632,300	56,520
Sales and distribution commissions	838,850	646,501
Advertising	834,336	593,372
Others	641,262	474,957
	<u>36,100,358</u>	<u>30,955,595</u>

33. FINANCE COST

	<u>31 December 2024</u>	<u>31 December 2023</u>
Loans and facilities	88,434,656	89,901,397
Lease liabilities interest (note 10)	1,153,509	1,292,209
	<u>89,588,165</u>	<u>91,193,606</u>

34. OTHER INCOME, NET

	<u>31 December 2024</u>	<u>31 December 2023</u>
Reversal of allowance for employee incentives	-	712,401
Rental income from investments properties	566,097	1,342,322
Compensation and others	462,330	1,243,161
Finance income	687,659	878,388
Human resources fund support revenue	1,392,466	721,953
(Loss) / gain from disposal of property, plant and equipment	(594,200)	152,074
	<u>2,514,352</u>	<u>5,050,299</u>

35. BASIC EARNINGS PER SHARE

Basic earnings per share have been 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. The diluted earnings per share is the same as the basic earnings per share since the Group does not have any dilutive instruments.

	<u>31 December 2024</u>	<u>31 December 2023</u>
Profit for the year	265,748,386	141,491,850
Weighted average number of issued shares	63,946,968	63,946,968
Basic earnings per share	<u>4.16</u>	<u>2.21</u>

36. CONTINGENCIES AND CAPITAL COMMITMENTS

Contingent liabilities represent letters of credit and guarantees issued by commercial banks for the purposes of the Group and are as follows:

	<u>31 December 2024</u>	<u>31 December 2023</u>
Letters of credit	332,514,272	243,390,711
Letters of guarantee	982,912,157	950,009,121
	<u>1,315,426,429</u>	<u>1,193,399,832</u>

The capital commitments of the group as of 31 December 2024, amounted to Nil (2023: Nil).

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37. SEGMENTAL REPORT

A-Sectoral information

A- Information related to the Group's operational and geographic sectors, 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, playgrounds and gardens, and the production of electricity distribution panels.

-Design, supply and installation sector: It includes the work of supplying, installing and maintaining communication systems.

-Solar energy sector: It includes the production of mobile metal components for solar photovoltaic energy tracking systems.

Headquarters: It supervises the company's various sectors in addition to the investment activities in the subsidiaries.

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

	Towers and metal structures sector	Columns and lighting sector	Design, supply and installation sector	Solar energy sector	Headquarter	Total
31 December 2024						
Net revenue	1,132,087,540	616,996,605	425,523,159	637,869,182	-	2,812,476,486
Operating income	224,822,105	137,390,303	72,364,808	24,251,676	-	458,828,892
Depreciation of property, plant and equipment	10,815,491	10,571,915	1,870,342	4,452,934	465,377	28,176,059
Financing costs	48,567,176	24,844,433	6,669,201	9,507,355	-	89,588,165
Net profit before zakat and income tax	159,707,851	64,946,750	13,778,571	16,905,327	49,384,531	304,723,030
31 December 2023						
Revenue	953,048,213	776,718,240	470,485,348	290,241,905	-	2,490,493,706
Operating income	157,929,586	138,237,763	89,046,966	12,127,786	-	397,342,101
Depreciation of property, plant and equipment	11,545,124	10,674,851	2,059,009	3,986,182	1,076,213	29,341,379
Financing costs	42,464,597	36,219,030	6,319,573	6,190,406	-	91,193,606
Net profit before zakat and income tax	110,037,829	61,420,575	30,891,489	3,893,809)28,595,697(177,648,006

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(All amounts in Saudi riyals unless otherwise stated)

37. SEGMENTAL REPORT (continued)

C - The following is an analysis of the group's assets and liabilities by segment as follows:

<u>Assets</u>	<u>31 December 2024</u>	<u>31 December 2023</u>
Towers and metal structures sector	997,476,673	1,061,919,242
Columns and lighting sector	844,796,159	901,951,750
Design, supply and installation sector	568,095,162	531,621,071
Solar energy sector	189,628,864	215,159,297
Headquarter	286,820,821	217,587,898
	<u>2,886,817,679</u>	<u>2,928,239,258</u>
<u>Liability</u>		
Towers and metal structures sector	925,430,801	905,993,809
Columns and lighting sector	607,588,389	761,641,698
Design, supply and installation sector	180,765,452	176,192,082
Solar energy sector	68,126,339	113,209,920
Headquarter	11,556,361	50,896,281
	<u>1,793,467,342</u>	<u>2,007,933,790</u>

D-Geographical information

The following is a summary of information based on geographical sector as :

<u>Revenue</u>	<u>31 December 2024</u>	<u>31 December 2023</u>
Kingdom Saudi Arabia	2,493,103,904	2,185,354,035
United Arab Emirates	148,996,733	152,556,549
The Arab Republic of Egypt	170,375,849	152,583,122
	<u>2,812,476,486</u>	<u>2,490,493,706</u>

38. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The root of the group's main financial liabilities includes loans, lease liabilities, employee defined benefits obligations, accounts and notes payable, other credit accrued expenses, due to a related party. The Group's principal financial assets consist of trade and notes receivables, prepaid expenses and due from related parties. The main financial risks arising from the Group's financial instruments are market risk (including interest rate risk and foreign exchange risk), credit risk and liquidity risk. Management reviews and agrees policies to manage these risks.

38-1 Market risk

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

Interest rate risk is exposure to various risks associated with the effect of fluctuations in prevailing interest rates on the Group's financial position and cash flows. The Group is exposed to interest rate risk on its interest bearing assets and liabilities, which mainly consist of bank facilities and loans. The management limits interest rate risk by monitoring changes in interest rates. Management monitors changes in interest rates and believes that the Group's cash flow and interest rate risks on fair value are immaterial.

The Group's receivables and payables carried at amortized cost are not subject to interest rate risk as defined in IFRS 7 as neither the carrying value nor the future cash flows change due to a change in market interest rates. Accordingly, the Group is not exposed to fair value interest rate risk.

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

	31 December 2024	31 December 2023
Variable interest rate loans	929,088,479	1,264,266,574

Sensitivity analysis

	Consolidated statement of profit or loss			
	31 December 2024		31 December 2023	
	100 points increase	100 points decreased	100 points increase	100 points decreased
Variable interest rate loans	)9,290,885(	9,290,885	)12,642,666(	12,642,666
Changes in cash flows	9,290,885	)9,290,885(	12,642,666	)12,642,666(

38-2 Foreign currency risk

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

The total significant exposure to the consolidated financial position classified by discrete foreign transactions is as follows.

Currencies	31 December 2024	31 December 2023
Dollar	8,591,130	339,812
Euro	4,057,894	421,392
Egyptian Pound	85,355,819	198,527,942
UAE Dirham	13,322,383	17,943,431
Qatari Riyal	227,082	259,822

38-3 Credit risk

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

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38. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

38-3 Credit risk (continued)

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

	31 December 2024	31 December 2023
	Total book value	Total book value
Trade receivables		
Current (not due)*	133,997,173	81,935,479
From 1 to 30 days	567,637,983	696,000,100
From 31 to 60 days	94,987,271	86,485,083
From 61 to 90 days	63,931,624	19,296,345
From 91 to 180 days	33,054,932	35,732,893
From 181 to 360 days	15,619,324	17,878,072
More than 360 days	36,678,498	33,566,358
Total Trade Receivables	945,906,805	970,894,330

Current (not due)* receivables consist of receivables from government entities that are expected to be collected within a year (note 12).

The following tables present information about exposure to credit risk and expected credit losses for trade receivables and contract assets:

	<u>Trade receivable</u>			
	31 December 2024		31 December 2023	
	<u>Book value</u>	<u>ECL</u>	<u>Book value</u>	<u>ECL</u>
Low risk	945,906,805	29,181,762	970,894,330	31,880,951

	<u>Contract assets</u>			
	31 December 2024		31 December 2023	
	<u>Book value</u>	<u>ECL</u>	<u>Book value</u>	<u>ECL</u>
Low risk	311,487,965	3,044,849	258,761,930	79,543

The movement in the expected credit loss in respect of trade receivable, and contract assets during the year, as follows:

	31 December 2024	31 December 2023
Balance at the beginning of the year	31,960,494	37,578,474
Allowance for trade receivable (note 12)	(998,763)	1,416,945
Allowance for contract assets (note 13)	2,960,684	65,225
Write off during the year	)1,093,176(	(6,913,841)
Foreign currency translation differences	)602,628(	(186,309)
Balance at the end of the year	32,226,611	31,960,494

Trade receivable

The Group uses a dedicated matrix for the purpose of calculating expected credit losses for trade receivables, contract assets and employee receivables. This matrix is based initially on historical default rates. The Group calibrates the matrix to adjust the historical experience of credit losses, taking into account the information expected in the future. At the date of each financial report, The Group updates the historical default rates and this is reflected in future estimates.

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

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

31 December 2024	Less than 1 year	1 - 5 years	More than 5 years	Total
Lease liabilities	4,331,795	18,261,441	8,180,576	30,773,812
Loans	186,650,023	168,069,552	-	354,719,575
Short term loans	591,663,479	-	-	591,663,479
Trade and notes payable	433,138,512	-	-	433,138,512
Accrued expenses and other payables	207,636,528	-	-	207,636,528
Due to a related party	13,435,810	-	-	13,435,810
Contract liabilities	26,894,429	-	-	26,894,429
	<u>1,463,750,576</u>	<u>186,330,993</u>	<u>8,180,576</u>	<u>1,658,262,145</u>
31 December 2023	Less than 1 year	1 - 5 years	More than 5 years	Total
Lease liabilities	5,525,543	18,612,697	10,779,564	34,917,804
Loans	222,050,037	354,719,576	-	576,769,613
Short term loans	723,804,074	-	-	723,804,074
Trade and notes payable	243,439,135	-	-	243,439,135
Accrued expenses and other payables	229,817,893	-	-	229,817,893
Due to a related party	1,091,439	14,248,804	-	15,340,243
Contract liabilities	42,276,774	-	-	42,276,774
	<u>1,468,004,895</u>	<u>387,581,077</u>	<u>10,779,564</u>	<u>1,866,365,536</u>

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

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

	<u>31 December 2024</u>	<u>31 December 2023</u>
Loans	929,088,479	1,264,266,574
Less:		
Cash and cash equivalents	)121,023,144(	(192,785,853)
Net debt	<u>808,065,335</u>	<u>1,071,480,722</u>
Total equity attributable to the Company's shareholders	<u>1,071,586,921</u>	<u>904,837,343</u>
Net debt to equity ratio	<u>75%</u>	<u>118%</u>

38. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

38-5 Fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled, in an orderly 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 takes place either:

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

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

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

A fair value measurement of a non-financial asset takes into account the ability of a market participant to generate economic benefits by using the asset in its best advantage or by selling it to another market participant for its best use.

The Group uses valuation techniques that are appropriate in the circumstances and conditions and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair values are measured or fair values are disclosed in the consolidated financial statements are categorized within the fair value hierarchy shown below based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted prices in active markets for the same assets or liabilities.
- Level 2: other valuation techniques for which a minimum level of significant input is required, directly or indirectly, to measure the fair value.
- Level 3: Other valuation techniques for which a minimum input that is significant is not observable to the fair value measurement is required

For assets and liabilities that are included in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred 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 financial assets that cannot be measured at fair value is an approximation of their fair value. Financial liabilities are measured at amortized cost, which is a reasonable approximation of their fair value.

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

The revaluation investment at fair value through other comprehensive income in unquoted companies has been performed by the cash flow discounted depend on the critical inputs data non observable and has been added to level 3 at the fair value layers.

During the year, there were transfers from Level 3 to Level 1 amounting to SR 62,732,123.

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38. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

38-5 Fair value (continued)

As on 31 December 2024	Fair value				
	Amortized cost	Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets at fair value through other comprehensive income	-	62,732,123	-	34,436,774	97,168,897
Financial derivatives at fair value	-	-	5,025,785	-	5,025,785
Contract assets	308,443,116	-	-	-	308,443,116
Trade and notes receivables	927,723,211	-	-	-	927,723,211
Due from related parties	17,731,808	-	-	-	17,731,808
Cash and cash equivalents	121,023,144	-	-	-	121,023,144
	1,374,921,279	62,732,123	5,025,785	34,436,774	1,477,115,961

As on 31 December 2023	Fair value				
	Amortized cost	Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets at fair value through other comprehensive income	-	-	-	74,170,409	74,170,409
Financial assets at fair value through profit or loss	-	6,343,200	-	-	6,343,200
Financial derivatives at fair value	-	-	9,291,171	-	9,291,171
Trade and notes receivables	944,348,168	-	-	-	944,348,168
Contract assets	258,682,387	-	-	-	258,682,387
Due from related parties	29,484,451	-	-	-	29,484,451
Cash and cash equivalents	192,785,853	-	-	-	192,785,853
	1,425,300,859	6,343,200	9,291,171	74,170,409	1,515,105,639

39. NON-CASH TRANSACTIONS

	Note	31 December 2024	31 December 2023
Right of uses assets additions	10	432,085	5,345,909
Disposal of right-of-use assets	10	165,754	899,509
Transfer from the statutory reserve to retained profits	20	-	127,893,936
Transferred from property, plant, and equipment to Investment Properties	7	20,245,016	-
Increase capital from retained earnings	19	-	213,156,560
Unrealized gains on investments at fair value through other comprehensive income	8	22,998,488	15,383,757

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Notes to the consolidated financial statements for the year ended 31 December 2024**(All amounts in Saudi riyals unless otherwise stated)****40. RECLASSIFICATION OF COMPARATIVE FIGURES**

As part of the periodic review of presentation and disclosure, certain comparative figures have been restated and reclassified to agree to the current year's presentation of the consolidated financial statements. The restatement and reclassification had no impact on the Group's net assets.

	<u>As of 31 December 2023</u>	<u>Reclassification</u>	<u>Amount after reclassification</u>
1- Consolidated statement of financial position			
Deferred tax liabilities	-	474,281	474,281
Accrued expenses and other payables	272,919,062	(43,101,169)	229,817,893
Contract liabilities	-	42,276,774	42,276,774
Provisions	35,536,713	916,202	36,452,915
Zakat and income tax allowance	29,765,621	(566,088)	29,199,533
	<u>As of 31 December 2023</u>	<u>Reclassification</u>	<u>Amount after reclassification</u>
2- Consolidated statement of profit or loss			
Formed provision	(42,530,113)	(1,010,801)	(43,540,914)
Deferred income tax	-	(461,522)	(461,522)
Zakat and income tax	(35,672,626)	1,472,323	(34,200,303)

41. SUBSEQUENT EVENTS

The management believes that there have been no significant subsequent events since the end of the year that would require disclosure or adjustment to these consolidated financial statements.

42. DATE OF APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements have been approved and issued on 20 March 2024 AD (corresponding to 20 Ramadan 1445 AH) by the Group's Board of Directors.