

ETIHAD ETISALAT COMPANY
(A Saudi Joint Stock Company)
**CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS (Unaudited)**
For the three-month period ended 31 March 2021
Together with
Independent Auditor's Review Report

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كي بي إم جي للاستشارات المهنية

واجهة الرياض، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
المركز الرئيسي

سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

Independent auditor's report on review of condensed consolidated interim financial statements

To the Shareholders of Etihad Etisalat Company (Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying 31 March 2021 condensed consolidated interim financial statements of **Etihad Etisalat Company** ("the Company") and its subsidiaries ("the Group") which comprise:

- the condensed consolidated interim statement of financial position as at 31 March 2021;
- the condensed consolidated interim statement of profit or loss for the three-month period ended 31 March 2021;
- the condensed consolidated interim statement of comprehensive income for the three-month period ended 31 March 2021;
- the condensed consolidated interim statement of changes in equity for the three-month period ended 31 March 2021;
- the condensed consolidated interim statement of cash flows for the three-month period ended 31 March 2021; and
- the notes to the condensed consolidated interim financial statements.

Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of review

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



Independent auditor's report on review of condensed consolidated interim financial statements

To the Shareholders of Etihad Etisalat Company (Saudi Joint Stock Company) (continued)

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 31 March 2021 condensed consolidated interim financial statements of **Etihad Etisalat Company** and its subsidiaries are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

KPMG Professional Services

Khalil Ibrahim Al Sedais
License No. 371

Riyadh on: 8 Ramadan 1442H
Corresponding to: 20 April 2021

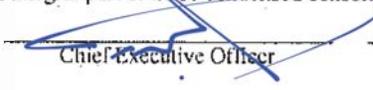


Etihad Etisalat Company (A Saudi Joint Stock Company)
 Condensed consolidated interim statement of financial position
 As at 31 March 2021
 (All amounts in Saudi Riyals thousands unless otherwise stated)

	Notes	Unaudited 31 March 2021	Audited 31 December 2020
Assets			
Non-current assets			
Property and equipment	5	20,716,267	21,320,636
Right of use assets	6	2,403,637	2,321,026
Intangible assets	7	8,149,014	8,239,770
Capital advances		65,775	43,035
Financial assets		7,097	7,097
Total non-current assets		31,341,790	31,931,564
Current assets			
Inventories		45,712	73,333
Contract assets		557,041	485,180
Accounts receivable	8	4,229,499	3,895,306
Due from related parties	9	115,846	112,199
Prepaid expenses and other assets		723,096	667,998
Other financial assets		500,000	300,000
Derivatives financial instruments		11,378	12,979
Cash and cash equivalents		1,286,662	929,498
Total current assets		7,469,234	6,476,493
Total assets		38,811,024	38,408,057
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital	1	7,700,000	7,700,000
Statutory reserve		2,648,971	2,648,971
Retained earnings		4,429,546	4,205,714
Foreign currency translation reserve		(12,069)	(11,988)
Hedging reserve		(92,946)	(97,835)
Fair value reserve		365	365
Total shareholders' equity		14,673,867	14,445,227
Non-current liabilities			
Loans and notes payable	10	9,988,165	10,134,358
Lease liabilities		1,887,555	1,835,665
Provision for employees' end-of-service benefits		492,630	484,760
Deferred government grants income		98,334	103,142
Other financial liabilities		223,653	250,227
Provision for decommissioning liability		173,983	170,116
Total non-current liabilities		12,864,320	12,978,268
Current liabilities			
Loans and notes payable	10	1,350,421	1,349,457
Lease liabilities		846,582	769,101
Accounts payable		4,683,141	4,668,596
Contract liabilities		1,045,010	1,066,989
Due to related parties	9	264,656	152,836
Accrued expenses and other liabilities		2,502,369	2,403,804
Derivatives financial instruments		72,983	79,473
Provisions		396,531	401,457
Zakat provision		91,913	73,618
Deferred government grants income		19,231	19,231
Total current liabilities		11,272,837	10,984,562
Total liabilities		24,137,157	23,962,830
Total shareholders' equity and liabilities		38,811,024	38,408,057

The attached notes from 1 to 17 are an integral part of these condensed consolidated interim financial statements.


 Chief Financial Officer


 Chief Executive Officer


 Chairman

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Etiihad Etisalat Company (A Saudi Joint Stock Company)
 Condensed consolidated interim statement of profit or loss (unaudited)
 For the three-month period ended 31 March 2021
 (All amounts in Saudi Riyals thousands unless otherwise stated)

	Notes	For the three-month period ended 31 March 2021	For the three-month period ended 31 March 2020
Revenue	12	3,602,681	3,599,623
Cost of revenue		(1,531,125)	(1,534,223)
Gross profit		2,071,556	2,065,400
Selling and marketing expenses		(342,079)	(347,448)
General and administrative expenses		(317,964)	(389,990)
Impairment loss on accounts receivable and contract assets	8	(54,415)	(47,408)
Depreciation and amortization	5,6,7	(995,552)	(988,914)
Other income, net		7,489	4,630
Operating profit		369,035	296,270
Finance expenses		(126,239)	(161,666)
Finance income		1,368	9,854
Profit before zakat		244,164	144,458
Zakat expense		(18,295)	(14,179)
Profit for the period		225,869	130,279
Earnings per share:			
Basic and diluted earnings per share (in SR)	13	0.29	0.17

The attached notes from 1 to 17 are an integral part of these condensed consolidated interim financial statements.


 Chief Financial Officer


 Chief Executive Officer


 Chairman

Etihad Etisalat Company (A Saudi Joint Stock Company)
 Condensed consolidated interim statement of comprehensive income (unaudited)
 For the three-month period ended 31 March 2021
 (All amounts in Saudi Riyals thousands unless otherwise stated)

	For the three- month period ended 31 March 2021	For the three- month period ended 31 March 2020
Profit for the period	225,869	130,279
<i>Items that will be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of foreign operations	(81)	(2,112)
Cash flow hedge - change in fair value	(3,028)	(31,679)
Cash flow hedge - reclassified to profit or loss	7,917	1,852
Net total items that will be reclassified subsequently to profit or loss	4,808	(31,939)
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Actuarial (losses) / gains on re-measurement of employees' end of service benefits	(2,037)	8,457
Net total items that will not to be reclassified subsequently to profit or loss	(2,037)	8,457
Total other comprehensive income / (loss) for the period	2,771	(23,482)
Total comprehensive income for the period	228,640	106,797

The attached notes from 1 to 17 are an integral part of these condensed consolidated interim financial statements.

 _____ Chief Financial Officer	 _____ Chief Executive Officer	 _____ Chairman
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Etihad Etisalat Company (A Saudi Joint Stock Company)
 Condensed consolidated interim statement of changes in shareholders' equity (unaudited)
 For the three-month period ended 31 March 2021
 (All amounts in Saudi Riyals thousands unless otherwise stated)

	Share capital	Statutory reserve	Retained earnings	Foreign currency translation reserve	Hedging reserve	Fair value reserve	Total shareholders' equity
As at 1 January 2021	7,700,000	2,648,971	4,205,714	(11,988)	(97,835)	365	14,445,227
Profit for the period	-	-	225,869	-	-	-	225,869
Other comprehensive (loss) / income for the period	-	-	(2,037)	(81)	4,889	-	2,771
Total comprehensive income / (loss) for the period	-	-	223,832	(81)	4,889	-	228,640
As at 31 March 2021	7,700,000	2,648,971	4,429,546	(12,069)	(92,946)	365	14,673,867
As at 1 January 2020	7,700,000	2,648,971	3,469,231	(10,979)	(56,238)	365	13,751,350
Profit for the period	-	-	130,279	-	-	-	130,279
Other comprehensive income / (loss) for the period	-	-	8,457	(2,112)	(29,827)	-	(23,482)
Total comprehensive income / (loss) for the period	-	-	138,736	(2,112)	(29,827)	-	106,797
As at 31 March 2020	7,700,000	2,648,971	3,607,967	(13,091)	(86,065)	365	13,858,147

The attached notes from 1 to 17 are an integral part of these condensed consolidated interim financial statements.

Chief Financial Officer

Chief Executive Officer

Chairman

Etiyah Etisalat Company (A Saudi Joint Stock Company)
 Condensed consolidated interim statement of cash flows (unaudited)
 For the three-month period ended 31 March 2021
 (All amounts in Saudi Riyals thousands unless otherwise stated)

	For the three-month period ended 31 March 2021	For the three-month period ended 31 March 2020
OPERATING ACTIVITIES		
Cash flows from operating activities		
Profit for the period	225,869	130,279
Adjustments for:		
Change in provision for inventory obsolescence	(20,857)	7,027
Depreciation	904,752	897,716
Amortization of intangible assets	90,800	91,198
Provision for employees' end of service benefits	14,578	16,892
Impairment loss on accounts receivable and contract assets	54,415	47,408
Provisions	10,941	6,857
Government grants	(4,808)	(4,808)
Zakat provision	18,295	14,179
Loss on sale of property and equipment	2,250	910
Other (income) / expenses	(54)	1,799
Finance expenses	126,239	161,666
Finance income	(1,368)	(9,854)
Changes in:		
Accounts receivable	(393,008)	(438,158)
Inventories	48,478	38,551
Contract assets	(67,461)	(47,258)
Prepaid expenses and other assets	(53,974)	58,368
Derivatives financial instruments	-	(31,340)
Accounts payable	450,123	209,840
Contract liabilities	(21,979)	63,212
Accrued expenses and other liabilities	154,217	(34,089)
Utilization of the decommissioning provision	-	(795)
Provision used	(40,229)	(4,434)
Due from related parties	(3,647)	1,925
Due to related parties	111,820	(983)
Cash generated from operating activities	1,605,392	1,176,108
End of service benefits paid	(8,745)	(34,414)
Finance expenses paid	(83,761)	(141,166)
Zakat paid	-	(4)
Net cash generated from operating activities	1,512,886	1,000,524
INVESTING ACTIVITIES		
Other financial assets	(200,000)	(86,237)
Finance income received	245	3,821
Purchase of property and equipment	(584,074)	(1,035,258)
Proceeds from sales of property and equipment	7	2
Acquisition of intangible assets	(38,882)	(40,206)
Net cash used in investing activities	(822,704)	(1,157,878)
FINANCING ACTIVITIES		
Proceeds from loans and notes payable	300,000	256,214
Payment of loans and notes payable and related fees	(459,154)	(292,142)
Payment of lease liabilities	(173,864)	(187,205)
Net cash used in financing activities	(333,018)	(223,133)
Net changes in cash and cash equivalents	357,164	(380,487)
Cash and cash equivalents at 1 January	929,498	1,251,680
Cash and cash equivalents at 31 March	1,286,662	871,193

The attached notes from 1 to 17 are an integral part of these condensed consolidated interim financial statements.

Chief Financial Officer

Chief Executive Officer

Chairman

1 CORPORATE INFORMATION

1.1 Etihad Etisalat Company

Etihad Etisalat Company (“Mobily” or the “Company”), a Saudi Joint Stock Company, is registered in the Kingdom of Saudi Arabia under commercial registration number 1010203896 issued in Riyadh on 14 December 2004 (corresponding to Dhul Qa’adah 2, 1425H). The main address for the Company is P.O. Box 23088, Riyadh 11321, Kingdom of Saudi Arabia.

The Company was incorporated pursuant to the Royal decree number M/40 dated 18 August 2004 (corresponding to Rajab 2, 1425H) approving the Council of Ministers resolution number 189 dated 10 August 2004 (corresponding to Jumada II 23, 1425H) to approve the award of the license to incorporate a Saudi Joint Stock Company under the name of “Etihad Etisalat Company”.

Pursuant to the Council of Ministers resolution number 190 dated 10 August 2004 (corresponding to Jumada II 23, 1425H), the Company obtained the licenses to install and operate 2G and 3G mobile telephone network including all related elements and the provision of all related services locally and internationally through its own network.

Pursuant to the Communication and Information Technology Commission (CITC) resolution number 5125 dated 21 February 2017 (corresponding to Jumada I 24, 1438H), the Company obtained a Unified License to provide all licensed telecommunication services including fixed line voice services and fixed internet.

The Company’s main activity is to establish and operate mobile wireless telecommunications network, fiber optics networks and any extension thereof, manage, install and operate telephone networks, terminals and communication unit systems, in addition to sell and maintain mobile phones and communication unit systems in the Kingdom of Saudi Arabia. The Group commenced its commercial operations on 25 May 2005 (corresponding to Rabi Al-Thani 17, 1426H).

The authorized, issued and paid up share capital of the Company is SR 7,700 million divided into 770 million shares of SR 10 each.

1.2 Subsidiary Companies

Below is the summary of Company’s subsidiaries and ownership percentage as at 31 March 2021:

<u>Name</u>	<u>Country of incorporation</u>	<u>Ownership percentage</u>		<u>Initial investment</u>
		<u>Direct</u>	<u>Indirect</u>	
Mobily Infotech India Private Limited	India	99.99%	0.01%	1,836
Zajil International Network for Telecommunication Company*	Saudi Arabia	96.00%	4.00%	80,000
National Company for Business Solutions	Saudi Arabia	95.00%	5.00%	9,500
National Company for Business Solutions FZE	United Arab Emirates	-	100.00%	184
Mobily Ventures Holding W.L.L	Bahrain	100.00%	-	2,510
Etihad Fintech Company (Single Person Company)	Saudi Arabia	100.00%	-	50

* On 15 March 2021, the Board of Directors of Etihad Etisalat Company approved to liquidate Zajil International Network for Telecommunication Company.

On 17 February 2021, the commercial registration of Bayanat Al-Oula for Network Services Company has been cancelled and accordingly the assets and liabilities have been transferred to Etihad Etisalat Company at book value.

2 BASIS OF ACCOUNTING

2.1 Statement of Compliance

These condensed consolidated interim financial statements comprise the financial information of the Company and its subsidiaries (together referred to as the 'Group').

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Certified Public Accountants (SOCPA).

The condensed consolidated interim financial statements do not include all of the information required for full annual consolidated financial statements and should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2020.

The condensed consolidated interim financial statements have been approved for issuance on 18 April 2021 (corresponding to 6 Ramadan 1442H).

2.2 Basis of measurement

These condensed consolidated interim financial statements have been prepared on historical cost basis unless stated otherwise using the going concern basis of assumption.

2.3 Functional and presentation currency

These condensed consolidated interim financial statements are presented in Saudi Riyal ("SR") which is the functional currency of the Company. All amounts have been rounded off to the nearest thousands unless otherwise stated.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these condensed consolidated interim financial statements are in accordance with International Financial Reporting Standards "IFRS" that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA which are consistent with those that were applied in the Group's annual consolidated financial statements for the year ended 31 December 2020.

The principal accounting policies applied in the preparation of these condensed consolidated interim financial statements have been consistently applied to all periods presented.

4 SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the Group's condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's annual consolidated financial statements in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA for the year ended 31 December 2020.

4 SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS (CONTINUED)

4.1 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability 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:

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

The principal or most advantageous market must be accessible by 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 best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would utilize the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances 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 value is measured or disclosed in the condensed consolidated interim financial statements are categorized within the fair value hierarchy. This is described as follows based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the condensed consolidated interim financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing 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. The Group determines the policies and procedures for both recurring fair value measurement, and for non-recurring measurement.

At each reporting date, the Group analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. The Group also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable. For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

4.2 IMPACT OF COVID-19 PANDEMIC

The Group's operations may be affected by the ongoing outbreak of the coronavirus disease 2019 (COVID-19) which was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption which may be caused by the outbreak is uncertain. The telecommunications industry has been designated as an essential service by the Government of the Kingdom of Saudi Arabia and as such the Group continues to operate while taking into account the health and safety of the workforce. Possible effects of the outbreak may include, but are not limited to; disruption to the Group's customers and revenue, unavailability of products and supplies used in operations and delayed payments by customers. As the Covid-19 outbreak continues to evolve, it is difficult to forecast its full extent and duration of the economic impact as of now. The management of the Group is currently monitoring the situation and its impact on the Group's operation, cash flows and financial position. Management believes, based on their assessment, that the Group has sufficient liquidity available to continue to meet its financial commitments for the foreseeable future as and when they become due.

Etihad Etisalat Company (A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements
For the three-month period ended 31 March 2021
(All amounts in Saudi Riyals thousands unless otherwise stated)

5 PROPERTY AND EQUIPMENT

	Land	Buildings	Leasehold improvements	Telecommunicati on network equipment	Computer equipment and software	Office equipment and furniture	Vehicles	Capital work in progress	Total
Cost:									
At 1 January 2021	267,423	1,207,380	889,844	44,850,521	5,856,781	418,064	2,774	638	53,493,425
Additions	-	-	7,766	126,131	20,740	3	-	19	154,659
Disposals	-	-	(1,724)	(64,422)	(15,456)	(369)	-	-	(81,971)
At 31 March 2021	<u>267,423</u>	<u>1,207,380</u>	<u>895,886</u>	<u>44,912,230</u>	<u>5,862,065</u>	<u>417,698</u>	<u>2,774</u>	<u>657</u>	<u>53,566,113</u>
Depreciation:									
At 1 January 2021	-	416,151	727,139	25,910,981	4,716,933	399,085	2,500	-	32,172,789
Charge for the period	-	14,749	9,209	635,457	96,498	858	-	-	756,771
Disposals	-	-	(1,695)	(62,590)	(15,060)	(369)	-	-	(79,714)
At 31 March 2021	<u>-</u>	<u>430,900</u>	<u>734,653</u>	<u>26,483,848</u>	<u>4,798,371</u>	<u>399,574</u>	<u>2,500</u>	<u>-</u>	<u>32,849,846</u>
Net book value:									
At 31 March 2021	<u>267,423</u>	<u>776,480</u>	<u>161,233</u>	<u>18,428,382</u>	<u>1,063,694</u>	<u>18,124</u>	<u>274</u>	<u>657</u>	<u>20,716,267</u>
At 31 December 2020	<u>267,423</u>	<u>791,229</u>	<u>162,705</u>	<u>18,939,540</u>	<u>1,139,848</u>	<u>18,979</u>	<u>274</u>	<u>638</u>	<u>21,320,636</u>

During the three-month period ended 31 March 2021, the Group has capitalized internal technical salaries amounting to SR 40 million (31 December 2020: SR 181 million).

Etiihad Etisalat Company (A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements
For the three-month period ended 31 March 2021
(All amounts in Saudi Riyals thousands unless otherwise stated)

6 RIGHT OF USE ASSETS

	Telecommu- cation network equipment	Buildings	Land	Total
Cost:				
At 1 January 2021	4,143,268	789,980	52,195	4,985,443
Additions	148,166	83,610	-	231,776
Lease cancelation	(1,618)	-	-	(1,618)
At 31 March 2021	<u>4,289,816</u>	<u>873,590</u>	<u>52,195</u>	<u>5,215,601</u>
Depreciation:				
At 1 January 2021	2,219,706	429,005	15,706	2,664,417
Charge for the period	118,087	29,360	534	147,981
Lease cancelation	(434)	-	-	(434)
At 31 March 2021	<u>2,337,359</u>	<u>458,365</u>	<u>16,240</u>	<u>2,811,964</u>
Net book value:				
At 31 March 2021	<u>1,952,457</u>	<u>415,225</u>	<u>35,955</u>	<u>2,403,637</u>
At 31 December 2020	<u>1,923,562</u>	<u>360,975</u>	<u>36,489</u>	<u>2,321,026</u>

7 INTANGIBLE ASSETS

	Telecommu- cation services licenses	Goodwill	Indefeasible Right of Use (IRU)	Others	Total
Cost:					
At 1 January 2021	13,586,350	1,466,865	1,245,954	97,689	16,396,858
Additions	-	-	44	-	44
At 31 March 2021	<u>13,586,350</u>	<u>1,466,865</u>	<u>1,245,998</u>	<u>97,689</u>	<u>16,396,902</u>
Amortization:					
At 1 January 2021	7,365,947	-	693,452	97,689	8,157,088
Charge for the period	69,214	-	21,586	-	90,800
At 31 March 2021	<u>7,435,161</u>	<u>-</u>	<u>715,038</u>	<u>97,689</u>	<u>8,247,888</u>
Net book value:					
At 31 March 2021	<u>6,151,189</u>	<u>1,466,865</u>	<u>530,960</u>	<u>-</u>	<u>8,149,014</u>
At 31 December 2020	<u>6,220,403</u>	<u>1,466,865</u>	<u>552,502</u>	<u>-</u>	<u>8,239,770</u>

8 ACCOUNTS RECEIVABLE

	31 March 2021	31 December 2020
Accounts receivable	<u>5,868,772</u>	5,475,764
Less: allowance for impairment loss on accounts receivable	<u>(1,639,273)</u>	(1,580,458)
	<u>4,229,499</u>	<u>3,895,306</u>

The movement of the allowance for impairment loss on accounts receivable is as follows:

	31 March 2021	31 December 2020
Opening balance	<u>(1,580,458)</u>	(1,628,189)
(Charge) / Reversal for the period / year	<u>(58,815)</u>	5,158
Written off during the period / year	<u>-</u>	42,573
Closing balance	<u>(1,639,273)</u>	<u>(1,580,458)</u>

9 RELATED PARTIES TRANSACTIONS AND BALANCES

9.1 Related party transactions

The Group has the following related parties:

Party	Relationship
Emirates Telecommunication Group Company PJSC	Founding shareholder
Emirates Data Clearing House	Associate to Founding shareholder
Etisalat Misr S.A.E.	Associate - Subsidiary to Founding shareholder
Etisalat Afghanistan	Associate - Subsidiary to Founding shareholder
Etisalat Al Maghrib S.A (Maroc Telecom)	Associate - Subsidiary to Founding shareholder
Pakistan Telecommunication Company Limited	Associate - Subsidiary to Founding shareholder
Emirates Cable TV and Multimedia LLC	Associate - Subsidiary to Founding shareholder
Sehati for Information Service Company	Joint venture

The Group transacted with related parties in ordinary course of business. Following are the details of major transactions with related parties:

	31 March 2021	31 March 2020
Interconnection services and roaming services rendered		
Founding shareholder	9,820	14,997
Associates	559	2,351
Interconnection services and roaming services received		
Founding shareholder	53,917	62,987
Associates	26,825	30,292
Management fees		
Founding shareholder	29,514	24,617
Other management expenses		
Founding shareholder	1,623	1,515
Other telecommunication services		
Associates	944	2,317

Compensation and benefits to key management personnel

	31 March 2021	31 March 2020
Short term employee benefits	44,193	25,155
Post-employment benefits	889	768
Total compensation and benefits to key management personnel	45,082	25,923

Services rendered to related parties comprise of the provision of telecommunication service, interconnection services and roaming services by the Group based on normal commercial terms. Services received from related parties comprise of telecommunication service, interconnection services and roaming services to the Group based on normal commercial terms. Management fees and other management expenses are calculated based on the relevant agreements with Emirates Telecommunication Group Company PJSC. The balances due to and from related parties are unsecured and will be settled in cash.

Transactions with key management personnel comprise of remunerations to Board of Directors and other senior management members who are key management personnel of the Group.

9 RELATED PARTIES TRANSACTIONS AND BALANCES (CONTINUED)

9.2 Related party balances

	31 March 2021	31 December 2020
Due from related parties		
Founding shareholder	88,985	85,464
Associates	3,695	3,569
Joint venture	23,166	23,166
	115,846	112,199
Due to related parties		
Founding shareholder	241,270	129,016
Associates	23,386	23,820
	264,656	152,836

10 LOANS AND NOTES PAYABLE

	31 March 2021	31 December 2020
Long-term loans	11,338,586	11,483,815
Less: current portion	(1,350,421)	(1,349,457)
Non-current	9,988,165	10,134,358

a) Maturity profile of loans and notes payable:

	31 March 2021	31 December 2020
Less than one year	1,350,421	1,349,457
Between one to five years	6,312,865	5,894,525
Over five years	3,675,300	4,239,833

11 FINANCIAL ASSETS AND LIABILITIES

11.1 Financial assets

	31 March 2021	31 December 2020
Financial assets at fair value:		
Financial assets - fair value through other comprehensive income *	7,097	7,097
Derivatives financial instruments**	11,378	12,979
Total financial assets at fair value	18,475	20,076
Financial assets at amortized cost:		
Accounts receivable	4,229,499	3,895,306
Due from related parties	115,846	112,199
Other financial assets	500,000	300,000
Cash and cash equivalents	1,286,662	929,498
Total financial assets at amortized cost	6,132,007	5,237,003
Total financial assets	6,150,482	5,257,079
Current financial assets	6,143,385	5,249,982
Non-current financial assets	7,097	7,097
Total financial assets	6,150,482	5,257,079

11 FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

11.2 Financial liabilities

	31 March 2021	31 December 2020
Financial liabilities at fair value:		
Derivatives financial instruments**	72,983	79,473
Total financial liabilities at fair value	72,983	79,473
Financial liabilities at amortized cost:		
Loans and notes payable	11,338,586	11,483,815
Lease liabilities	2,734,137	2,604,766
Accounts payable	4,683,141	4,668,596
Due to related parties	264,656	152,836
Other financial liabilities	223,653	250,227
Total financial liabilities at amortized cost	19,244,173	19,160,240
Total financial liabilities	19,317,156	19,239,713
Current financial liabilities	7,217,783	7,019,463
Non-current financial liabilities	12,099,373	12,220,250
Total financial liabilities	19,317,156	19,239,713

* The fair value of these unquoted equity shares was categorized as level 3.

** The fair value of these derivatives financial instruments was categorized as level 2.

Fair values of financial assets and financial liabilities measured at amortized cost are not significantly different from their carrying amounts.

12 REVENUE

	Consumer	Business	Wholesale	Outsourcing	Total
<u>31 March 2021</u>					
Usage	1,936,318	251,903	237,208	-	2,425,429
Activation and subscription fees	529,320	141,696	-	-	671,016
Others	229,162	183,864	39,348	53,862	506,236
	2,694,800	577,463	276,556	53,862	3,602,681
<u>31 March 2020</u>					
Usage	2,107,255	165,446	283,882	-	2,556,583
Activation and subscription fees	475,461	115,269	-	-	590,730
Others	173,969	192,238	34,469	51,634	452,310
	2,756,685	472,953	318,351	51,634	3,599,623

13 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the period attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares outstanding during the period.

The diluted earnings per share is same as the basic earnings per share as the Group does not have any dilutive instruments in issue.

	31 March 2021	31 March 2020
Profit for the period	225,869	130,279
Weighted average number of shares	770,000	770,000
Basic and diluted earnings per share (in SR)	0.29	0.17

14 COMMITMENTS AND CONTINGENCIES

14.1 Capital commitments

The Group has capital commitments resulting from contracts for supply of property and equipment, which were entered into and not yet executed at the condensed consolidated interim statement of financial position date in the amount of SR 1.15 billion as at 31 March 2021 (31 December 2020: SR 0.97 billion).

14.2 Contingent liabilities

The Group had contingent liabilities in the form of letters of guarantee and letters of credit amounting to SR 915 million as at 31 March 2021 (31 December 2020: SR 988 million).

The CITC violation committee has issued several penalty resolutions against the Group which the Group has opposed in accordance with the Telecom Status and its regulations. The reasons of issuing these resolutions vary between the manner followed in issuing prepaid SIM Cards and providing promotions that have not been approved by CITC and/or other reasons.

Multiple lawsuits were filed by the Group against CITC at the Board of Grievances in order to oppose to such resolutions of the CITC violation committee in accordance with the Telecom Status and its regulations, as follows:

- There are (524) lawsuits filed by the Group against CITC amounting to SR 543 million as of 31 March 2021.
- The Board of Grievance has issued (157) verdicts in favor of the Group voiding (157) resolutions of CITC violation committee with a total penalties amounting to SR 376 million as of 31 March 2021.
- Some of these verdicts have become conclusive (after they were affirmed by the appeal court) cancelling penalties with a total amounting to SR 376 million as of 31 March 2021.

Management and the Board of Directors believe that, based on the status of these lawsuits as of 31 March 2021, adequate and sufficient provisions have been recorded.

There are 189 lawsuits filed by some of the shareholders against the Group before the Committee for the Resolutions of Security Disputes and still being adjudicated by the said committee. As of 31 March 2021, the Company has received (176) final favorable verdicts. Whereas, (13) cases remain ongoing.

The Group is subject to zakat according to the regulations of the General Authority of Zakat and Tax (GAZT) in the Kingdom of Saudi Arabia. The Group files its zakat returns on a consolidated basis, starting from the financial year ended 31 December 2009 and thereafter, where it includes the Company and its subsidiaries due to the fact that the Group is one economic entity wholly owned and managed by the Company.

The Group has filed its zakat returns with GAZT for the years through 2019 and settled its zakat thereon. During the year ended 31 December 2016, the Group submitted adjusted zakat returns for the years 2013 and 2014, as a result of restatement of the consolidated financial statements for the said years.

The Group has finalized its zakat status for the years up to 2009. The Group has received zakat and withholding tax assessments for the years 2010, 2011 and 2014 to 2018 that showed additional zakat and withholding tax liabilities of SR 157 million and SR 154 million respectively, which have been appealed against by the Group at the Preliminary and Higher Appeal Committees. Recently, the Higher Appeal Committee has issued certain rulings in favor of the company related to zakat and withholding tax disputes. Management believes that it has sufficient grounds to contest the matters included in the assessments and the eventual outcome of the appeal process will not result in any significant liability.

15 SEGMENT INFORMATION

Information regarding the Group's operating segments is set out below in accordance with IFRS 8 Operating Segments. IFRS 8 requires operating segments to be identified on the basis of internal reports that are regularly reviewed by the Group's Chief Operating Decision Maker ("CODM") and used to allocate resources to the segments and to assess their performance.

The Group is engaged in a single line of business, being the supply of telecommunications services and related products. The majority of the Group's revenues, profits and assets relate to its operations in the Saudi Arabia. The operating segments that are regularly reported to the CODM are Consumer, Business, Wholesale and Outsourcing.

The CODM used to receive other operational financial aggregates on a group consolidated level. This is the measure reported to the Group's Board of Directors for the purpose of resource allocation and assessment of segment performance.

	31 March	31 March
	2021	2020
Consumer revenue	2,694,800	2,756,685
Business revenue	577,463	472,953
Wholesale revenue	276,556	318,351
Outsourcing revenue	53,862	51,634
Total revenue	3,602,681	3,599,623
Total cost of revenue	(1,531,125)	(1,534,223)
Total operating expense	(706,969)	(780,216)
Depreciation and amortization	(995,552)	(988,914)
Total non-operating expense	(124,871)	(151,812)
Capital expenditures	154,703	441,561

16 SUBSEQUENT EVENTS

No material events occurred subsequent to the reporting date, which could materially affect the condensed consolidated interim financial statements, and the related disclosures for the three-month period ended 31 March 2021.

17 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current period's presentation.