



ETIHAD ETISALAT COMPANY
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS (Unaudited)
For the three -month and nine-month periods ended 30 September 2022
Together with
Independent Auditor's Review Report

Etihad Etisalat Company (A Saudi Joint Stock Company)
Condensed consolidated interim financial statements
For the three-month and nine-month periods ended 30 September 2022

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كي بي إم جي للاستشارات المهنية

واجهة الرياض، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

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 30 September 2022 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 30 September 2022;
- the condensed consolidated interim statement of profit or loss for the three-month and nine-month periods ended 30 September 2022;
- the condensed consolidated interim statement of comprehensive income for the three-month and nine-month periods ended 30 September 2022;
- the condensed consolidated interim statement of changes in equity for the nine-month period ended 30 September 2022;
- the condensed consolidated interim statement of cash flows for the nine-month period ended 30 September 2022; 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 30 September 2022 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

Dr. Abdullah Hamad Al Fozan
License No. 348



Riyadh on: 29 Rabi' Al-Awwal 1444H
Corresponding to: 25 October 2022

Etihad Etisalat Company (A Saudi Joint Stock Company)
Condensed consolidated interim statement of financial position
As at 30 September 2022
(All amounts in Saudi Riyals thousands unless otherwise stated)

		30 September 2022	31 December 2021
	Notes	(Unaudited)	(Audited)
Assets			
Non-current assets			
Property and equipment	5	19,111,625	20,380,112
Right of use assets	6	2,631,632	2,730,091
Intangible assets	7	7,666,664	7,910,524
Financial and other assets		44,833	70,742
Total non-current assets		29,454,754	31,091,469
Current assets			
Inventories		95,216	107,728
Contract costs		376,890	497,845
Contract assets		646,181	566,137
Accounts receivable	8	5,273,207	4,593,349
Due from related parties	9	167,721	143,329
Financial and other assets		357,570	313,388
Short term Murabaha		779,375	1,000,000
Cash and cash equivalents		1,228,224	1,050,663
Total current assets		8,924,384	8,272,439
Total assets		38,379,138	39,363,908
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital	1	7,700,000	7,700,000
Statutory reserve		2,648,971	2,648,971
Other reserves		79,862	(36,988)
Retained earnings		5,279,761	4,884,263
Total shareholders' equity		15,708,594	15,196,246
Non-current liabilities			
Borrowings		8,387,954	9,623,840
Lease liabilities		2,143,264	2,192,886
Provision for employees' end of service benefits		522,328	513,053
Provision for decommissioning		188,069	181,119
Financial and other liabilities		352,733	357,564
Total non-current liabilities		11,594,348	12,868,462
Current liabilities			
Borrowings		1,307,027	1,210,518
Lease liabilities		976,205	927,505
Accounts payable		3,905,769	4,606,445
Contract liabilities		979,871	954,174
Due to related parties	9	201,694	281,563
Accrued expenses		2,705,721	2,583,274
Provisions		789,036	466,883
Zakat provision		107,248	108,839
Financial and other liabilities		103,625	159,999
Total current liabilities		11,076,196	11,299,200
Total liabilities		22,670,544	24,167,662
Total shareholders' equity and liabilities		38,379,138	39,363,908

The attached notes from 1 to 18 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 profit or loss (unaudited)
For the three-month and nine-month periods ended 30 September 2022
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Notes	For the three-month period ended 30 September		For the nine-month period ended 30 September	
		2022	2021	2022	2021
Revenue	11	3,827,611	3,606,116	11,537,372	10,936,637
Cost of revenue		(1,527,216)	(1,420,003)	(4,666,276)	(4,531,917)
Gross profit		2,300,395	2,186,113	6,871,096	6,404,720
Selling and marketing expenses		(390,023)	(344,062)	(1,124,674)	(1,033,952)
General and administrative expenses		(416,418)	(368,679)	(1,218,546)	(1,033,249)
Impairment loss on accounts receivable and contract assets		(16,889)	(80,087)	(137,078)	(247,764)
Depreciation and amortization	5,6,7	(953,023)	(966,051)	(2,894,090)	(2,922,260)
Other income, net		9,530	(4,060)	23,488	8,262
Operating profit		533,572	423,174	1,520,196	1,175,757
Share in profit of joint venture		746	-	3,348	-
Finance expenses		(150,075)	(125,363)	(417,645)	(373,055)
Finance income		9,048	1,174	21,240	3,791
Profit before zakat		393,291	298,985	1,127,139	806,493
Zakat		(20,768)	(17,933)	(76,088)	(55,775)
Profit for the period		372,523	281,052	1,051,051	750,718

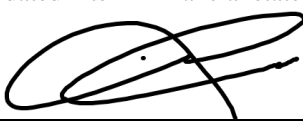
Earnings per share:

Basic and diluted earnings per share (in SR)	12	0.48	0.37	1.37	0.97
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The attached notes from 1 to 18 are an integral part of these condensed consolidated interim financial statements.


Chief Financial Officer


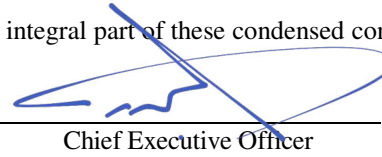
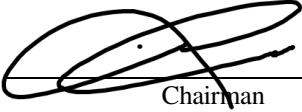

Chief Executive Officer


Chairman

Etihad Etisalat Company (A Saudi Joint Stock Company)
Condensed consolidated interim statement of comprehensive income (unaudited)
For the three-month and nine-month periods ended 30 September 2022
(All amounts in Saudi Riyals thousands unless otherwise stated)

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Profit for the period	<u>372,523</u>	<u>281,052</u>	<u>1,051,051</u>	<u>750,718</u>
<u>Items that will be reclassified subsequently to profit or loss:</u>				
Exchange differences on translation of foreign operations	(1,763)	(26)	(4,704)	(706)
Cash flow hedge - change in fair value	47,737	(6,719)	132,968	(9,021)
Cash flow hedge - reclassified to profit or loss	(3,118)	9,801	12,361	25,550
Total items that will be reclassified subsequently to profit or loss	<u>42,856</u>	<u>3,056</u>	<u>140,625</u>	<u>15,823</u>
<u>Items that will not be reclassified subsequently to profit or loss:</u>				
Actuarial gains / (losses) on re-measurement of provision for end of service benefits	1,808	(1,598)	(1,053)	(2,188)
Change in fair value of equity investments	(4,949)	-	(23,775)	-
Total items that will not be reclassified subsequently to profit or loss	<u>(3,141)</u>	<u>(1,598)</u>	<u>(24,828)</u>	<u>(2,188)</u>
Total other comprehensive income for the period	<u>39,715</u>	<u>1,458</u>	<u>115,797</u>	<u>13,635</u>
Total comprehensive income for the period	<u>412,238</u>	<u>282,510</u>	<u>1,166,848</u>	<u>764,353</u>

The attached notes from 1 to 18 are an integral part of these condensed consolidated interim financial statements.

 Chief Financial Officer	 Chief Executive Officer	 Chairman
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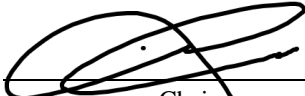
Etiihad Etisalat Company (A Saudi Joint Stock Company)
Condensed consolidated interim statement of changes in shareholders' equity (unaudited)
For the nine-month period ended 30 September 2022
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Share capital	Statutory reserve	Other reserves	Retained earnings	Total shareholders' equity
As at 1 January 2022	7,700,000	2,648,971	(36,988)	4,884,263	15,196,246
Profit for the period	-	-	-	1,051,051	1,051,051
Other comprehensive income / (loss) for the period	-	-	116,850	(1,053)	115,797
Total comprehensive income for the period	-	-	116,850	1,049,998	1,166,848
Dividends	-	-	-	(654,500)	(654,500)
As at 30 September 2022	7,700,000	2,648,971	79,862	5,279,761	15,708,594
As at 1 January 2021	7,700,000	2,648,971	(109,458)	4,205,714	14,445,227
Profit for the period	-	-	-	750,718	750,718
Other comprehensive income / (loss) for the period	-	-	15,823	(2,188)	13,635
Total comprehensive income for the period	-	-	15,823	748,530	764,353
Dividends	-	-	-	(385,000)	(385,000)
As at 30 September 2021	7,700,000	2,648,971	(93,635)	4,569,244	14,824,580

The attached notes from 1 to 18 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 cash flows (unaudited)
For the nine-month period ended 30 September 2022
(All amounts in Saudi Riyals thousands unless otherwise stated)

	For the nine-month period ended 30 September 2022	For the nine-month period ended 30 September 2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	1,051,051	750,718
Adjustments for:		
Inventory obsolescence	512	(64,399)
Depreciation and amortization	2,894,090	2,922,260
Provision for employees' end of service benefits	45,747	45,112
Impairment loss on accounts receivable and contract assets	137,078	247,764
Provisions	367,376	62,196
Government grants	(14,423)	(14,425)
Zakat	76,088	55,775
Loss on sale of property and equipment	872	14,838
Other expense	-	1,826
Share in profit of joint venture	(3,348)	-
Finance expenses	417,645	373,055
Finance income	(21,240)	(3,791)
Changes in:		
Accounts receivable	(809,651)	(822,431)
Inventories	12,000	100,357
Contract costs	120,955	(45,504)
Contract assets	(88,953)	(320,864)
Financial assets and others	57,610	(35,149)
Accounts payable	72,860	183,227
Contract liabilities	25,697	(111,912)
Accrued expenses	170,711	186,159
Financial liabilities and others	27,028	26,498
Utilization of the decommissioning	(1,199)	(739)
Provision used	(40,278)	(156,047)
Due from related parties	(24,392)	(21,529)
Due to related parties	(79,869)	210,450
Cash generated from operating activities	4,393,967	3,583,445
Employees' end of service benefits paid	(37,525)	(29,802)
Finance expenses paid	(254,783)	(232,182)
Zakat paid	(77,679)	(42,564)
Net cash generated from operating activities	4,023,980	3,278,897
CASH FLOWS FROM INVESTING ACTIVITIES		
Short term Murabaha	220,625	(300,000)
Finance income received	18,936	2,814
Purchase of property and equipment	(1,686,427)	(1,479,414)
Proceeds from sales of property and equipment	528	11
Acquisition of intangible assets	(70,034)	(39,741)
Net cash used in investing activities	(1,516,372)	(1,816,330)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	-	700,000
Payment of borrowings	(1,177,165)	(1,321,029)
Payment of lease liabilities	(512,648)	(488,372)
Dividends paid	(640,234)	(377,507)
Net cash used in financing activities	(2,330,047)	(1,486,908)
Net changes in cash and cash equivalents	177,561	(24,341)
Cash and cash equivalents at beginning of the period	1,050,663	929,498
Cash and cash equivalents at end of the period	1,228,224	905,157

The attached notes from 1 to 18 are an integral part of these condensed consolidated interim financial statements.

Chief Financial Officer

Chief Executive Officer

Chairman

1 CORPORATE INFORMATION

1.1 Etiihad Etisalat Company

Etiihad 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 “Etiihad 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 Company 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 30 September 2022:

<u>Name</u>	<u>Country of incorporation</u>	<u>Ownership percentage</u>	
		<u>Direct</u>	<u>Indirect</u>
Mobily Infotech India Private Limited	India	99.99%	0.01%
Zajil International Network for Telecommunication Company*	Saudi Arabia	96.00%	4.00%
National Company for Business Solutions	Saudi Arabia	100.00%	-
National Company for Business Solutions FZE	United Arab Emirates	-	100.00%
Mobily Ventures Holding W.L.L	Bahrain	100.00%	-
Etiihad Fintech Company	Saudi Arabia	100.00%	-

* On 15 March 2021, the Board of Directors of Etiihad Etisalat Company approved to liquidate Zajil International Network for Telecommunication Company, which is still in the process of completing the procedures and legal requirements for its liquidation.

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 Chartered and Professional Accountants (SOCPA).

These 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 2021.

2 BASIS OF ACCOUNTING (CONTINUED)

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 Group. All amounts have been rounded off to the nearest thousands Saudi Riyal unless otherwise stated.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in preparation of 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 preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2021.

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. 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 for the year ended 31 December 2021 prepared in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA.

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.

4 SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS (CONTINUED)

4.1 Fair value measurement (continued)

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.

5 PROPERTY AND EQUIPMENT

- During the nine-month period ended 30 September 2022, the Group acquired property and equipment with a cost of SR 903 million (for nine-month period ended 30 September 2021: SR 896 million).
- During the nine-month period ended 30 September 2022, the Group disposed of net property and equipment with a book value of SR 1 million (for nine-month period ended 30 September 2021: SR 15 million).
- During the nine-month period ended 30 September 2022, the depreciation expense amounted to SR 2,170 million (for nine-month period ended 30 September 2021: SR 2,229 million).

6 RIGHT OF USE ASSETS

- During the nine-month period ended 30 September 2022, the net additions to right of use assets amounted to SR 350 million (for nine-month period ended 30 September 2021: SR 386 million).
- During the nine-month period ended 30 September 2022, the depreciation expense amounted to SR 449 million (for nine-month period ended 30 September 2021: SR 421 million).

7 INTANGIBLE ASSETS

- During the nine-month period ended 30 September 2022, the additions to intangible assets amounted to SR 31 million (for the nine-month period ended 30 September 2021: additions / adjustments SR (11) million)
- During the nine-month period ended 30 September 2022, the amortization expense amounted to SR 275 million for nine-month period ended 30 September 2021: SR 272 million).

8 ACCOUNTS RECEIVABLE

	30 September 2022	31 December 2021
Accounts receivable	7,118,894	6,310,866
Less: allowance for impairment loss on accounts receivable	(1,845,687)	(1,717,517)
	<u>5,273,207</u>	<u>4,593,349</u>

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

	30 September 2022	31 December 2021
Opening balance	(1,717,517)	(1,580,458)
Charge for the period / year	(128,170)	(137,059)
Closing balance	<u>(1,845,687)</u>	<u>(1,717,517)</u>

9 RELATED PARTIES TRANSACTIONS AND BALANCES

9.1 Related party transactions

The Group has the following related parties:

<u>Party</u>	<u>Relationship</u>
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 transactions with related parties in ordinary course of business. Following are the details of major transactions with related parties:

	<u>30 September 2022</u>	<u>30 September 2021</u>
Interconnection services and roaming services rendered		
Founding shareholder	60,818	284,924
Associates	3,856	1,650
Interconnection services and roaming services received		
Founding shareholder	167,321	163,392
Associates	93,542	90,750
Management fees		
Founding shareholder	(92,713)	89,291
Other telecommunication services		
Associates	7,681	3,037

Services rendered to related parties comprise of the provision of telecommunication service, interconnection services and roaming services based on normal commercial terms. Services received from related parties comprise of telecommunication service, interconnection services and roaming services based on normal commercial terms. Management fees were calculated based on the relevant agreement with Emirates Telecommunication Group Company PJSC which was ended on 31 December 2021 and the Company reached an agreement with Emirates Telecommunication Group Company PJSC not to conclude a new agreement for services and technical support.

Compensation and benefits to key management personnel

	<u>30 September 2022</u>	<u>30 September 2021</u>
Compensation and benefits - short term	113,049	74,400
Compensation and benefits - post-employment	3,013	2,861
Total compensation and benefits to key management personnel	116,062	77,261

Etihad Etisalat Company (A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements
For the nine-month period ended 30 September 2022
(All amounts in Saudi Riyals thousands unless otherwise stated)

9 RELATED PARTIES TRANSACTIONS AND BALANCES (CONTINUED)

9.2 Related party balances

	30 September 2022	31 December 2021
Due from related parties		
Founding shareholder	132,800	108,895
Associates	4,255	3,768
Joint venture	30,666	30,666
	<u>167,721</u>	<u>143,329</u>
Due to related parties		
Founding shareholder	157,752	243,675
Associates	43,942	37,888
	<u>201,694</u>	<u>281,563</u>

10 FINANCIAL ASSETS AND LIABILITIES

10.1 Financial assets

	30 September 2022	31 December 2021
Financial assets at fair value:		
Financial assets - fair value through other comprehensive income *	14,586	38,413
Derivatives financial instruments**	120,777	17,845
Total financial assets at fair value	<u>135,363</u>	<u>56,258</u>
Financial assets at amortized cost:		
Accounts receivable	5,273,207	4,593,349
Due from related parties	167,721	143,329
Short term Murabaha	779,375	1,000,000
Cash and cash equivalents	1,228,224	1,050,663
Total financial assets at amortized cost	<u>7,448,527</u>	<u>6,787,341</u>
Total financial assets	<u>7,583,890</u>	<u>6,843,599</u>
Current financial assets	7,569,304	6,805,186
Non-current financial assets	14,586	38,413
Total financial assets	<u>7,583,890</u>	<u>6,843,599</u>

10.2 Financial liabilities

	30 September 2022	31 December 2021
Financial liabilities at fair value:		
Derivatives financial instruments**	-	45,841
Total financial liabilities at fair value	<u>-</u>	<u>45,841</u>
Financial liabilities at amortized cost:		
Borrowings	9,694,981	10,834,358
Lease liabilities	3,119,469	3,120,391
Accounts payable	3,905,769	4,606,445
Due to related parties	201,694	281,563
Financial and other liabilities	195,746	223,653
Total financial liabilities at amortized cost	<u>17,117,659</u>	<u>19,066,410</u>
Total financial liabilities	<u>17,117,659</u>	<u>19,112,251</u>
Current financial liabilities	6,390,695	7,071,872
Non-current financial liabilities	10,726,964	12,040,379
Total financial liabilities	<u>17,117,659</u>	<u>19,112,251</u>

* The fair value of these financial assets was categorized as level 1.

** 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.

Etihad Etisalat Company (A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements
For the nine-month period ended 30 September 2022
(All amounts in Saudi Riyals thousands unless otherwise stated)

11 REVENUE

	<u>Consumer</u>	<u>Business</u>	<u>Wholesale</u>	<u>Outsourcing</u>	<u>Total</u>
<u>For the three-month period ended 30 September 2022</u>					
Usage	1,910,228	351,996	339,890	-	2,602,114
Activation and subscription fees	608,829	172,699	5,696	-	787,224
Others	155,115	146,822	48,174	88,162	438,273
	<u>2,674,172</u>	<u>671,517</u>	<u>393,760</u>	<u>88,162</u>	<u>3,827,611</u>
<u>For the three-month period ended 30 September 2021</u>					
Usage	1,901,933	255,203	285,792	-	2,442,928
Activation and subscription fees	562,426	130,069	-	-	692,495
Others	126,576	244,038	37,893	62,186	470,693
	<u>2,590,935</u>	<u>629,310</u>	<u>323,685</u>	<u>62,186</u>	<u>3,606,116</u>
	<u>Consumer</u>	<u>Business</u>	<u>Wholesale</u>	<u>Outsourcing</u>	<u>Total</u>
<u>For the nine-month period ended 30 September 2022</u>					
Usage	5,743,266	1,065,948	985,866	-	7,795,080
Activation and subscription fees	1,793,919	464,334	15,333	-	2,273,586
Others	620,560	468,966	135,051	244,129	1,468,706
	<u>8,157,745</u>	<u>1,999,248</u>	<u>1,136,250</u>	<u>244,129</u>	<u>11,537,372</u>
<u>For the nine-month period ended 30 September 2021</u>					
Usage	5,733,821	884,068	777,015	-	7,394,904
Activation and subscription fees	1,644,613	398,396	-	-	2,043,009
Others	628,357	585,446	114,861	170,060	1,498,724
	<u>8,006,791</u>	<u>1,867,910</u>	<u>891,876</u>	<u>170,060</u>	<u>10,936,637</u>

12 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 Company by the weighted average number of ordinary shares outstanding during the period.

The diluted earnings per share is the same as the basic earnings per share as there are no dilutive instruments.

	<u>For the three-month period ended 30 September</u>		<u>For the nine-month period ended 30 September</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Profit for the period	372,523	281,052	1,051,051	750,718
Weighted average number of shares	770,000	770,000	770,000	770,000
Basic and diluted earnings per share (in SR)	<u>0.48</u>	<u>0.37</u>	<u>1.37</u>	<u>0.97</u>

13 COMMITMENTS AND CONTINGENCIES

13.1 Capital commitments

The Group has capital commitments resulting from contracts for the supply of property and equipment that have not been executed amounting to SR 910 million as at 30 September 2022 (31 December 2021: SR 854 million).

13 COMMITMENTS AND CONTINGENCIES (CONTINUED)

13.2 Contingent liabilities

- The Group has letters of guarantee and letters of credit amounting to SR 578 million as at 30 September 2022 (31 December 2021: SR 863 million).
- The CITC violation committee has issued several penalty resolutions against the Group amounting to SR 62 million as of 30 September 2022. The Group filed multiple lawsuits against CITC at the Board of Grievances in order to oppose such resolutions of the CITC violation committee which remains outstanding and based on the status of these lawsuits as of 30 September 2022, the Group's management believes that sufficient provisions have been recorded.
- The Group, in its ordinary course of business, is subject to proceedings, lawsuits and other claims. However, based on the status of these lawsuits as of 30 September 2022, the Group's management believes that sufficient provisions have been recorded.
- The Group received zakat assessments for the years 2010, 2011 and the years 2014 to 2018 which showed additional zakat liabilities of SR 157 million, and additional withholding tax of SR 167 million for the years 2010, 2011 which have been objected by the Group at the Preliminary and Appeal Committees. During April 2021, the group received an unfavorable ruling from General Secretariat of tax committees "GSTC" with respect to withholding tax assessments for the years 2010 and 2011 which is not consistent with the previous favorable ruling for 2008 and 2009. Based on that, the Group has submitted a reconsideration request to GSTC. On 23 January 2022 GSTC upheld the ruling against the Group. On 19 February 2022, the Group received notification from General Secretariat of Zakat, Tax and Customs Committees (GSZTCC) that ZATCA has filed appeals with the Higher Appeal Committee (HAC) against the WHT Rulings issued for the years 2008 and 2009 in favor of the Group with total amount of SR 84 million, The Group has responded to GSZTCC and the appeals are still under review with HAC. The Group believes that this ruling will not result in any additional provisions.

14 SEGMENT INFORMATION

Information regarding the Group's operating segments is set out below in accordance with IFRS (8) "Operating Segments" where the standard 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 mainly engaged in providing telecommunications services and related products, majority of the Group's revenues, profits and assets relate to its operations in the Kingdom of Saudi Arabia. The operating segments that are regularly reported to the CODM are Consumer, Business, Wholesale and Outsourcing.

The CODM used to receive other operating information in aggregate, which is the same information that is submitted to the Group's Board of Directors for the purposes of resource allocation and assessment of the performance of those segments.

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2022	2021	2022	2021
Consumer revenues	2,674,172	2,590,935	8,157,745	8,006,791
Business revenues	671,517	629,310	1,999,248	1,867,910
Wholesale revenues	393,760	323,685	1,136,250	891,876
Outsourcing revenues	88,162	62,186	244,129	170,060
Total revenue	3,827,611	3,606,116	11,537,372	10,936,637
Total cost of revenue	(1,527,216)	(1,420,003)	(4,666,276)	(4,531,917)
Total operating expense	(813,800)	(796,888)	(2,456,810)	(2,306,703)
Depreciation and amortization	(953,023)	(966,051)	(2,894,090)	(2,922,260)
Total non-operating expense	(140,281)	(124,189)	(393,057)	(369,264)
Zakat	(20,768)	(17,933)	(76,088)	(55,775)
Profit for the period	372,523	281,052	1,051,051	750,718
Capital expenditures	396,042	460,255	934,623	884,940

15 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 nine-month period ended 30 September 2022.

16 DIVIDENDS

On 9 June 2022, a dividend of SR 654.5 million (SR 0.85 per share for 770 million shares) that was approved by the Annual General Assembly on 23 May 2022 (corresponding to 22 Dhul Qa'adah 1443H) was paid by the Company.

17 COMPARATIVE FIGURES

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

18 APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

The Company's Board of Directors approved the condensed consolidated interim financial statements for the three-month and nine-month periods ended 30 September 2022 on 20 October 2022 (corresponding to 24 Rabi' al-Awwal 1444H).