



ETIHAD ETISALAT COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
For the three-month period ended 31 March 2024
Together with
Independent Auditor's Review Report

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INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF ETIHAD ETISALAT COMPANY (A SAUDI JOINT STOCK COMPANY)

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Etihad Etisalat Company ("the Company") and its subsidiaries (collectively referred to as "the Group") as at 31 March 2024, and the related interim condensed consolidated statements of profit or loss, comprehensive income, changes in shareholders' equity and cash flows for the three-month period then ended, and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

Other matter

The interim condensed consolidated financial statements of the Group for the three-month period ended 31 March 2023 were reviewed by another auditor who expressed unmodified review conclusion on those interim condensed consolidated financial statements on 21 Shawwal 1444H (corresponding to 11 May 2023).

for Ernst & Young Professional Services



Hesham A. Alatiqi
Certified Public Accountant
License No. (523)



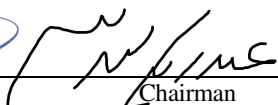
Riyadh: 5 Thul-Qi'dah 1445H
(13 May 2024)



Etiihad Etisalat Company (A Saudi Joint Stock Company)
Interim condensed consolidated statement of financial position
As at 31 March 2024
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Notes	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Assets			
Non-current assets			
Property and equipment	5	18,573,465	19,011,971
Intangible assets	6	7,225,727	7,315,942
Right of use assets	7	2,737,209	2,729,910
Investments in joint venture		17,562	11,152
Contract costs		27,727	28,673
Contract assets		112,808	103,402
Financial and other assets		96,409	116,109
Total non-current assets		28,790,907	29,317,159
Current assets			
Inventories		195,549	150,761
Contract costs		412,126	495,107
Contract assets		918,996	929,380
Accounts receivable	8	3,984,369	3,390,534
Due from related parties	9	173,828	161,912
Financial and other assets		686,909	590,089
Short term Murabaha		1,638,935	2,127,814
Cash and cash equivalents		1,612,162	1,654,378
Total current assets		9,622,874	9,499,975
Total assets		38,413,781	38,817,134
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		12,947	26,311
Retained earnings		7,898,921	7,247,325
Total shareholders' equity		18,260,839	17,622,607
Liabilities			
Non-current liabilities			
Borrowings	10	6,061,391	6,699,593
Lease liabilities		1,869,791	2,044,864
Provision for end of service benefits		551,563	554,393
Provision for decommissioning		206,173	206,269
Contract liabilities		294,616	280,648
Financial and other liabilities		185,656	211,892
Total non-current liabilities		9,169,190	9,997,659
Current liabilities			
Borrowings	10	515,664	1,610,848
Lease liabilities		1,417,450	1,178,918
Accounts payable		2,959,795	3,341,435
Contract liabilities		906,031	785,828
Due to related parties	9	157,501	177,249
Accrued expenses		3,821,463	3,078,018
Provisions		630,078	615,355
Zakat and income tax		221,600	187,009
Financial and other liabilities		354,170	222,208
Total current liabilities		10,983,752	11,196,868
Total liabilities		20,152,942	21,194,527
Total shareholders' equity and liabilities		38,413,781	38,817,134

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








Chief Financial Officer Chief Executive Officer Chairman

Etiihad Etisalat Company (A Saudi Joint Stock Company)
Interim condensed consolidated statement of profit or loss (unaudited)
For the three-month period ended 31 March 2024
(All amounts in Saudi Riyals thousands unless otherwise stated)

	<u>Notes</u>	For the three-month period ended 31 March 2024	For the three-month period ended 31 March 2023
Revenue		4,545,480	4,069,642
Cost of revenue		(2,100,525)	(1,799,692)
Gross profit		2,444,955	2,269,950
Operating expenses			
Selling and marketing expenses		(352,514)	(292,493)
General and administrative expenses		(386,413)	(377,554)
Impairment on accounts receivable and contract assets		(54,670)	(37,574)
Depreciation and amortization	5,6,7	(898,139)	(926,590)
Total operating expenses		(1,691,736)	(1,634,211)
Operating profit		753,219	635,739
Other income and expenses			
Share in profit of joint venture		6,410	5,364
Finance income		45,246	33,467
Finance expenses		(166,904)	(172,326)
Other income, net		34,394	4,985
Net other income and expenses		(80,854)	(128,510)
Net profit before zakat and income tax		672,365	507,229
Zakat and income tax		(34,591)	(42,311)
Net profit		637,774	464,918
Earnings per share:			
Basic and diluted earnings per share (in SR)	12	0.83	0.60

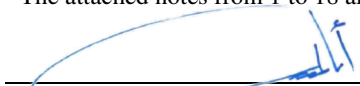
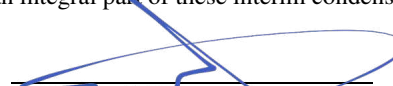
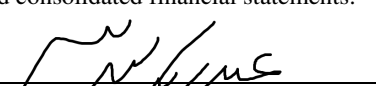
The attached notes from 1 to 18 are an integral part of these interim condensed consolidated financial statements.

		
_____ Chief Financial Officer	_____ Chief Executive Officer	_____ Chairman

Etiihad Etisalat Company (A Saudi Joint Stock Company)
Interim condensed consolidated statement of comprehensive income (unaudited)
For the three-month period ended 31 March 2024
(All amounts in Saudi Riyals thousands unless otherwise stated)

	For the three-month period ended 31 March 2024	For the three-month period ended 31 March 2023
Net profit	637,774	464,918
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Actuarial remeasurement of end of service benefits	13,822	8,938
Change in fair value of equity investments	2,875	(550)
Total items that will not be reclassified subsequently to profit or loss	16,697	8,388
<i>Items that will be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of foreign operations	74	327
Cash flow hedge - change in fair value	7,870	6,039
Cash flow hedge - reclassified to profit or loss	(24,183)	(25,511)
Total items that will be reclassified subsequently to profit or loss	(16,239)	(19,145)
Total other comprehensive income (loss)	458	(10,757)
Total comprehensive income	638,232	454,161

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

 _____ Chief Financial Officer	 _____ Chief Executive Officer	 _____ Chairman
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Etihad Etisalat Company (A Saudi Joint Stock Company)
Interim condensed consolidated statement of changes in shareholders' equity (unaudited)
For the three-month period ended 31 March 2024
(All amounts in Saudi Riyals thousands unless otherwise stated)

	<u>Share capital</u>	<u>Statutory reserve</u>	<u>Other reserves</u>	<u>Retained earnings</u>	<u>Total shareholders' equity</u>
Balance as at 1 January 2024	7,700,000	2,648,971	26,311	7,247,325	17,622,607
Net profit	-	-	-	637,774	637,774
Other comprehensive income / (loss) for the period	-	-	(13,364)	13,822	458
Total comprehensive income	-	-	(13,364)	651,596	638,232
Balance as at 31 March 2024	7,700,000	2,648,971	12,947	7,898,921	18,260,839
Balance as at 1 January 2023	7,700,000	2,648,971	90,075	5,919,489	16,358,535
Net profit	-	-	-	464,918	464,918
Other comprehensive income / (loss) for the period	-	-	(19,695)	8,938	(10,757)
Total comprehensive income	-	-	(19,695)	473,856	454,161
Balance as at 31 March 2023	7,700,000	2,648,971	70,380	6,393,345	16,812,696

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


Chief Financial Officer


Chief Executive Officer


Chairman

Etiihad Etisalat Company (A Saudi Joint Stock Company)
Interim condensed consolidated statement of cash flows (unaudited)
For the three-month period ended 31 March 2024
(All amounts in Saudi Riyals thousands unless otherwise stated)

	For the three-month period ended 31 March 2024	For the three-month period ended 31 March 2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit	637,774	464,918
Adjustments:		
Depreciation and amortization	898,139	926,590
Impairment loss on accounts receivable and contract assets	54,670	37,574
Provision for end of service benefits	19,764	17,046
Provisions	27,000	56,207
Loss on sale of property and equipment	3,707	(2)
Share in profit of joint venture	(6,410)	(5,364)
Finance income	(45,246)	(33,467)
Finance costs	166,904	172,326
Zakat and income tax	34,591	42,311
Others	(4,423)	(4,803)
Changes in:		
Inventories	(44,788)	(131,979)
Contract costs	83,926	17,650
Contract assets	91	19,154
Accounts receivable	(636,997)	(608,503)
Due from related parties	(11,916)	(4,038)
Financial assets and others	(104,946)	(15,864)
Accounts payable	(19,653)	833,440
Contract liabilities	134,172	39,093
Due to related parties	(19,748)	30,968
Accrued expenses	771,728	(225,804)
Provisions	(10,565)	(5,569)
Financial liabilities and others	131,961	64,505
Cash generated from operating activities	2,059,735	1,686,389
End of service benefits paid	(8,772)	(9,194)
Finance costs paid	(129,652)	(139,694)
Zakat and income tax paid	(379)	(733)
Net cash generated from operating activities	1,920,932	1,536,768
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment of property and equipment	(567,291)	(617,142)
Payment of intangible assets	(31,882)	(46,901)
Proceeds from sale of property and equipment	5	2
Short term Murabaha	488,879	133,700
Finance income received	37,437	19,577
Net cash used in investing activities	(72,852)	(510,764)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of borrowings	(5,900,106)	(635,291)
Borrowings received	4,135,000	-
Payment of lease liabilities	(125,190)	(116,977)
Net cash used in financing activities	(1,890,296)	(752,268)
Net changes in cash and cash equivalents	(42,216)	273,736
Cash and cash equivalents at beginning of the period	1,654,378	827,725
Cash and cash equivalents at end of the period	1,612,162	1,101,461

The attached notes from 1 to 18 are an integral part of these interim condensed consolidated 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 2 Dhul Qa’adah 1425H). The address of the Company’s head office 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 2 Rajab 1425H) approving the Council of Ministers resolution number 189 dated 10 August 2004 (corresponding to 23 Jumada II 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 23 Jumada II 1425H), the Company obtained the licenses to install and operate mobile telephone network including all related elements and the provision of all related services locally and internationally through its own network.

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

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 and providing information technology, cybersecurity, information security and artificial intelligence solutions in the Kingdom of Saudi Arabia. The Company commenced its commercial operations on 25 May 2005 (corresponding to 17 Rabi Al-Thani 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 2024:

<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%	4%
National Company for Business Solutions	Saudi Arabia	100%	-
National Company for Business Solutions FZE	United Arab Emirates	-	100%
Mobily Ventures Holding W.L.L	Bahrain	100%	-
Etihad Fintech Company	Saudi Arabia	100%	-

* On 15 March 2021, the Board of Directors of Etihad 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 PREPARATION

2.1 Statement of Compliance

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

These interim condensed consolidated 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 that are endorsed by Saudi Organization for Chartered and Professional Accountants (SOCPA).

These interim condensed consolidated 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 2023.

2 BASIS OF PREPARATION (CONTINUED)

2.2 Basis of measurement

These interim condensed consolidated 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 interim condensed consolidated 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 MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies applied in preparation of these interim condensed consolidated 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 that are endorsed 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 2023.

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

There are amendments to the standards that could be applicable to the Group and come into effect at 1 January 2024. The Group believes that it does not have material impact on the Group’s interim condensed consolidated financial statements.

The Group has not early adopted any standard, interpretation or amendment that has been issued but not yet effective.

Amendments and interpretations
Amendments to IAS 1: Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants
Amendments to IFRS 16: Lease Liability in a Sale and Leaseback
Amendments to IAS 7 and IFRS 7: Disclosure: Supplier Finance Arrangements

4 SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the Group’s interim condensed consolidated 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 2023 prepared in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by SOCPA.

- 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.

4 SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS (CONTINUED)

- Fair value measurement (continued)

All assets and liabilities for which fair value is measured or disclosed in the interim condensed consolidated 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 interim condensed consolidated 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 three-month period ended 31 March 2024, the Group acquired property and equipment with a cost of SR 223 million (for three-month period ended 31 March 2023: SR 216 million).
- During the three-month period ended 31 March 2024, the depreciation expense amounted to SR 658 million (for three-month period ended 31 March 2023: SR 685 million).

6 INTANGIBLE ASSETS

- There were no additions to intangible assets during the three-month period ended 31 March 2024 (for the three-month period ended 31 March 2023: SR 8 million).
- During the three-month period ended 31 March 2024, the amortization expense amounted to SR 90 million (for three-month period ended 31 March 2023: SR 90 million).

7 RIGHT OF USE ASSETS

- During the three-month period ended 31 March 2024, the additions to right of use assets amounted to SR 166 million (for three-month period ended 31 March 2023: SR 73 million).
- During the three-month period ended 31 March 2024, the depreciation expense amounted to SR 150 million (for three-month period ended 31 March 2023: SR 151 million).

Etiihad Etisalat Company (A Saudi Joint Stock Company)
Notes to the interim condensed consolidated financial statements (continued)
For the three-month period ended 31 March 2024
(All amounts in Saudi Riyals thousands unless otherwise stated)

8 ACCOUNTS RECEIVABLE

	31 March 2024	31 December 2023
Accounts receivable	6,255,413	5,585,140
Less: allowance for impairment loss on accounts receivable	(2,271,044)	(2,194,606)
	3,984,369	3,390,534

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

	31 March 2024	31 December 2023
Balance at the beginning of the period / year	(2,194,606)	(2,167,041)
Charge for the period / year	(53,782)	(185,617)
Settlement and write off during the period / year	(22,656)	158,052
Balance at the end of the period / year	(2,271,044)	(2,194,606)

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.	Subsidiary to Founding shareholder
Etisalat Afghanistan	Subsidiary to Founding shareholder
Etisalat Al Maghrib S.A (Maroc Telecom)	Subsidiary to Founding shareholder
Pakistan Telecommunication Company Limited	Subsidiary to Founding shareholder
Emirates Cable TV and Multimedia LLC	Subsidiary to Founding shareholder
Ufone	Subsidiary to Founding shareholder
Sehati for Information Service Company	Joint venture
Integrated Data Company for Information Technology	Joint venture

The Group transacted with related parties in ordinary course of business. Following are the details of major transactions with related parties for the three-month period ended 31 March 2024 and 2023:

	31 March 2024	31 March 2023
Interconnection services and roaming services rendered	28,577	22,644
Interconnection services and roaming services received	56,191	87,118
Other telecommunication services	2,250	4,171

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.

Compensation and benefits to board of directors and key management personnel

	31 March 2024	31 March 2023
Compensation and benefits - short term	43,026	41,542
Compensation and benefits - post-employment	899	974
Total compensation	43,925	42,516

9 RELATED PARTIES TRANSACTIONS AND BALANCES (CONTINUED)

9.2 Related party balances

	<u>31 March 2024</u>	<u>31 December 2023</u>
Due from related parties		
Founding shareholder and its Associates & Subsidiaries	108,185	96,269
Joint venture	65,643	65,643
	<u>173,828</u>	<u>161,912</u>
Due to related parties		
Founding shareholder and its Associates & Subsidiaries	157,501	177,249
	<u>157,501</u>	<u>177,249</u>

10 BORROWINGS

On January 17, 2024, the Company signed a Murabaha financing agreement with Saudi National Bank in the amount of SR 4.8 billion and a financing period of 7 years, with better terms and competitive interest rates for the purpose of financing working capital, in addition to an additional medium-term Murabaha financing for partial refinancing of the Company's existing financing. This agreement is in line with the Company's long-term financial objectives and its capital restructuring strategy.

The Company used the amount of SR 3,685 million, amount of drawdown during the first quarter of 2024, from the financing agreement to partially refinance the syndicated loan amounting to SR 5,333 million.

The agreement does not include any mortgages or financial guarantees.

During the first quarter of 2024, the Company drawdown amounting to SR 450 million from the existing available credit limit with Alinma bank according to the credit facility agreement dated Q4,2019 to finance capital expenditure.

11 FINANCIAL ASSETS AND LIABILITIES

11.1 Financial assets

	<u>31 March 2024</u>	<u>31 December 2023</u>
Financial assets at fair value:		
Financial assets - fair value through other comprehensive income *	9,741	6,839
Derivatives financial instruments**	59,707	76,021
Total financial assets at fair value	<u>69,448</u>	<u>82,860</u>
Financial assets at amortized cost:		
Accounts receivable	3,984,369	3,390,534
Due from related parties	173,828	161,912
Short term Murabaha	1,638,935	2,127,814
Cash and cash equivalents	1,612,162	1,654,378
Restricted cash	178,668	106,003
Other financial assets	147,745	149,743
Total financial assets at amortized cost	<u>7,735,707</u>	<u>7,590,384</u>
Total financial assets	<u>7,805,155</u>	<u>7,673,244</u>
Current	7,764,282	7,624,652
Non-current	40,873	48,592
Total financial assets	<u>7,805,155</u>	<u>7,673,244</u>

11 FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

11.2 Financial liabilities

	<u>31 March 2024</u>	<u>31 December 2023</u>
Financial liabilities at amortized cost:		
Borrowings	6,577,055	8,310,441
Lease liabilities	3,287,241	3,223,782
Accounts payable	2,959,795	3,341,435
Due to related parties	157,501	177,249
Financial and other liabilities	361,200	367,166
Total financial liabilities at amortized cost	<u>13,342,792</u>	<u>15,420,073</u>
Total financial liabilities	<u>13,342,792</u>	<u>15,420,073</u>
Current	5,269,479	6,509,173
Non-current	8,073,313	8,910,900
Total financial liabilities	<u>13,342,792</u>	<u>15,420,073</u>

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

12 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing net profit by the weighted average number of common 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.

	<u>31 March 2024</u>	<u>31 March 2023</u>
Profit for the period	637,774	464,918
Weighted average number of shares	770,000	770,000
Basic and diluted earnings per share (in SR)	<u>0.83</u>	<u>0.60</u>

13 COMMITMENTS AND CONTINGENCIES

13.1 Capital commitments

The Group has capital commitments resulting from contracts for supply of property and equipment with an amount of SR 970 million as at 31 March 2024 (31 December 2023: SR 1,065 million).

13.2 Contingent liabilities

- The Group had contingent liabilities in the form of letters of guarantee and letters of credit amounting to SR 796 million as at 31 March 2024 (31 December 2023: SR 787 million).
- The CST violation committee has issued several penalty resolutions against the Group amounting to SR 20 million as of 31 March 2024 (31 March 2023: SR 79 million). The Group filed multiple lawsuits against CST at the Board of Grievances in order to oppose such resolutions of the CST violation committee which remains outstanding and based on the status of these lawsuits as of 31 March 2024, the Group's management believes that sufficient provisions have been recorded.
- The Group received withholding tax assessments for the years 2010 and 2011, the principal of tax according to these assessments amounted to SR 142 million which have been objected to by the Group at the Preliminary and Appeal Committees. During April 2021, the Group received an unfavorable ruling from General Secretariat of Zakat, Tax and Customs Committees (GSTC) with respect to withholding tax assessments for the years 2010 and 2011 which is not consistent with the previous favorable ruling for the years 2008 and 2009. Based on that, the Group has submitted a reconsideration request to GSTC.

13 COMMITMENTS AND CONTINGENCIES (CONTINUED)

13.2 Contingent liabilities (continued)

- On 23 January 2022 GSTC upheld the ruling against the Group with respect to withholding tax for the years 2010 and 2011.
- During the third quarter of 2023, and based on the updates regarding the withholding tax on the interconnection service, the Group filed a petition to reconsider the decision of the Appeals Committee regarding the additional withholding tax for the years 2010 and 2011, and during the month of January 2024, the Group received a decision issued by the Appeals Committee for Violations and Disputes. By rejecting this petition, the Group's management believes that this will not result in any additional provisions.
- On 19 February 2022, the Group received notification from GSTC that ZATCA has filed appeals with the Higher Appeal Committee (HAC) against the withholding tax rulings issued for the years 2008 and 2009 in favor of the Group amounting to SR 72 million, The Group has responded to GSTC and the appeals is still under review. The Group's management believes that this ruling will not result in any additional provisions.
- 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 31 March 2024, the Group's management believes that sufficient provisions have been recorded.

14 SEGMENT INFORMATION

Information regarding the Group's operating segments is set out below in accordance with IFRS 8 "Operating Segments" which requires the identification of operating segments based on 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 evaluate their performance.

The Group is primarily engaged in providing of telecommunications services and related products. The 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.

Below are examples of revenues included in each sector:

Consumer Revenue: The Consumer Revenue segment includes products and services such as voice calls, mobile Internet, and fixed Internet.

Business Revenue: The Business Revenue segment includes products and services such as fixed connectivity and customized solutions including cloud and data center services.

Wholesale revenue: The Wholesale segment includes products and services such as interconnection, transition and roaming services between operators.

Others revenue: includes revenues from outsourcing services (human resources) and digital financial wallet services.

	31 March 2024	31 March 2023
Consumer revenue	2,931,664	2,769,706
Business revenue	1,063,036	821,611
Wholesale revenue	449,332	367,088
Others revenue	101,448	111,237
Total revenue	4,545,480	4,069,642
Total cost of revenue	(2,100,525)	(1,799,692)
Depreciation and amortization	(898,139)	(926,590)
Total other operating expenses	(793,597)	(707,621)
Net other income and expenses	(80,854)	(128,510)
Zakat and income tax	(34,591)	(42,311)
Net profit	637,774	464,918
Capital expenditures	223,350	224,377

15 SUBSEQUENT EVENT

No material events occurred subsequent to the reporting date, which could materially affect the interim condensed consolidated financial statements, and the related disclosures for the three-month period ended 31 March 2024.

16 DIVIDENDS

On 11 February 2024, the Board of Directors of the Company decided to recommend to the General Assembly of the Company a dividend for the fiscal year 2023 amounting to SR 1,116.5 million (SR 1.45 per share, for 770 million shares). The date of payment of dividends will be determined after the approval of the company's General Assembly. There is no liability recognized in these interim condensed consolidated financial statements in respect of these dividend.

17 RECLASSIFICATIONS

Certain figures have been reclassified as listed below to conform with the classification used for the three-month period ended 31 March 2024. Those reclassifications included below have no impact on previously reported net income, retained earnings or cash positions.

	<i>As previously presented</i>	<i>Reclassifications</i>	<i>Reclassified amounts</i>
Consolidated statement of profit or loss for the three-month period ended 31 March 2023			
Revenue	4,051,238	18,404	4,069,642
Cost of revenue	(1,745,536)	(54,156)	(1,799,692)
Selling and marketing expenses	(342,910)	50,417	(292,493)
General and administrative expenses	(371,589)	(5,965)	(377,554)
Other income (expenses), net	13,685	(8,700)	4,985

18 APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The Company's Board of Directors approved the interim condensed consolidated financial statements for the three-month period ended 31 March 2024 on 09 May 2024 (corresponding to 01 Thul-Qi`dah 1445H).