



**ETIHAD ATHEEB TELECOMMUNICATION COMPANY**  
**(A Saudi Joint Stock Company)**

Condensed Interim Financial Statements  
For The Three Month and Nine Month Periods Ended December 31, 2023  
Together With Independent Auditors' Review Report

**ETIHAD ATHEEB TELECOMMUNICATION COMPANY**  
**(A Saudi Joint Stock Company)**

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

**TO: THE SHAREHOLDERS OF  
ETIHAD ATHEEB TELECOMMUNICATION COMPANY  
(A Saudi Joint Stock Company)**

### Introduction

We have reviewed the condensed interim statement of financial position of **ETIHAD ATHEEB TELECOMMUNICATION COMPANY** (the "Company") as at 31 December 2023, and the related condensed interim statement of profit or loss and other comprehensive income for the three months' and nine months' periods then ended, the condensed interim statements of changes in equity and cash flows for the nine months' period then ended, including a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with International Accounting Standard (34) "Interim Financial Reporting" that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" that is endorsed in the Kingdom of Saudi Arabia. A review of condensed interim financial statements 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 condensed interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard (34) "Interim Financial Reporting" that is endorsed in the Kingdom of Saudi Arabia.



**Crowe Solutions  
For Professional Consulting**



**Abdullah M. Al Azem  
License No. 335**

27 Rajab 1445H (February 08 2024)  
Riyadh, Kingdom of Saudi Arabia

**ETIHAD ATHEEB TELECOMMUNICATION COMPANY**  
(A Saudi Joint Stock Company)  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
As of December 31, 2023  
(Saudi Riyal)

		As of	
		December 31, 2023 (Unaudited)	March 31, 2023 (Audited)
<b>Assets</b>	<b>Note</b>		
<b>Non-current assets</b>			
Property and equipment, net	5	143,891,416	121,102,959
Intangible assets, net	6	315,104,921	321,451,140
Right of use assets, net	7-1	88,903,860	106,172,751
Projects under constructions	8	38,457,698	25,545,070
<b>Total non-current assets</b>		<b>586,357,895</b>	<b>574,271,920</b>
<b>Current assets</b>			
Inventories, net		31,321,406	16,607,992
Trade receivables, net	9	222,189,532	201,354,313
Contract assets		13,021,923	13,112,278
Other current assets	10	40,792,016	28,402,435
Cash and cash equivalents		144,481,144	53,062,659
<b>Total current assets</b>		<b>451,806,021</b>	<b>312,539,677</b>
<b>Total assets</b>		<b>1,038,163,916</b>	<b>886,811,597</b>
<b>Owner's Equity and Liabilities</b>			
<b>Owner's Equity</b>			
Share capital	1-a	89,999,000	89,999,000
Statutory reserve		4,246,824	4,246,824
Retained earnings		198,373,155	21,829,687
<b>Total owners' equity</b>		<b>292,618,979</b>	<b>116,075,511</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Long term accounts payable	11	142,911,872	151,905,754
Non-current portion of lease liabilities	7-2	55,020,976	91,896,604
Employees' defined benefit obligation		8,639,515	8,069,431
Decommissioning provision		3,562,268	3,463,393
<b>Total non-current liabilities</b>		<b>210,134,631</b>	<b>255,335,182</b>
<b>Current liabilities</b>			
Accounts payable	11	376,815,092	220,801,712
Other current liabilities	12	98,139,984	190,738,182
Current portion of lease liabilities	7-2	57,466,919	56,102,468
Contract liabilities		2,119,445	45,653,361
Provision for zakat and tax	13	868,866	2,105,181
<b>Total current liabilities</b>		<b>535,410,306</b>	<b>515,400,904</b>
<b>Total liabilities</b>		<b>745,544,937</b>	<b>770,736,086</b>
<b>Total owners' equity and liabilities</b>		<b>1,038,163,916</b>	<b>886,811,597</b>

The accompanying notes from (1) to (26) are integrated part of these condensed interim financial statements, which have been authorized for issue by the Board of Directors on behalf of the Shareholders, and signed on its behalf by:

Yahya Saleh Al Mansour  
Chief Executive Officer



Dr. Eisa Baeisa  
Chairman

Mahmoud Al Abdullah  
Acting Chief Financial Officer

**ETIHAD ATHEEB TELECOMMUNICATION COMPANY**

(A Saudi Joint Stock Company)

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

For The Three Month and Nine Month Periods Ended December 31, 2023

(Saudi Riyal)

	Note	For The Three-Month Period Ended December 31,		For The Nine-Month Period Ended December 31,	
		2023 (Unaudited)	2022 (Unaudited)	2023 (Unaudited)	2022 (Unaudited)
Revenue	14	265,439,299	164,019,230	709,661,478	452,523,404
Cost of revenue	15	(181,903,744)	(118,273,144)	(477,959,806)	(326,113,173)
<b>Gross profit</b>		<b>83,535,555</b>	<b>45,746,086</b>	<b>231,701,672</b>	<b>126,410,231</b>
Selling and marketing expenses	16	(13,809,143)	(16,330,223)	(39,169,457)	(50,019,418)
General and administrative expenses	17	(17,235,602)	(16,112,490)	(51,838,357)	(47,438,779)
Impairment loss on trade receivables		(5,329,540)	(2,824,190)	(9,439,258)	(9,496,664)
Other income, net		33,904,098	1,238,386	38,388,312	6,444,369
<b>Operating profit</b>		<b>81,065,368</b>	<b>11,717,569</b>	<b>169,642,912</b>	<b>25,899,739</b>
Finance (cost) income, net	18	(5,020,035)	(3,723,015)	6,900,556	(12,938,940)
<b>Period Profit before zakat and income tax</b>		<b>76,045,333</b>	<b>7,994,554</b>	<b>176,543,468</b>	<b>12,960,799</b>
Zakat and income tax expenses	13	-	-	-	-
<b>Net profit for the period</b>		<b>76,045,333</b>	<b>7,994,554</b>	<b>176,543,468</b>	<b>12,960,799</b>
<b>Other comprehensive income:</b>					
Items that will not be reclassified to profit or loss in subsequent periods:		-	-	-	-
Re-measurement of defined benefit obligation		-	-	-	-
<b>Other comprehensive Income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive profit for the period</b>		<b>76,045,333</b>	<b>7,994,554</b>	<b>176,543,468</b>	<b>12,960,799</b>
<b>Earnings per share – basic and diluted</b>	19	<b>8.45</b>	<b>0.89</b>	<b>19.62</b>	<b>1.44</b>

The accompanying notes from (1) to (26) are integrated part of these condensed interim financial statements, which have been authorized for issue by the Board of Directors on behalf of the Shareholders, and signed on its behalf by:

Yahya Saleh Al Mansour  
Chief Executive Officer

Mahmoud Al Abdullah  
Acting Chief Financial Officer

Dr. Eisa Bacisa  
Chairman



**ETIHAD ATHEEB TELECOMMUNICATION COMPANY**  
(A Saudi Joint Stock Company)  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**  
For The Nine Months Period Ended December 31, 2023  
(Saudi Riyal)

	Share capital	Statutory Reserve	(Accumulated losses) Retained earnings	Total Owners' Equity
Balance at April 1, 2022 (Audited)	89,999,000	-	(16,003,184)	73,995,816
Net profit for the period	-	-	12,960,799	12,960,799
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	12,960,799	12,960,799
<b>Balance at December 31, 2022 (Unaudited)</b>	<b>89,999,000</b>	<b>-</b>	<b>(3,042,385)</b>	<b>86,956,615</b>
Balance at 1 April 2023 (Audited)	89,999,000	4,246,824	21,829,687	116,075,511
Net profit for the period	-	-	176,543,468	176,543,468
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	176,543,468	176,543,468
<b>Balance at December 31, 2023 (Unaudited)</b>	<b>89,999,000</b>	<b>4,246,824</b>	<b>198,373,155</b>	<b>292,618,979</b>

The accompanying notes from (1) to (26) are integral part of these condensed interim financial statements, which have been authorized for issue by the Board of Directors on behalf of the Shareholders, and signed on its behalf by:

  
Yabry Saleh Al Mansour  
Chief Executive Officer

  
Mahmoud Al Abdullah  
Acting Chief Financial Officer

  
Dr. Eisa Baeisa  
Chairman





**ETIHAD ATHEEB TELECOMMUNICATION COMPANY**  
(A Saudi Joint Stock Company)  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS**  
For The Nine Months Period Ended December 31, 2023  
(Saudi Riyal)

	Note	For The Nine Months Period Ended December 31,	
		2023	2022
<b>Cash flows from operating activities</b>			
Period profit before zakat and income tax expenses		176,543,468	12,960,799
<b>Adjustments:</b>			
Depreciation and amortization	5,6,7	46,235,089	46,623,534
Finance (cost) income, net	18	(6,900,556)	12,938,940
Lease agreement settlement		(150,912)	(293,043)
Impairment loss on trade receivables	9	9,439,258	9,496,664
Gain from disposal of intangible assets		(277,653)	-
Account payable settlement		(34,000,000)	-
Current service cost of employees' defined benefit obligation		1,211,387	941,247
		<b>192,100,081</b>	<b>82,668,141</b>
<b>Changes in working capital:</b>			
Inventories		(14,713,414)	(7,960,401)
Trade receivables and contract assets		(30,184,122)	(90,312,118)
Other current assets		(12,389,581)	(15,277,997)
Accounts payable		147,824,062	7,385,733
Other current liabilities		(92,598,198)	56,220,441
Contract liabilities		(43,533,916)	(4,658,061)
<b>Total cash generated from operating activities</b>		<b>146,504,912</b>	<b>28,065,738</b>
Finance costs paid	18	(2,192,652)	(1,020,023)
Employees' defined benefit obligation paid		(858,316)	(1,844,718)
Zakat Paid	13	(1,236,315)	(15,294,062)
<b>Net cash generated from operating activities</b>		<b>142,217,629</b>	<b>9,906,935</b>
<b>Cash flows from investing activities</b>			
Additions to property and equipment	5	(2,229,993)	(12,360,634)
Additions to intangible assets	6	(13,500,000)	-
Additions to projects under constructions	8	(14,841,417)	(18,507,509)
<b>Net cash (used in) investing activities</b>		<b>(30,571,410)</b>	<b>(30,868,143)</b>
<b>Cash flows from financing activities</b>			
Payment of lease liabilities		(20,227,734)	(23,535,431)
<b>Net cash (used in) financing activities</b>		<b>(20,227,734)</b>	<b>(23,535,431)</b>
<b>Increase (decrease) in cash and cash equivalents</b>		<b>91,418,485</b>	<b>(44,496,639)</b>
Cash and cash equivalents at the beginning of the period		53,062,659	83,256,552
<b>Cash and cash equivalents at the end of the year</b>		<b>144,481,144</b>	<b>38,759,913</b>
<b>Supplementary information for non-cash transactions:</b>			
Additions to property and equipment against account payable	5	30,000,000	-
lease liabilities transferred to account payable	7	18,040,549	-
Disposal of intangible assets against account payable	6	2,528,000	-
Transfer of projects under constructions to property and equipment	8	1,928,789	-

The accompanying notes (1) to (26) are integrated part of these condensed interim financial statements, which have been authorized and signed by the Board of Directors on behalf of the Shareholders, and signed on its behalf by:

Yahya Saad Al Mansour  
Chief Executive Officer



Dr. Eisa Baeisa  
Chairman

Mahmoud Al Abdullah  
Acting Chief Financial Officer

**ETIHAD ATHEEB TELECOMMUNICATION COMPANY**  
(A Saudi Joint Stock Company)  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
For The Three Month and The Nine Month Periods Ended December 31, 2023  
(Saudi Riyal)

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**1. ORGANIZATION AND MAIN ACTIVITIES**

**a) General information:**

Etihad Atheeb Telecommunication Company (the "Company"), is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under commercial registration (No. 1010263273) issued in Riyadh on 30 Safar 1430H (corresponding to 25 February 2009).

The accompany financial statements include the Company's main commercial registration and the following branches:

Branch	CR number
Jeddah branch	4030197139
Khubar branch	2051050130

The registered address of the Company is 3704 King Abdullah Branch Rd – AlMughrizat district P.O. Box 12482-6488 Riyadh, Kingdom of Saudi Arabia.

**Company license**

Pursuant to the Ministerial Resolution No.41 dated 18 Safar 1429H (February 25, 2008) which was approved by the issuance of Royal Decree No. M/6 dated 19 Safar 1429H (February 26, 2008), the Company was granted a fixed-line telecommunication license and the used-frequency spectrum to provide fixed telephone services in the Kingdom of Saudi Arabia for a period of 25 years (starting on 1 April 2009 and ending on March 31, 2034). On 30 Rabi' Al-awal 1438H (corresponding to December 29, 2016), the Communications, Space and Technology Commission (CST) (Previously: Communications and Information Technology Commission) has extended the life of the Company's license by 15 years (ending on 31 March 2049).

On 1 Ramadan 1440 H (corresponding to May 12, 2019), the CST issued a frequency spectrum license, whereby bands totaling 50 MHz in the 3.5 GHz frequency band were allocated to the Company to be used to provide its services in the main cities in the Kingdom, as the Company is committed to cover the populated areas in the main cities by at least 10% before the end of the year 2021, and on 27 Rabi' II 1443H (Corresponding to December 2, 2021) the Company received a final extension of the Company commitment to deploy the network under the license granted to it by the authority for the 3.5 GHz band frequencies for an additional six months to be ended on June 30, 2022.

On Shawwal 25, 1443H (corresponding to May 26, 2022), the Company received a letter from the CST notifying the Company with the CST decision to revoke the 3.5 GHz band frequencies license if the Company did not meet the deployment of network deadline on June 30, 2022.

On 1 Dhul Hijjah 1443H (corresponding to June 30, 2022), the Company finalized deploying 100% of its network phase (1) of the obligation set forth by the CST with regards to the spectrum license, which represents deploying network over 10% of the KSA. The Company submitted all related documentation to the CST which prove the Company's fulfillment of its obligation in accordance with the requirements of the CST. On 9 Safar 1444H (corresponding to September 5, 2022), the Company received a letter from the CST informing the Company that it accepted its fulfillment of phase (1) of the network deployment in accordance with the frequency spectrum license to provide fixed telecommunication services with infrastructure of 3.5GHz band frequency granted to it with some observations, which the Company committed to resolve within a maximum period at the end of the year 2022 (which is also the deadline for fulfilling the obligations of the license for phase (2) to cover at least 30% of the populated cities subject to the obligation).

On December 26, 2022, the Company completed the necessary treatments regarding the CST observations regarding the first phase of the network deployment obligations, in addition to completing its obligations towards 100% deployment of the network for the second phase regarding the license to use 3.5 GHz band frequencies, covering 30% of the cities under obligation by completing the process of installing and operating the 5G service towers. the Company submitted all related documentation to the CST which prove the Company's fulfillment of its obligation in accordance with the requirements of the CST. On 29 Rajab 1444H (corresponding to February 20, 2023), the Company received a letter from the CST informing the Company that it has accepted its fulfillment of phase (2) of the network deployment.

The Company seeks to work out a plan to meet the requirements of the third phase of the network deployment commitments to cover at least 50% of the populated areas in the cities subject to the commitment before the end of the year 2027, according to the requirements for licensing the frequency spectrum to provide fixed communications services with infrastructure for frequencies of the 3.5 GHz band granted by the CST.

**The Company's activity**

The Company is providing various fixed line and wireless services such as voice, data services, broadband internet services, internet telephony services, international gateway, and fixed telephone lines to individuals, homes and businesses. The Company commenced commercial operations on January 1<sup>st</sup>, 2010.

**ETIHAD ATHEEB TELECOMMUNICATION COMPANY**  
(A Saudi Joint Stock Company)  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
For The Three Month and The Nine Month Periods Ended December 31, 2023  
(Saudi Riyal)

**1. ORGANIZATION AND MAIN ACTIVITIES (continued)**

**a) General information: (continued)**

**Share Capital**

The Company's capital is SAR 89,999,900 Saudi Riyals divided into 8,999,900 shares of equal value of 10 Saudi Riyals each, and all of them are ordinary shares paid in full.

On December 19, 2021, the Board of Directors recommended to the Extraordinary General Assembly to increase the Company's share capital by issuing shares at a value of 350 million Saudi Riyals divided into 35 million ordinary shares at a value of 10 Saudi Riyals per share, its main objective after obtaining the required approvals from the competent authorities is to increase Capital to pay the Company's obligations and develop and modernize its business systems and networks. The Company submitted the file to the competent authorities. On October 13, 2022, the Board of Directors issued a resolution by circulation amending the recommendation to increase the share capital to the Extraordinary General Assembly by issuing priority rights shares from 350,000,000 Saudi Riyals to 250,000,000 Saudi Riyals. the Company submitted the file to the competent authorities, and the approval of the share capital raising file was issued by the competent authorities on February 8, 2023. On February 15, 2023, the Company called for an extraordinary general assembly meeting on March 8, 2023 to vote on the Board of Directors recommendation to increase the Company's share capital through offering rights issue with a value of 250,000,000 Saudi Riyals, so that the share capital after the increase becomes 339,999,000 Saudi Riyals. The vote was held and the result of the vote was the disapproval of the Board of Directors recommendation to increase the Company's share capital by issuing rights issue with a value of 250,000,000 Saudi Riyals, so that the share capital after the increase becomes 339,999,000 One million Saudi Riyals.

On March 29, 2023, the Board of Directors recommended to the Extraordinary General Assembly to increase the Company's share capital by issuing priority shares at a value of 250 million Saudi Riyals divided into 25 million ordinary shares at a value of 10 Saudi Riyals per share, its main objective after obtaining the required approvals from the competent authorities is to increase share capital to pay the Company's obligations and develop and modernize its business systems and networks. On August 6, 2023 the Company submitted the file to the competent authorities.

On January 8, 2024, CMA has approved Etihad Atheeb Telecommunication Company's request to increase its capital through issuing priority shares at a value of SAR 250M. On February 6, 2024 the voting and approvals have been obtained on BOD recommendation by the general assembly on their extraordinary meeting held.

**b) Going concern:**

The Condensed Interim statement of financial position as at December 31, 2023 shows current liabilities exceeded its current assets by SAR 83.6 million (March 31, 2022: SAR 202.86 million). The management believes that the cash inflows, in normal course of business, will be sufficient to meet its liabilities for a period at least 12 months from the date of preparation of these financial statements based on the following:

- In February 2021, the Company signed an agreement, with an effective date of December 31, 2020, with one of its major vendors to settle all balances and dues between the two parties which resulted in a net reduction (gain) of SAR 101 million on net balances payable to a major vendor. As of the effective date, the new balance payable to the major vendor was SAR 370 million and its payment was re-scheduled as a down-payment of SAR 125 million upon signing the agreement with the remaining amount of SAR 245 million (as shown below) to be paid in five equal installments resulting in an additional gain of SAR 36 million on rescheduling (refer Note 11.1.1).

<u>Installment No.</u>	<u>Amount (SAR)</u>	<u>Date of payment</u>	<u>Status</u>
First	49 million	July 1, 2022	Paid
Second	49 million	July 1, 2023	paid
Third	49 million	July 1, 2024	Not matured yet
Fourth	49 million	July 1, 2025	Not matured yet
Fifth	49 million	January 1, 2026	Not matured yet
<b>Total</b>	<b>245 million</b>		

- On January 25, 2022, the Company received an approval from Ministry of Finance on the installment related to CST government charges of SAR 22.23 million over 36 months of 617 thousand Saudi Riyals monthly installment starting from February 20, 2022 and amount of 14.2 million Saudi Riyals has been paid as of December 31, 2023 (Note 11.1.2).
- On March 21, 2023, Company received an approval from Ministry of Finance on the installment related to CST government charges of SAR 23.98 million over 36 months of 666 thousand Saudi Riyals monthly installment starting from April 5, 2023, and amount of 6.66 million Saudi Riyals has been paid as of December 31, 2023 (Note 11.1.3).
- On May 10, 2023, the Company received an approval of the Ministry of Finance to install the amount related to government fees due for the period extending from the beginning of dealing with the CST until the end of 2018, at a value of SR 63.88 million over a period of 7 years. The yearly installment is SR 9.13 million starting from April 1, 2025 (Note 11.1.4 and 20)

**1. ORGANIZATION AND MAIN ACTIVITIES (continued)**

**b) Going concern: (continued)**

- The Company's business is improving through the conclusion of new sales agreements, which led to revenue growth and net profits for the period ended on December 31, 2023. In return, the Company concluded contracts with suppliers for periods that are consistent with the cash received into the Company, thus generating cash that enables the Company to manage liquidity and fulfill its obligations when due
- The management has also developed plans in some other aspects to improve the Company's performance, including mainly enhancing the Company's existing network infrastructure, deploying new technologies, exploring alternative uses of the Company's bandwidth, obtaining new licenses to provide new services to the customers, and targeting new customer niches from the B2B and B2C sectors, and cost optimization plans. The management has taken some initiatives emanating from this study
- The company received regulatory approval to raise its current capital to SAR 250 million through the offering of new priority shares, with the net proceeds used to develop and update network operations in addition to paying some due amount.

As described above, management has a reasonable expectation that the Company will have sufficient resources to meet its obligations as they fall due. Accordingly, these financial statements have been prepared on a going concern basis, which assumes that the Company will be able to discharge its liabilities for a period at least 12 months from the date of preparing these financial statements.

**2. BASIS OF PREPARATION**

**a) Statement of compliance**

These condensed interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" that is endorsed in Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants (SOCPA) and should be read in conjunction with the Company's last annual financial statements as at and for the year ended March 31, 2023 ("last annual financial statements"). They do not include all of the information required for a complete set of financial statements, however; accounting policies and selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements.

**b) Basis of measurement**

The financial statements have been prepared on the historical cost basis except for employees' defined benefit obligation that has been valued at present value of future liabilities using the projected unit credit method.

**c) Functional and presentation currency**

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

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied in preparation of these interim condensed 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 issued by Saudi Organization for Chartered and Professional Accountants (SOCPA), and they are the same policies applied in preparation of the annual financial statements on March 31, 2023.

There are new standards and a number of amendments to the standards that are effective as of April 1, 2023, and they were disclosed in the annual financial statements of the Company, but they do not have any material impact on the condensed financial statements based on management estimations.

**ETIHAD ATHEEB TELECOMMUNICATION COMPANY**  
(A Saudi Joint Stock Company)  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
For The Three Month and The Nine Month Periods Ended December 31, 2023  
(Saudi Riyal)

**4. SIGNIFICANT ACCOUNTING JUDGMENTS ASSUMPTIONS AND ESTIMATES**

Preparation of the financial statements and application of the accounting policies require management to make judgments, estimates, and assumptions that affect the amounts of financial assets and financial liabilities and to disclose potential liabilities. Moreover, these estimates and judgments affect revenues, expenses, provisions, in general, expected credit losses, as well as changes in fair value that appear in the statement of profit of loss and other comprehensive income and within owners' equity. In particular, the Company's management requires judgments to be made to estimate the amounts and timing of future cash flows. These estimates are necessarily based on multiple hypothesis and factors with varying degrees of estimation and uncertainty. Meanwhile, the actual results may differ from estimates due to the changes arising from the conditions and circumstances of those estimates in the future.

The significant judgments and key sources of estimation uncertainty applied to the Company's condensed interim financial statements are the same as those used in the company's annual financial statements as of March 31, 2023 prepared in accordance with International Financial Reporting Standards endorsed in the Kingdom of Saudi Arabia and other versions approved by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

**5. PROPERTY AND EQUIPMENT, NET**

For the purposes of preparing the condensed interim statement of cash flows, movement on property and equipment was as following:

	<b>For The Nine Months Ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Depreciation on property and equipment	11,370,325	11,679,537
Additions of property and equipment	32,229,993	12,360,634
Transfers from projects under constructions to PPE (Note 8)	1,928,789	-
Capitalized of internal technicians salaries	-	1,370,000

On 26 October 2023, the company signed a settlement agreement with Tawal to settle all balances and receivables between the parties related to Agreement on selling and Participation of Telecommunications Towers for the period from the beginning of the transaction between the parties until 31 October 2023. This Convention will include:

It's agreed that an amount of SAR 48M (excluding VAT) will be the final settlement in favor of Tawal up to October 31, 2023 and include following conditions:

-Starting from the date of this agreement, Telecommunication Towers will be resale to Etihad Atheeb in amount of SAR 30M.

-Payment of SAR 18M will be against the whole obligations standing from previous sale and leaseback agreement.

-Starting from the effective date of this agreement, previous sale and leaseback agreement will considered canceled.

**6. INTANGIBLE ASSETS, NET**

For the purposes of preparing the condensed interim statement of cash flows, movement in intangible assets was as following:

	<b>For The Nine Months Ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Amortization of intangible assets	17,595,873	17,315,178
Additions on intangible assets	13,500,000	-
Disposals of intangible assets	2,250,346	-

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**7. LEASING CONTRACT**

**7.1 Right of Use Assets, NET**

The following table shows the movement in the right to use assets during the Period / Year represented by locations of communications towers and warehouses:

Cost	As of	
	December 31, 2023 (Unaudited)	March 31, 2023 (Audited)
Balance at the beginning of the period/year	206,073,406	197,374,910
Additions during the period/year	-	15,973,406
Disposals during the period/year	-	(7,274,910)
<b>Balance at the end of the period/year</b>	<b>206,073,406</b>	<b>206,073,406</b>

  

Accumulated Depreciation	As of	
	December 31, 2023 (Unaudited)	March 31, 2023 (Audited)
Balance at the beginning of the period/year	99,900,655	80,096,208
Depreciation during the period/year	17,268,891	22,123,919
Disposals during the period/year	-	(2,319,472)
<b>Balance at the end of the period/year</b>	<b>117,169,546</b>	<b>99,900,655</b>
<b>Net book value for the period/year</b>	<b>88,903,860</b>	<b>106,172,751</b>

**7.2 Lease Liability**

This pertains to the amount of leases recognized as lease liabilities under IFRS 16. The details and movement of these are as follows:

	As of	
	December 31, 2023 (Unaudited)	March 31, 2023 (Audited)
Balance at the beginning of the period/year	147,999,072	188,147,170
Additions during the period/year	-	15,973,406
Disposals during the period/year	(18,000,000)	(5,502,070)
Finance cost during the period/year	2,908,018	5,294,050
Paid during the period/year	(20,227,734)	(31,895,739)
Settlements during the period/year	(150,912)	(1,084,044)
Transferred to payables during the period/year	(40,549)	(22,933,701)
<b>Lease liability at the end of the period/year</b>	<b>112,487,895</b>	<b>147,999,072</b>
<b>Current portion</b>	<b>57,466,919</b>	<b>56,102,468</b>
<b>Non-current portion</b>	<b>55,020,976</b>	<b>91,896,604</b>

Expenses related to short-term and low-value leases for the period ended December 31, 2023 amounted to SAR 245,400 (December 31, 2022: SAR 245,400).

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**8. PROJECTS UNDER CONSTRUCTIONS**

Work in progresses represent existing projects related to spread the 5G network and expand the current network of the company, in addition to the IT transformation project that the company is working on, and its consumption and amortization will begin when these projects are completed and ready to use.

For the purposes of preparing the condensed interim statement of cash flows, movement on projects under constructions was as following:

	<b>For The Nine Months Ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Additions during the period	14,841,417	18,507,509
Transferred to property and equipment (Note 5)	1,928,789	-

**9. TRADE RECEIVABLES, NET**

		<b>As of</b>	
		<b>December 31, 2023</b>	<b>March 31, 2023</b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
Trade receivables-Private Sector		219,058,643	226,023,179
Trade receivables-Government Sector		119,185,757	81,961,815
Trade receivables-Related Parties	22	685,653	670,582
<b>Total</b>		<b>338,930,053</b>	<b>308,655,576</b>
Less: Provision of impairment loss on trade receivable	9-1	(116,740,521)	(107,301,263)
		<b>222,189,532</b>	<b>201,354,313</b>

9-1 Movement on Impairment loss provision on trade receivable is as follows:

	<b>As of</b>	
	<b>December 31, 2023</b>	<b>March 31, 2023</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Balance at beginning of the period/ year	107,301,263	111,082,785
Charge (reverse) for the period/ year	9,439,258	(3,781,522)
Balance at end of the period/ year	<b>116,740,521</b>	<b>107,301,263</b>

**10. OTHER CURRENT ASSETS**

	<b>As of</b>	
	<b>December 31, 2023</b>	<b>March 31, 2023</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Advances to suppliers	22,883,630	3,868,130
Margins held by banks against letters of guarantee issued	15,932,284	22,921,235
Advances to employees	1,527,196	1,168,960
Prepaid expenses	448,906	444,110
	<b>40,792,016</b>	<b>28,402,435</b>

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**11. ACCOUNTS PAYABLE**

	Note	As of	
		December 31, 2023 (Unaudited)	March 31, 2023 (Audited)
Accounts payable - with deferred payment agreements	11.1	207,316,704	216,976,809
Accounts payable - Other		312,410,260	155,730,657
		<b>519,726,964</b>	<b>372,707,466</b>
<b>Current-portion</b>			
Accounts payable - with deferred payment agreements		64,404,832	65,071,055
Accounts payable - Other		312,410,260	155,730,657
		<b>376,815,092</b>	<b>220,801,712</b>
<b>Non-current portion</b>			
Accounts payable - with deferred payment agreements		142,911,872	151,905,754
		<b>519,726,964</b>	<b>372,707,466</b>

**11.1 Movement in accounts payable with deferred payments agreement**

	Note	As of	
		December 31, 2023 (Unaudited)	March 31, 2023 (Audited)
Balance at beginning of the period/year		216,976,809	241,423,050
Addition during the period/year		63,876,855	23,984,052
Discount from present value calculation during the period/year	18	(21,707,376)	(1,727,868)
Paid during period/year		(61,219,848)	(56,410,155)
Unwinding of discount during the period/year	18	9,390,264	9,707,730
<b>Balance at end of the period/year</b>		<b>207,316,704</b>	<b>216,976,809</b>

**11.1.1 Major Vendor:**

In February 2021, the Company signed an agreement with a major vendor to settle all balances and dues between the two parties, which resulted in a new agreed balance due to the main supplier related to all services (Note 1.b).

**11.1.2 CST (Settlement agreement number 1):**

On January 25, 2022, the Company signed an agreement with the CST to reschedule its liability to be paid over 36 equal monthly payments of SAR 617 thousand each, ending in January 2025. The present value of the liabilities was calculated as per the requirements of International Standard for Financial Instruments (Note 1.b).

**11.1.3 CST (Settlement agreement number 2):**

On March 21, 2023, the Company signed an agreement with the CST to reschedule its liability to be paid over 36 equal monthly payments of SAR 666 thousand each, ending in February 2026. The present value of the liability was calculated as per the requirements of International Standard for Financial Instruments (Note 1.b).

**11.1.4 CST (Settlement agreement number 3):**

On May 10, 2023, the Company signed an agreement with the CST to reschedule a liability of SAR 63.88 million to be paid over 7 years of SAR 9.13 million each year starting from April 1, 2025. (Note 1.b and Note 20).

**12. OTHER CURRENT LIABILITIES**

	As of	
	December 31, 2023 (Unaudited)	March 31, 2023 (Audited)
Accrued expenses and other suppliers	74,307,389	51,492,320
Government fees	14,852,112	116,588,978
Employees and board members related expenses	8,980,483	22,656,884
	<b>98,139,984</b>	<b>190,738,182</b>

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**13. PROVISION FOR ZAKAT AND TAX**

**13.1 Movement in provision for zakat and tax during the period/year is as follows:**

	As of	
	December 31, 2023 (Unaudited)	March 31, 2023 (Audited)
Balance at beginning of the period / year	2,105,181	17,399,243
Zakat charge during the period / year	-	1,035,358
Income tax charge during the period / year	-	242,408
Reversed during the period / year	-	(1,277,766)
Paid during the period / year	(1,236,315)	(15,294,062)
<b>Balance at end of the period/year</b>	<b>868,866</b>	<b>2,105,181</b>
<b>The breakdown of Zakat paid is as follows:</b>		
Zakat settlement payments during the period/year	1,236,315	12,509,367
The paid zakat charged for the previous years	-	2,784,695
<b>Total payments during the period/year</b>	<b>1,236,315</b>	<b>15,294,062</b>

**13.2 Zakat and tax status**

The Company has filed its Zakat and tax return with the Zakat, Tax and Customs Authority ("ZATCA") for the years up to March 31, 2023.

- In July 2015, the ZATCA raised zakat and withholding tax (WHT) assessment for the years 2010 to 2012 amounting to SAR 17.43 million and SAR 0.83 million respectively. The Company filed an appeal with the ZATCA against the assessments in August 2015. In response to an appeal filed by the Company, the Preliminary Appeal Committee (PAC) issued a ruling in October 2016 based on which the Company's zakat liability was reduced to SAR 6.98 million.
- In December 2016, the Company filed an appeal to the Higher Appeal Committee (HAC) against the PAC ruling in relation to zakat and imposition of a delay fine on WHT. However, the Company has settled the WHT liability of SAR 0.83 million and the related fine of SAR 0.6 million with the ZATCA. In March 2022 the Company received a decision on the appeal from The First Appeals Chamber for Income Tax Interventions and Disputes mentioned that some points were accepted and others were rejected, and the Company raised an appeal to the General Secretariat of Tax Committees. On February 6, 2023, the Tax Committees for Resolution of Tax Violations and Disputes Construction held its session in the presence of the representative from the Company and the representative from ZATCA, the lawsuit filed by the Company against the ZATCA was accepted and the decision was issued proving the end of the dispute, and accordingly the amount owed by the Company amounting to 6.89 million Saudi Riyals was canceled from the ZATCA records. No Zakat assessment for the year 2013 was received from the ZATCA.
- In July 2020, the ZATCA raised the zakat assessment for the year 2014 by an additional amount of SAR 5.53 million, and in December 2020, the ZATCA raised zakat and tax assessment for the fiscal years 2015, 2016, 2017, and 2018 with an additional amount of SAR 4.089 million, SAR 4.57 million, SAR nil, and SAR 18 million respectively. The Company went for a settlement with the Settlement of Zakat and Tax Disputes Committee in August 2021 and the Company attended a hearing record with the Settlement Committee, and the Settlement Committee sent the Company a proposal to pay SAR 20.85 million for the years 2014 to 2018, the Company accepted the proposal and paid the settlement amount in full over 5 equal installments ended in December 2022.
- In October 2021 the ZATCA raised the zakat assessment for the year 2019 with an amount of zero SAR, which matched the filed form for the year.
- The Company was filling the tax and zakat declaration with ZATCA for the financial years 2020, 2021, and 2022 and paid the declarations amount that equals to SAR 4.5 million, SAR 2.8 million and SAR 1 million respectively and as of the date of this financials no assessment were received from the ZATCA yet.
- The management and the zakat advisor are of the view that no additional provision is required other than what has already been provided for.

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**14. REVENUE**

**14.1 Revenue per Service**

	<b>For The Nine Months Ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Data and internet revenue	432,707,187	336,867,150
Interconnection revenue	133,471,248	81,367,767
Voice revenue	131,963,043	22,768,487
Enterprise solutions revenue	11,520,000	11,520,000
	<b>709,661,478</b>	<b>452,523,404</b>

**14.2 Timing of revenue recognition**

	<b>For The Nine Months Ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Recognized over time	700,270,574	437,441,585
At a point in time	9,390,904	15,081,819
	<b>709,661,478</b>	<b>452,523,404</b>

**14.3 Details about contract assets and contract liabilities**

	<b>As at 31 Dec</b>	
	<b>December 31, 2023</b>	<b>March 31, 2023</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Contract assets *	13,021,923	13,112,278
Contract liabilities**	2,119,445	45,653,361

\*The contract assets relate primarily to the Company's rights to receive consideration for work completed but not invoiced at the reporting date on data, internet, interconnection and voice services. The contract assets are converted to receivables when the rights become unconditional. This usually happens when a company issues an invoice to a customer.

\*\* Contract liabilities primarily relate to upfront consideration received from customers for related services, for which revenue is recognized over time.

**15. COST OF REVENUE**

	<b>For The Nine Months Ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Capacity lease charges	153,485,376	116,390,944
Interconnection cost	136,155,230	78,482,729
Inventory consumption and installation	63,844,732	33,969,660
Government fees	48,062,190	31,914,796
Depreciation and amortization	34,435,979	34,157,902
Employees' costs	26,178,331	17,158,346
Network maintenance and support	8,088,778	4,186,003
Cloud storage and servers	2,865,399	2,320,368
Other	4,843,791	7,532,425
	<b>477,959,806</b>	<b>326,113,173</b>

**16. SELLING AND MARKETING EXPENSES**

	<b>For The Nine Months Ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Employees' costs and benefits	22,578,447	19,371,525
Dealers' commission	10,440,173	21,980,852
Marketing and advertising cost	3,494,662	6,429,271
Customer care	2,372,348	1,990,014
Other	283,827	247,756
	<b>39,169,457</b>	<b>50,019,418</b>

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**17. GENERAL AND ADMINISTRATIVE EXPENSES**

	<b>For The Nine Months Ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Employees' costs and benefits	22,477,176	20,862,026
Depreciation and amortization	11,799,112	12,465,630
Network maintenance and support	5,093,555	4,669,251
Professional and consultancy charges	3,862,953	2,194,181
Insurance expenses	2,758,065	2,570,783
Other	5,847,496	4,676,908
	<b>51,838,357</b>	<b>47,438,779</b>

**18. FINANCE INCOME (COST), NET**

	<b>For The Nine Months Ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Unwinding of discount on long term liabilities	(9,390,264)	(7,444,700)
Interest cost on lease liabilities	(2,908,018)	(4,127,729)
Other finance income	(2,192,647)	(1,020,023)
Interest cost on defined benefit liability	(217,016)	(251,255)
Unwinding of provision for dismantling cost	(98,875)	(95,233)
Discount income on long-term liabilities	21,707,376	-
	<b>6,900,556</b>	<b>(12,938,940)</b>

**19. EARNINGS PER SHARE**

	<b>For The Nine Months Ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Net profit for the period	176,543,468	12,960,799
Weighted average number of shares for the period	8,999,900	8,999,900
Basic and diluted earnings per share	<b>19,62</b>	<b>1,44</b>

Earnings per share is computed by dividing net profit attributable to the ordinary shareholders of the Company by the weighted average number of shares outstanding during the period.

**20. CONTINGENCIES**

Letter of guarantees

The Company has outstanding letters of guarantees as of December 31, 2023 by the amount of SR 50 million (March 31, 2023: SR 50 million).

Legal cases status

In the normal course of business, the Company became part of legal cases with a few suppliers and employees. Management believes that the cases will be decreed in favor of the Company and accordingly no provision has been recognized.

CST liability

The Ministry of Finance requested the Company, according to its letter dated August 26, 2017, to pay an amount of SAR 155.7 million to the Authority as a royalty fee. The Company has completed some aspects of the mechanism for calculating the royalty fees due to the Authority, Authority has issued amended invoices for fees. However, the authority also billed royalty fees on the Company's internet revenue. The management and the legal advisor see that Internet revenues are not subject to royalties and therefore have raised the matter with the Authority. The management considers that the actual amount due to the Authority for all its claims will not exceed the amount due in the books which equal to amount of SAR 63.9 million, and accordingly, no addition amounts related to the disputed invoices have been recorded. Then, as of January 31, 2018, the authority revised the calculation of the royalty fee to include internet services.

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**20. CONTINGENCIES (Cont.)**

On May 10, 2023, the company signed an agreement with the CST to settle balances and dues between the two parties from the beginning of the dealing period up to December 31, 2018 (Note 1-b and 11-1-4), and the agreement resulted as the following:

- 1- Paying the amount agreed with the Authority and recognized in the company's books of amount SAR 63,876,855 S in favor of the Authority in installments according to the table shown below:

<u>Payment number</u>	<u>Amount (SAR)</u>	<u>Payment Due date</u>
1st Payment	9,125,265	April 1, 2025
2nd Payment	9,125,265	April 1, 2026
3rd Payment	9,125,265	April 1, 2027
4th Payment	9,125,265	April 1, 2028
5th Payment	9,125,265	April 1, 2029
6th Payment	9,125,265	April 1, 2030
7th Payment	9,125,265	April 1, 2031
<b>Total</b>	<b>63,876,855</b>	

- 2- The amount in dispute with the Authority and not recognized in the company's books, amounting to SAR 64,089,784 was written off by the Authority.

**21. SEGMENTAL INFORMATION**

Information regarding the Company'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 Company's Chief Operating Decision Maker (CODM) and used to allocate resources to the segments and to assess their performance.

The Company is engaged in a single line of business, being the supply of telecommunication services and related products. The majority of the Company's revenues, profits and assets relate to its operations in Saudi Arabia. The operating segments that are regularly reported to the CODM are explained below:

- Data services comprise of internet broadband services provided to business-to-business (B2B) and business-to-consumer (B2C).
- Voice comprises of local and international calls including interconnection.
- Unallocated represents others which cannot be attributed to any of the reported operating segment.
- E-Commerce transactions are not material during the condensed interim financial statements. The Company will continuously assess e-commerce transactions materiality.

	<b>As of December 31, 2023 (Unaudited)</b>			
	<u>Voice</u>	<u>Data</u>	<u>Unallocated</u>	<u>Total</u>
<b>Segment assets</b>				
Property and equipment	3,757,265	140,134,151	-	143,891,416
Intangible assets	8,227,962	306,876,959	-	315,104,921
Right of use assets	2,321,441	86,582,419	-	88,903,860
<b>Total assets</b>	<b>185,524,896</b>	<b>852,639,020</b>	-	<b>1,038,163,916</b>
<b>Total liabilities</b>	<b>315,026,918</b>	<b>430,518,019</b>	-	<b>745,544,937</b>

	<b>For The Three Months Period Ended December 31, 2023 (Unaudited)</b>			
	<u>Voice</u>	<u>Data</u>	<u>Unallocated</u>	<u>Total</u>
Revenue	55,814,594	209,624,705	-	265,439,299
Cost of revenue	(7,256,380)	(174,647,364)	-	(181,903,744)
<b>Gross profit</b>	<b>48,558,214</b>	<b>34,977,341</b>	-	<b>83,535,555</b>
Selling and marketing expenses	-	-	(13,809,143)	(13,809,143)
General and administrative expenses	-	-	(17,235,602)	(17,235,602)
Impairment loss on trade receivables	-	-	(5,329,540)	(5,329,540)
Other income, net	-	-	33,904,098	33,904,098
Finance (cost), net	-	-	(5,020,035)	(5,020,035)
Zakat and income tax	-	-	-	-
<b>Net profit</b>	<b>48,558,214</b>	<b>34,977,341</b>	<b>(7,490,222)</b>	<b>76,045,333</b>

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**21. SEGMENTAL INFORMATION (Cont)**

<b>For The Nine Months Period Ended December 31, 2023 (Unaudited)</b>				
	<b><u>Voice</u></b>	<b><u>Data</u></b>	<b><u>Unallocated</u></b>	<b><u>Total</u></b>
Revenue	177,352,787	532,308,691	-	709,661,478
Cost of revenue	(19,066,445)	(458,893,361)	-	(477,959,806)
<b>Gross profit</b>	<b>158,286,342</b>	<b>73,415,330</b>	<b>-</b>	<b>231,701,672</b>
Selling and marketing expenses	-	-	(39,169,457)	(39,169,457)
General and administrative expenses	-	-	(51,838,357)	(51,838,357)
Impairment loss on trade receivables	-	-	(9,439,258)	(9,439,258)
Other income, net	-	-	38,388,312	38,388,312
Finance income, net	-	-	6,900,556	6,900,556
Zakat and income tax	-	-	-	-
<b>Net profit</b>	<b>158,286,342</b>	<b>73,415,330</b>	<b>(55,158,204)</b>	<b>176,543,468</b>
<b>As of March 31, 2023 (Audited)</b>				
	<b><u>Voice</u></b>	<b><u>Data</u></b>	<b><u>Unallocated</u></b>	<b><u>Total</u></b>
<b>Segment assets</b>				
Property and equipment	3,162,219	117,940,740	-	121,102,959
Intangible assets	8,393,672	313,057,468	-	321,451,140
Right of use assets	2,772,363	103,400,388	-	106,172,751
<b>Total assets</b>	<b>129,200,651</b>	<b>757,610,946</b>	<b>-</b>	<b>886,811,597</b>
<b>Total liabilities</b>	<b>281,787,840</b>	<b>488,948,246</b>	<b>-</b>	<b>770,736,086</b>
<b>For The Three Months Period Ended December 31, 2022 (Unaudited)</b>				
	<b><u>Voice</u></b>	<b><u>Data</u></b>	<b><u>Unallocated</u></b>	<b><u>Total</u></b>
Revenue	33,107,903	130,911,327	-	164,020,230
Cost of revenue	(4,718,071)	(113,555,073)	-	(118,273,144)
<b>Gross profit</b>	<b>28,389,832</b>	<b>17,356,254</b>	<b>-</b>	<b>45,747,086</b>
Selling and marketing expenses	-	-	(16,330,223)	(16,330,223)
General and administrative expenses	-	-	(16,112,490)	(16,112,490)
Impairment loss on trade receivables	-	-	(2,824,190)	(2,824,190)
Other income, net	-	-	1,238,386	1,238,386
Finance (cost), net	-	-	(3,723,015)	(3,723,015)
Zakat and income tax	-	-	-	-
<b>Net profit (loss)</b>	<b>28,389,832</b>	<b>17,356,254</b>	<b>(37,751,532)</b>	<b>7,994,554</b>
<b>For The Nine Months Period Ended December 31, 2022 (Unaudited)</b>				
	<b><u>Voice</u></b>	<b><u>Data</u></b>	<b><u>Unallocated</u></b>	<b><u>Total</u></b>
Revenue	104,136,255	348,387,149	-	452,523,404
Cost of revenue	(13,009,083)	(313,104,090)	-	(326,113,173)
<b>Gross profit</b>	<b>91,127,172</b>	<b>35,283,059</b>	<b>-</b>	<b>126,410,231</b>
Selling and marketing expenses	-	-	(50,019,418)	(50,019,418)
General and administrative expenses	-	-	(47,438,779)	(47,438,779)
Impairment loss on trade receivables	-	-	(9,496,664)	(9,496,664)
Other income, net	-	-	6,444,369	6,444,369
Finance (cost), net	-	-	(12,938,940)	(12,938,940)
Zakat and income tax	-	-	-	-
<b>Net profit (loss)</b>	<b>91,127,172</b>	<b>35,283,059</b>	<b>(113,449,432)</b>	<b>12,960,799</b>

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**21. SEGMENTAL INFORMATION (Cont.)**

**Information about geographical segmentation**

	<b>For The Nine Months Ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Inside Kingdom of Saudi Arabia	587,459,404	373,914,281
Outside Kingdom of Saudi Arabia	122,202,074	78,609,123
	<b>709,661,478</b>	<b>452,523,404</b>

**22. RELATED PARTY TRANSACTIONS AND BALANCES**

The related parties of the Company comprise the shareholders having significant influence, their affiliated companies, Board of directors and key management personnel. In the ordinary course of business, the Company enters into transactions with related parties on terms approved by the Board of Directors of the Company.

Significant transactions entered into with related parties are as follows:

			For The Three Months Period Ended Dec 31,	
			2023	2022
<u>Related parties name</u>	<u>Relationship</u>	<u>Nature of transaction</u>	(Unaudited)	(Unaudited)
Bahrain	Shareholder	Data revenue	647,145	622,965
Telecommunication		Interconnection revenue	67,568	67,503
Company		Interconnection cost	553,084	534,962
			For The Nine Months Period Ended Dec 31,	
			2023	2022
<u>Related parties name</u>	<u>Relationship</u>	<u>Nature of transaction</u>	(Unaudited)	(Unaudited)
Bahrain	Shareholder	Data revenue	1,498,056	1,521,932
Telecommunication		Interconnection revenue	202,703	202,703
Company		Interconnection cost	1,685,686	1,809,674

The above transaction resulted in the following balances with these companies:

	<b>As of</b>	
	<b>December 31, 2023</b>	<b>March 31, 2023</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Due from related party</b>		
	685,653	670,582
Bahrain Telecommunications Company	<b>685,653</b>	<b>670,582</b>

	<b>For The Nine Months Period Ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Transactions with key management personnel:</b>		
Short-term employee benefits	5,926,915	5,674,190
End of service	640,304	381,983
	<b>6,567,219</b>	<b>6,056,173</b>

## 23. FINANCIAL INSTRUMENTS – FAIR VALUES

### Fair values

The fair values of financial and non-financial assets and liabilities are determined for measurement and/or disclosure purposes on the basis of the accounting policies disclosed in the condensed interim financial statements. As at the reporting date, the fair value of the Company's financial assets and liabilities was a reasonable fair value

### Fair Value levels

The fair values of financial instruments such as cash and cash equivalents, trade receivables, contract assets, other receivables, short-term and other payables approximate their book value largely due to their short maturity. The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy

- 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;
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Assets and liabilities that are not measured at fair value on a recurring basis:

As of December 31, 2023 (Unaudited)				
	Book value	Fair value		
		Level 1	Level 2	Level 3
<b>Financial Liabilities</b>				
Long term accounts payable	142,911,872	-	-	193,933,762
As of March 31, 2023 (Audited)				
	Book value	Fair value		
		Level 1	Level 2	Level 3
<b>Financial Liabilities</b>				
Long term accounts payable	151,905,754	-	-	142,795,397

The fair value of other non-current financial liabilities is estimated by discounting future cash flows using currently available rates for debt on similar terms, credit risk and remaining maturities. In addition to being sensitive to a reasonably possible change in expected cash flows or the discount rate. The evaluation requires management to use unobservable inputs in the model. Significant unobservable inputs are disclosed in the tables below. Management regularly evaluates a range of reasonably possible alternatives to these significant unobservable inputs and determines their effect on the total fair value

Describe the significant unobservable inputs to be evaluated:

Type of financial instrument	Fair value as of December 31, 2023	Valuation technique	Unobservable inputs	Sensitivity of the fair Value measurement to unobservable inputs
Long term payables	193,933,762	Discounted cash flows	Future periods interest rate	A 1% increase / (decrease) in the interest rate would lead to an increase / (decrease) in the fair value by SAR 3.9 million

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**24. COMPARATIVE FIGURES**

Certain comparative figures have been reclassified to conform to the presentation in the current period, to enhance the comparability of information and to be more appropriate for users of condensed interim financial statements, as follows:

Statement of financial position:

As of March 31, 2023

	Impact of reclassification		As current financial statements
	As reported in previous financial statements	Reclassification	
Other current assets	53,947,505	(25,545,070)	28,402,435
Projects under constructions	-	25,545,070	25,545,070

**25. SUBSEQUENT EVENTS**

On January 8, 2024, CMA has approved Etihad Atheeb Telecommunication Company's request to increase its capital through issuing priority shares at a value of SAR 250M. On February 6, 2024 the voting and approvals have been obtained on BOD recommendation by the general assembly on their extraordinary meeting held.

In the opinion of the management, there have been no significant subsequent events since the year-end that require disclosure or adjustment in these condensed interim financial statements

**26. APPROVAL OF THE FINANCIAL STATEMENTS**

These financial statements were authorized for issue by the Board of Directors on 27 Rajab 1445H (Corresponding to February 08, 2024).