

**Al Azem, Al Sudairy, Al Shaikh & Partners**  
For Professional Consulting – Member Crowe Global



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

**Condensed Interim Financial Statements**  
**For The Three Month and Six Month Periods Ended September 30, 2023**  
**Together with Independent Auditors' Review Report**

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

Condensed Interim Financial Statements and Report on Review  
For The Three Month and Six Month Periods Ended September 30, 2023  
Together with Independent Auditors' Review Report

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## 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 accompanying condensed interim statement of financial position of **ETIHAD ATHEEB TELECOMMUNICATION COMPANY** (the "Company") as at 30 September 2023, and the related condensed interim statement of profit or loss and other comprehensive income for the three months' and six months' periods ended 30 September 2023, the statements of changes in equity and cash flows for the three months' and six months' period then ended, and 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.



**Al Azem, Al Sudairy, Al Shaikh & Partners  
For Professional Consulting**



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

15 Rabi' Al-Thani 1445H (30 October 2023)  
Riyadh, Kingdom of Saudi Arabia

**ETIHAD ATHEEB TELECOMMUNICATION COMPANY**  
(A Saudi Joint Stock Company)  
**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION**  
As of September 30, 2023  
(Saudi Riyal)

		As of	
		September 30, 2023	March 31, 2023
	Note	(Unaudited)	(Audited)
<b>Assets</b>			
<b>Non-current assets</b>			
Property and equipment, net	5	115,131,222	121,102,959
Intangible assets, net	6	321,087,151	321,451,140
Right of use assets, net	7-1	94,937,697	106,172,751
Work in progresses	8	28,388,787	25,545,070
<b>Total non-current assets</b>		<b>559,544,857</b>	<b>574,271,920</b>
<b>Current assets</b>			
Inventories, net		25,058,427	16,607,992
Trade receivables, net	9	284,555,214	201,354,313
Contract assets		13,022,903	13,112,278
Other current assets	10	29,151,022	28,402,435
Cash and cash equivalents		92,615,735	53,062,659
<b>Total current assets</b>		<b>444,403,301</b>	<b>312,539,677</b>
<b>Total assets</b>		<b>1,003,948,158</b>	<b>886,811,597</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share capital	1-a	89,999,000	89,999,000
Statutory reserve		4,246,824	4,246,824
Retained earnings		122,327,823	21,829,687
<b>Total owners' equity</b>		<b>216,573,647</b>	<b>116,075,511</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Long term accounts payable	11	143,665,262	151,905,754
Non-current portion of lease liabilities	7-2	58,458,739	91,896,604
Employees' defined benefit obligation		8,988,955	8,069,431
Decommissioning provision		3,529,000	3,463,393
<b>Total non-current liabilities</b>		<b>214,641,956</b>	<b>255,335,182</b>
<b>Current liabilities</b>			
Accounts payable	11	326,818,347	220,801,712
Other current liabilities	12	159,201,227	190,738,182
Current portion of lease liabilities	7-2	59,723,828	56,102,468
Contract liabilities		26,120,287	45,653,361
Provision for zakat and tax	13	868,866	2,105,181
<b>Total current liabilities</b>		<b>572,732,555</b>	<b>515,400,904</b>
<b>Total liabilities</b>		<b>787,374,511</b>	<b>770,736,086</b>
<b>Total owners' equity and liabilities</b>		<b>1,003,948,158</b>	<b>886,811,597</b>

The accompanying notes from (1) to (26) form an integral part of these financial statements

Yahya Hish 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)

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

For The Three Month and Six Month Periods Ended September 30, 2023

(Saudi Riyal)

	Note	For The Three Month Period Ended September 30,		For The Six Month Period Ended September 30,	
		2023 (Unaudited)	2022 (Unaudited)	2023 (Unaudited)	2022 (Unaudited)
Revenue	14	237,889,258	148,022,587	444,222,178	288,504,174
Cost of revenue	15	(160,387,385)	(104,898,397)	(296,056,062)	(207,840,029)
<b>Gross profit</b>		<b>77,501,873</b>	<b>43,124,190</b>	<b>148,166,116</b>	<b>80,664,145</b>
Selling and marketing expenses	16	(9,735,278)	(16,664,532)	(25,360,313)	(33,689,195)
General and administrative expenses	17	(16,663,330)	(15,934,463)	(34,602,754)	(31,326,289)
Impairment loss on trade receivables and contract assets, net		(2,797,264)	(3,307,057)	(4,109,718)	(6,672,474)
Other income, net		4,459,924	3,759,735	4,484,214	5,205,983
<b>Operating profit</b>		<b>52,765,925</b>	<b>10,977,873</b>	<b>88,577,545</b>	<b>14,182,170</b>
Finance income (cost), net	18	(4,871,756)	(4,343,805)	11,920,591	(9,215,925)
<b>Profit before zakat and income tax</b>		<b>47,894,169</b>	<b>6,634,068</b>	<b>100,498,136</b>	<b>4,966,245</b>
Zakat and income tax	13	-	-	-	-
<b>Net profit for the period</b>		<b>47,894,169</b>	<b>6,634,068</b>	<b>100,498,136</b>	<b>4,966,245</b>
<b>Other comprehensive income:</b>					
<i>Items that will not be reclassified to profit or loss in subsequent periods:</i>					
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>47,894,169</b>	<b>6,634,068</b>	<b>100,498,136</b>	<b>4,966,245</b>
<b>Earnings per share – basic and diluted</b>	19	<b>5.32</b>	<b>0.74</b>	<b>11.17</b>	<b>0.55</b>

The accompanying notes from (1) to (26) form an integral part of these financial statements

Yahya Saleh Al Mansour  
Chief Executive Officer

Mahmoud Al Abdullah  
Acting Chief Financial Officer

Dr. Eisa Baiea  
Chairman



**ETIHAD ATHEEB TELECOMMUNICATION COMPANY**  
(A Saudi Joint Stock Company)  
**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY**  
For The Six Months Period Ended September 30, 2023  
(Saudi Riyal)

	Share capital	Statutory Reserve	Retained earnings (Accumulated losses)	Total Owners' Equity
Balance at April 1, 2022 (Audited)	89,999,000	-	(16,003,184)	73,995,816
Net profit for the period	-	-	4,966,245	4,966,245
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive loss for the year</b>	-	-	4,966,245	4,966,245
<b>Balance at September 30, 2022 (Unaudited)</b>	<b>89,999,000</b>	<b>-</b>	<b>(11,036,939)</b>	<b>78,962,061</b>

	Share capital	Statutory Reserve	Retained earnings	Total Owners' Equity
Balance at 1 April 2023 (Audited)	89,999,000	4,246,824	21,829,687	116,075,511
Net profit for the period	-	-	100,498,136	100,498,136
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>100,498,136</b>	<b>100,498,136</b>
<b>Balance at September 30, 2023 (Unaudited)</b>	<b>89,999,000</b>	<b>4,246,824</b>	<b>122,327,823</b>	<b>216,573,647</b>

The accompanying notes from (1) to (26) form an integral part of these financial statements

Yahya Saleh Al Mansour  
Chief Executive Officer

Mahmoud Al Abdullah  
Acting Chief Financial Officer



Dr. Eisa Baelisa  
Chairman



**ETIHAD ATHEEB TELECOMMUNICATION COMPANY**  
(A Saudi Joint Stock Company)  
**INTERIM CONDENSED STATEMENT OF CASH FLOWS**  
For The Six Months Period Ended September 30, 2023  
(Saudi Riyal)

	Note	For The Six Months Period Ended September 30,	
		2023	2022
<b>Cash flows from operating activities</b>			
Profit / (loss) before zakat and income tax		100,498,136	4,966,245
<b>Adjustments:</b>			
Depreciation and amortization	5,6,7	30,450,426	30,153,635
Finance income (cost), net	18	(11,920,591)	9,215,925
Lease agreement settlement against other income		54,075	(183,357)
Impairment loss on trade receivables and contract assets		4,109,718	6,672,474
Gain from disposal of lease contracts		-	(393,501)
Gain from disposal of intangible assets		(277,653)	-
Current service cost of employees' defined benefit obligation		807,591	627,498
		<b>123,721,702</b>	<b>51,058,919</b>
<b>Changes in working capital:</b>			
Inventories		(8,450,435)	(5,280,901)
Trade receivables and contract assets		(87,221,244)	(58,527,606)
Other current assets		(748,587)	(322,214)
Accounts payable		95,248,143	(6,783,286)
Other current liabilities		(31,536,955)	11,376,178
Contract liabilities		(19,533,074)	(2,791,283)
		<b>71,479,550</b>	<b>(11,270,193)</b>
Finance costs paid	18	(1,429,208)	(587,013)
Employees' defined benefit obligation paid		(32,743)	(1,156,619)
Zakat Paid	13	(1,236,315)	(11,124,273)
<b>Net cash generated from (used in) operating activities</b>		<b>68,781,284</b>	<b>(24,138,098)</b>
<b>Cash flows from investing activities</b>			
Additions to property and equipment	5	(1,629,993)	(8,739,033)
Additions to intangible assets	6	(13,500,000)	-
Additions to work in progress	8	(2,843,717)	-
<b>Net cash (used in) investing activities</b>		<b>(17,973,710)</b>	<b>(8,739,033)</b>
<b>Cash flows from financing activities</b>			
Payment of lease liabilities		(11,254,498)	(15,104,041)
<b>Net cash (used in) financing activities</b>		<b>(11,254,498)</b>	<b>(15,104,041)</b>
<b>Increase (decrease) in cash and cash equivalents</b>		<b>39,553,076</b>	<b>(47,981,172)</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>92,615,735</b>	<b>35,275,380</b>

The accompanying notes (1) to (26) form an integral part of these financial statements

Yahya 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)  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
For The Three Month and The Six Month Periods Ended September 30, 2023  
(Saudi Riyal)

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**1. ORGANIZATION AND 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 Company's financial statements include the Company's main commercial registration and the following branches:

Branch	CR number
Jeddah branch	4030197139
Khobar 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'I 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 20 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 from January 1<sup>st</sup>, 2010.



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

**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 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, and till the date of these accompanying financials, the legal approvals were not received yet.

**b) Going concern:**

The Condensed Interim statement of financial position as at September 30, 2023 shows current liabilities exceeded its current assets by SAR 128.3 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 12.35 million Saudi Riyals has been paid as of September 30, 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 4 million Saudi Riyals has been paid as of September 30, 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)
- 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 September 30, 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

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- 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

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.

If for any reason the Company is not able to continue as a going concern, this may have an impact on the Company's ability to realize assets at their recognized value and settle liabilities in the ordinary course of business for the amounts stated in the 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. NEW STANDARDS, AMENDMENT TO STANDARDS AND INTERPRETATIONS**

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 financial statements.

## **4. SIGNIFICANT ACCOUNTING JUDGMENTS AND KEY SOURCES OF UNCERTAINTY 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 or 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 hypotheses 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 annual financial statements as of March 31, 2023 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).

**ETIHAD ATHEEB TELECOMMUNICATION COMPANY**  
(A Saudi Joint Stock Company)  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
For The Three Month and The Six Month Periods Ended September 30, 2023  
(Saudi Riyal)

**5. PROPERTY AND EQUIPMENT, NET**

- During the six months period ended September 30, 2023, the Company purchased a property plants and equipment at a cost of SAR 1.63 million (For the six months period ended September 30, 2022: SAR 8.73 million).
- During the six months period ended September 30, 2023, depreciation expense amounted to SAR 7.6 million (for the six months period ended September 30, 2022: SAR 7.7 million).
- During the six months period ending September 30, 2023, the Company capitalized the salaries of the internal technicians in the amount of SAR Zero (For the six months ended September 30, 2022: SAR 0.70 million).
- During the six months period ended September 30, 2023, the Company transferred spare parts by the amount of SAR Zero from inventory to property and equipment (For the six months ended September 30, 2022: SR 6.71 million).

**6. INTANGIBLE ASSETS, NET**

- During the six months period ended September 30, 2023, the Company purchased intangible assets at a cost of SAR 13.5 million (For the six months period ended September 30, 2022: SAR Zero).
- During the six months period ended September 30, 2023, disposals amounted to SAR 2.53 million (For the six months period ended September 30, 2022: SAR Zero). The gain from disposal for the six months period ended September 30, 2023 amounted to 0.28 million (for the six months period ended September 30, 2022: zero Saudi Riyal).
- During the six months period ended September 30, 2023, amortization expense amounted to SAR 11.61 million (For the six months period ended September 30, 2022: SAR 11.54 million).

**7. LEASING**

**7.1 Right of Use Assets, NET**

- During the six months period ended September 30, 2023, the Company added right of use assets in the amount of SAR Zero (For the six months period ended September 30, 2022: SAR 5.13million).
- During the six months period ended September 30, 2023, amortization expense amounted to SAR 11.24 million (For the six months period ended September 30, 2022: SAR 10.92 million).

**7.2 Lease Liability**

	As of	
	September 30, 2023 (Unaudited)	March 31, 2023 (Audited)
Current portion	59,723,828	56,102,468
Non-current portion	58,458,739	91,896,604
	<u>118,182,567</u>	<u>147,999,072</u>

- The interest cost on lease liabilities for the six months period ended September 30, 2023 amounted to SAR 1.85 million, which was included in financing costs (For the six months period ended September 30, 2022, amount to SAR 3.25 million).

**8. WORK IN PROGRESSES**

Work in progresses represent existing projects related to projects 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.

- During the six months period ended September 30, 2023, the Company added amount of SAR 2.84 million to the work in progresses (For the six months period ended September 30, 2022: SAR zero).

**9. TRADE RECEIVABLES, NET**

	Note	As of	
		September 30, 2023 (Unaudited)	March 31, 2023 (Audited)
Trade receivables-Private Sector		294,622,358	226,023,179
Trade receivables-Government Sector		100,864,054	81,961,815
Trade receivables-Related Parties	22	524,025	670,582
<b>Total</b>		<u>396,010,437</u>	<u>308,655,576</u>
Less: Provision of impairment loss on trade receivable	9.1	<u>(111,455,223)</u>	<u>(107,301,263)</u>
		<u>284,555,214</u>	<u>201,354,313</u>

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9.1 Movement on Impairment loss provision on trade receivable is as follows:

	As of	
	September 30, 2023 (Unaudited)	March 31, 2023 (Audited)
Balance at beginning of the period/ year	107,301,263	111,082,785
Charge (reverse) for the period/ year	4,153,960	(3,781,522)
Balance at end of the period/ year	111,455,223	107,301,263

**10. OTHER CURRENT ASSETS**

	As of	
	September 30, 2023 (Unaudited)	March 31, 2023 (Audited)
Margins held by banks against letters of guarantee issued	19,514,863	22,921,235
Advances to suppliers	8,939,000	3,868,130
Advances to employees	456,980	444,110
Prepaid expenses	240,179	1,168,960
	29,151,022	28,402,435

**11. ACCOUNTS PAYABLE**

	As of	
	September 30, 2023 (Unaudited)	March 31, 2023 (Audited)
Accounts payable - with deferred payment agreements	208,736,317	216,976,809
Accounts payable - Other	261,747,292	155,730,657
Balance at the end of the year	470,483,609	372,707,466

**Current-portion**

Accounts payable - with deferred payment agreements	65,071,055	65,071,055
Accounts payable - Other	261,747,292	155,730,657
	326,818,347	220,801,712

**Non-current portion**

Accounts payable - with deferred payment agreements	143,665,262	151,905,754
	470,483,609	372,707,466

11.1 Movement in non-current portion is as follows:

	As of	
	September 30, 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	(21,707,376)	(1,727,868)
Paid during period/year	(56,702,417)	(56,410,155)
Unwinding of discount during the period/year	6,292,446	9,707,730
Balance at end of the period/year	208,736,317	216,976,809

**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 IFRS 9 (Note 1.b).

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**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 IFRS 9 (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	
	September 30, 2023 (Unaudited)	March 31, 2023 (Audited)
Accrued expenses and other suppliers	88,074,946	51,492,320
Government fees	63,745,855	116,588,978
Employees' related expenses board members	7,380,426	22,656,884
	<b>159,201,227</b>	<b>190,738,182</b>

**13. PROVISION FOR ZAKAT AND TAX**

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

	As of	
	September 30, 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>

**The breakdown of Zakat paid is as follows:**

Zakat settlement payments during the period/year	1,236,315	12,509,367
The zakat charged for the previous years and paid during the period/year	-	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

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pay SAR 20.85 million for the years 2014, 2015, 2016, 2017, and 2018, the Company accepted the proposal and paid the settlement amount in full over a 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.

#### **14. REVENUE**

##### **14.1 Revenue per Service**

	<b>For The Six Months Ended September 30,</b>	
	<b>2023</b>	<b>2022</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Data and internet revenue	282,843,823	217,475,823
Voice revenue	76,148,449	15,408,668
Interconnection revenue	72,728,489	55,619,683
Enterprise solutions revenue	12,501,417	-
	<b>444,222,178</b>	<b>288,504,174</b>

##### **14.2 Timing of revenue recognition**

	<b>For The Six Months Ended September 30,</b>	
	<b>2023</b>	<b>2022</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Recognized over time	436,250,225	275,301,851
At a point in time	7,971,953	13,202,323
	<b>444,222,178</b>	<b>288,504,174</b>

#### **15. COST OF REVENUE**

	<b>For The Six Months Ended September 30,</b>	
	<b>2023</b>	<b>2022</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Capacity lease charges	97,128,650	74,073,229
Interconnection cost	74,762,015	52,928,213
Inventory consumption and installation	43,469,859	19,946,089
Government fees	30,637,438	20,273,531
Depreciation and amortization	22,589,632	22,583,935
Employees' costs	17,282,596	11,243,063
Network maintenance and support	3,881,404	2,384,940
Cloud storage and servers	2,003,779	1,626,957
Other	4,300,689	2,780,072
	<b>296,056,062</b>	<b>207,840,029</b>

#### **16. SELLING AND MARKETING EXPENSES**

	<b>For The Six Months Ended September 30,</b>	
	<b>2023</b>	<b>2022</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Employees' costs	14,878,159	12,154,396
Dealers' commission	6,256,819	16,828,599
Marketing and advertising cost	2,131,581	3,144,940
Customer care	1,860,958	1,373,952
Other	232,796	187,308
	<b>25,360,313</b>	<b>33,689,195</b>



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**17. GENERAL AND ADMINISTRATIVE EXPENSES**

	For The Six Months Ended September 30,	
	2023	2022
	(Unaudited)	(Unaudited)
Employees' costs	15,072,953	13,943,534
Depreciation and amortization	7,860,794	7,569,708
Network maintenance and support	3,594,469	3,674,976
Professional and consultancy charges	2,921,928	1,509,231
Insurance expenses	1,606,663	1,500,518
Other	3,545,947	3,128,322
	<b>34,602,754</b>	<b>31,326,289</b>

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

	For The Six Months Ended September 30,	
	2023	2022
	(Unaudited)	(Unaudited)
Unwinding of discount on long term liabilities	(6,292,446)	(5,140,668)
Interest cost on lease liabilities	(1,854,849)	(3,257,554)
Other finance income	(1,429,208)	(587,011)
Interest cost on defined benefit liability	(144,675)	(167,502)
Unwinding of provision for dismantling cost	(65,607)	(63,190)
Discount income on long-term liabilities	21,707,376	-
	<b>11,920,591</b>	<b>(9,215,925)</b>

**19. EARNINGS / (LOSS) PER SHARE**

	For The Six Months Ended September 30,	
	2023	2022
	(Unaudited)	(Unaudited)
Net profit for the period	100,498,136	4,966,245
Weighted average number of shares for the period	8,999,900	8,999,900
Basic and diluted earnings per share	11.17	0.55

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**

**Contingencies**

**Letter of guarantees**

The Company has outstanding letters of guarantees as of September 30, 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, and the 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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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 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 September 30, 2023 (Unaudited)</b>			
	<u>Voice</u>	<u>Data</u>	<u>Unallocated</u>	<u>Total</u>
<b>Segment assets</b>				
Property and equipment	3,006,285	112,124,937	-	115,131,222
Intangible assets	8,384,169	312,702,982	-	321,087,151
Right of use assets	2,478,996	92,458,701	-	94,937,697
<b>Total assets</b>	<b>177,913,846</b>	<b>826,034,312</b>	<b>-</b>	<b>1,003,948,158</b>
<b>Total liabilities</b>	<b>314,467,278</b>	<b>472,907,233</b>	<b>-</b>	<b>787,374,511</b>

	<b>For The Three Months Period Ended September 30, 2023 (Unaudited)</b>			
	<u>Voice</u>	<u>Data</u>	<u>Unallocated</u>	<u>Total</u>
<b>Segment revenue and costs</b>				
Revenue	92,510,019	145,379,239	-	237,889,258
Cost of revenue	(6,398,064)	(153,989,321)	-	(160,387,385)
<b>Gross profit</b>	<b>86,111,955</b>	<b>(8,610,082)</b>		<b>77,501,873</b>
Selling and marketing expenses	-	-	(9,735,278)	(9,735,278)
Impairment loss on trade receivables and contract assets	-	-	(2,797,264)	(2,797,264)
General and administrative expenses	-	-	(16,663,330)	(16,663,330)
Other income, net	-	-	4,459,924	4,459,924
Finance cost, net	-	-	(4,871,756)	(4,871,756)
Zakat and income tax	-	-	-	-
<b>Net profit (loss)</b>	<b>86,111,955</b>	<b>(8,610,082)</b>	<b>(29,607,704)</b>	<b>47,894,169</b>

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For The Six Months Period Ended September 30, 2023 (Unaudited)				
	<u>Voice</u>	<u>Data</u>	<u>Unallocated</u>	<u>Total</u>
<b>Segment revenue and costs</b>				
Revenue	121,538,192	322,683,986	-	444,222,178
Cost of revenue	(11,810,066)	(284,245,996)	-	(296,056,062)
<b>Gross profit</b>	<b>109,728,126</b>	<b>38,437,990</b>	<b>-</b>	<b>148,166,116</b>
Selling and marketing expenses	-	-	(25,360,313)	(25,360,313)
Impairment loss on trade receivables and contract assets	-	-	(4,109,718)	(4,109,718)
General and administrative expenses	-	-	(34,602,754)	(34,602,754)
Other income, net	-	-	4,484,214	4,484,214
Finance cost, net	-	-	11,920,591	11,920,591
Zakat and income tax	-	-	-	-
<b>Net profit (loss)</b>	<b>109,728,126</b>	<b>38,437,990</b>	<b>(47,667,980)</b>	<b>100,498,136</b>

As of March 31, 2023 (Audited)				
	<u>Voice</u>	<u>Data</u>	<u>Unallocated</u>	<u>Total</u>
<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>-</b>	<b>757,610,946</b>	<b>886,811,597</b>
<b>Total liabilities</b>	<b>281,787,840</b>	<b>-</b>	<b>488,948,246</b>	<b>770,736,086</b>

For The Three Months Period Ended September 30, 2022 (Unaudited)				
	<u>Voice</u>	<u>Data</u>	<u>Unallocated</u>	<u>Total</u>
<b>Segment revenue and costs</b>				
Revenue	35,628,620	112,393,967	-	148,022,587
Cost of revenue	(4,184,535)	(100,713,862)	-	(104,898,397)
<b>Gross profit</b>	<b>31,444,085</b>	<b>11,680,105</b>	<b>-</b>	<b>43,124,190</b>
Selling and marketing expenses	-	-	(16,664,532)	(16,664,532)
Impairment loss on trade receivables and contract assets	-	-	(3,307,057)	(3,307,057)
General and administrative expenses	-	-	(15,934,463)	(15,934,463)
Other income	-	-	3,759,735	3,759,735
Finance income, net	-	-	(4,343,805)	(4,343,805)
Zakat and income tax	-	-	-	-
<b>Net profit</b>	<b>31,444,085</b>	<b>11,680,105</b>	<b>(36,490,122)</b>	<b>6,634,068</b>

For The Six Months Period Ended September 30, 2022 (Unaudited)				
	<u>Voice</u>	<u>Data</u>	<u>Unallocated</u>	<u>Total</u>
<b>Segment revenue and costs</b>				
Revenue	71,028,352	217,475,822	-	288,504,174
Cost of revenue	(8,291,012)	(199,549,017)	-	(207,840,029)
<b>Gross profit</b>	<b>62,737,340</b>	<b>17,926,805</b>	<b>-</b>	<b>80,664,145</b>
Selling and marketing expenses	-	-	(33,689,195)	(33,689,195)
Impairment loss on trade receivables and contract assets	-	-	(6,672,474)	(6,672,474)
General and administrative expenses	-	-	(31,326,289)	(31,326,289)
Other income	-	-	5,205,983	5,205,983
Finance income, net	-	-	(9,215,925)	(9,215,925)
Zakat and income tax	-	-	-	-
<b>Net profit (loss)</b>	<b>62,737,340</b>	<b>17,926,805</b>	<b>(75,697,900)</b>	<b>4,966,245</b>

**Information about geographical segmentation**

For The Six Months Ended September 30,	
2023	2022
(Unaudited)	(Unaudited)
Inside Kingdom of Saudi Arabia	379,799,244
Outside Kingdom of Saudi Arabia	64,422,934
	444,222,178
	288,504,174

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**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 Sep 30,	
<u>Related parties name</u>	<u>Relationship</u>	<u>Nature of transaction</u>	2023 (Unaudited)	2022 (Unaudited)
Bahrain	Shareholder	Data revenue	395,804	440,464
Telecommunication		Interconnection revenue	67,568	67,568
Company		Interconnection cost	543,930	532,628
			For The six Months Period Ended Sep 30,	
<u>Related parties name</u>	<u>Relationship</u>	<u>Nature of transaction</u>	2023 (Unaudited)	2022 (Unaudited)
Bahrain	Shareholder	Data revenue	799,046	898,967
Telecommunication		Interconnection revenue	135,144	135,200
Company		Interconnection cost	1,080,747	1,274,711

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

		As of	
<u>Due from related party</u>	<u>Relationship</u>	September 30, 2023 (Unaudited)	March 31, 2023 (Audited)
Bahrain Telecommunications Company	Shareholder	524,025	670,582

Transactions with key management personnel:

			For The Six Months Period Ended September 30,	
			2023 (Unaudited)	2022 (Unaudited)
Short-term employee benefits			3,867,048	3,790,088
End of service			399,972	79,529
			4,267,020	3,869,617

**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.

**ETIHAD ATHEEB TELECOMMUNICATION COMPANY**  
(A Saudi Joint Stock Company)  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
For The Three Month and The Six Month Periods Ended September 30, 2023  
(Saudi Riyal)

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

<b>As of September 30, 2023 (Unaudited)</b>				
	<b>Book value</b>	<b>Fair value</b>		
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>SAR</b>				
<b>Financial Liabilities</b>				
Long term accounts payable	143,665,262	-	-	185,780,525
<b>As of March 31, 2023 (Audited)</b>				
	<b>Book value</b>	<b>Fair value</b>		
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>SAR</b>				
<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.

The book value of the financial assets and financial liabilities stated in the Company's financial statements approximates their fair values.

Describe the significant unobservable inputs to be evaluated:

<b>Type of financial instrument</b>	<b>Fair value as of September 30, 2023</b>	<b>Valuation technique</b>	<b>Unobservable inputs</b>	<b>Value sensitivity of the fair measurement to unobservable inputs</b>
Long term payables	185,780,525	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 4.3 million

## **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**

	<b>Impact of reclassification</b>		
	<b>As previously reported</b>	<b>Reclassification</b>	<b>Reclassified</b>
Other current assets	53,947,505	(25,545,070)	28,402,435
Work in Progress	-	25,545,070	25,545,070

**25. SUBSEQUENT EVENTS**

The Company has signed an agreement with TAWAL Company to settle all balances and dues between the two parties related to the telecommunications towers sharing agreement for the period extending from the beginning of the dealings between the two parties until the date of October 31, 2023. The agreement includes the following:

- 1- It was agreed that the settlement amount until October 31, 2023, would be 48 million Saudi Riyals in favor of TAWAL Company, divided into the following:
  - Transferring the ownership of the telecommunications towers, starting from the effective date of this settlement to the benefit of Etihad Atheeb Telecommunications Company for an amount of 30 million Saudi riyals.
  - Paying an amount of 18 million Saudi riyals in exchange for all obligations related to the sites sharing agreement.
  - Cancellation of the previous sites sharing agreement starting from the effective date of the settlement.
- 2- If the settlement amounts as mentioned above is not paid during the grace period, this agreement will be considered void, and Etihad Atheeb Telecommunications Company is required to pay the total amount due for the site sharing agreement, amounting to 54 million Saudi Riyals, in favor of TAWAL Company and the sites, including all its active and passive equipment and components shall be returned to TAWAL.

Based on management opinion, there are no other material subsequent events that may require disclosure or amendment in these condensed interim financial statements and not disclosed.

**26. APPROVAL OF THE FINANCIAL STATEMENTS**

These financial statements were authorized for issue by the Board of Directors on 15 Rabi' Al-Thani (Corresponding to October 30, 2023).