



**ETIHAD ETISALAT COMPANY**  
(A Saudi Joint Stock Company)  
**CONDENSED CONSOLIDATED**  
**INTERIM FINANCIAL STATEMENTS (Unaudited)**  
**For the three -month period ended 31 March 2023**  
Together with  
**Independent Auditor's Review Report**

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Headquarters in Riyadh

## كي بي إم جي للاستشارات المهنية

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

المركز الرئيسي في الرياض

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

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

## Introduction

We have reviewed the accompanying 31 March 2023 condensed consolidated interim financial statements of Etihad Etisalat Company ("the Company") and its subsidiaries ("the Group") which comprise:

- the condensed consolidated interim statement of financial position as at 31 March 2023;
- the condensed consolidated interim statement of profit or loss for the three-month period ended 31 March 2023;
- the condensed consolidated interim statement of comprehensive income for the three-month period ended 31 March 2023;
- the condensed consolidated interim statement of changes in equity for the three-month period ended 31 March 2023;
- the condensed consolidated interim statement of cash flows for the three-month period ended 31 March 2023; and
- the notes to the condensed consolidated interim financial statements.

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

## Scope of review

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

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

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

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 31 March 2023 condensed consolidated interim financial statements of Etihad Etisalat Company and its subsidiaries are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

## KPMG Professional Services



**Dr. Abdullah Hamad Al Fozan**  
License No. 348

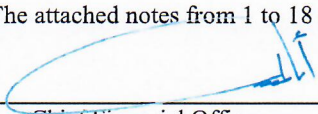
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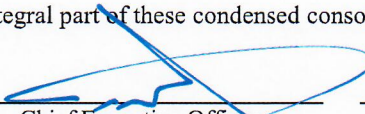


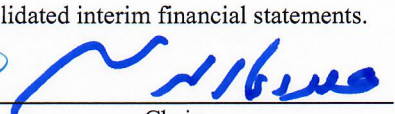
Etihad Etisalat Company (A Saudi Joint Stock Company)  
Condensed consolidated interim statement of financial position  
As at 31 March 2023  
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Notes	31 March 2023 (Unaudited)	31 December 2022 (Audited)
<b>Assets</b>			
<b>Non-current assets</b>			
Property and equipment	5	19,038,664	19,507,574
Intangible assets	6	7,525,930	7,607,659
Right of use assets	7	2,624,183	2,703,004
Investment in joint venture		14,838	9,474
Contract costs		19,132	29,155
Contract assets		98,908	80,132
Financial and other assets		103,510	115,812
<b>Total non-current assets</b>		<b>29,425,165</b>	<b>30,052,810</b>
<b>Current assets</b>			
Inventories		241,021	109,047
Contract costs		371,101	378,728
Contract assets		792,796	830,400
Accounts receivable	8	5,190,621	4,928,663
Due from related parties	9	173,698	169,660
Financial and other assets		469,653	458,622
Short term Murabaha		1,879,800	2,013,500
Cash and cash equivalents		1,101,461	827,725
<b>Total current assets</b>		<b>10,220,151</b>	<b>9,716,345</b>
<b>Total assets</b>		<b>39,645,316</b>	<b>39,769,155</b>
<b>Shareholders' equity and liabilities</b>			
<b>Shareholders' equity</b>			
Share capital	1	7,700,000	7,700,000
Statutory reserve		2,648,971	2,648,971
Other reserves		70,380	90,075
Retained earnings		6,393,345	5,919,489
<b>Total shareholders' equity</b>		<b>16,812,696</b>	<b>16,358,535</b>
<b>Non-current liabilities</b>			
Borrowings		7,775,466	8,310,441
Lease liabilities		2,068,401	2,211,375
Provision for end of service benefits		500,716	501,802
Provision for decommissioning		192,860	190,543
Contract liabilities		274,618	280,515
Financial and other liabilities		226,315	260,425
<b>Total non-current liabilities</b>		<b>11,038,376</b>	<b>11,755,101</b>
<b>Current liabilities</b>			
Borrowings		1,223,514	1,313,399
Lease liabilities		1,140,485	1,009,659
Accounts payable		4,636,769	4,531,738
Contract liabilities		739,946	694,956
Due to related parties	9	192,095	161,127
Accrued expenses		2,632,363	2,873,311
Provisions		877,705	827,067
Zakat and income tax		194,889	152,562
Financial and other liabilities		156,478	91,700
<b>Total current liabilities</b>		<b>11,794,244</b>	<b>11,655,519</b>
<b>Total liabilities</b>		<b>22,832,620</b>	<b>23,410,620</b>
<b>Total shareholders' equity and liabilities</b>		<b>39,645,316</b>	<b>39,769,155</b>

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

  
Chief Financial Officer

  
Chief Executive Officer


  
Chairman



Etihad Etisalat Company (A Saudi Joint Stock Company)  
Condensed consolidated interim statement of profit or loss (unaudited)  
For the three-month period ended 31 March 2023  
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Notes	For the three-month period ended 31 March 2023	For the three-month period ended 31 March 2022
Revenue	11	4,051,238	3,811,008
Cost of revenue		(1,745,536)	(1,573,424)
<b>Gross profit</b>		<b>2,305,702</b>	<b>2,237,584</b>
<b>Operating expenses</b>			
Selling and marketing expenses		(342,910)	(359,800)
General and administrative expenses		(371,589)	(374,955)
Impairment on accounts receivable and contract assets		(37,574)	(64,318)
Depreciation and amortization	5,6,7	(926,590)	(977,616)
<b>Total operating expenses</b>		<b>(1,678,663)</b>	<b>(1,776,689)</b>
<b>Operating profit</b>		<b>627,039</b>	<b>460,895</b>
<b>Other income and expenses</b>			
Share in profit of joint venture		5,364	1,928
Finance income		33,467	4,617
Finance expenses		(172,326)	(124,726)
Other income, net		13,685	7,256
<b>Total other expenses</b>		<b>(119,810)</b>	<b>(110,925)</b>
<b>Net profit before zakat and income tax</b>		<b>507,229</b>	<b>349,970</b>
Zakat and income tax		(42,311)	(30,943)
<b>Net profit</b>		<b>464,918</b>	<b>319,027</b>
<b>Earnings per share:</b>			
Basic and diluted earnings per share (in SR)	12	<b>0.60</b>	<b>0.41</b>

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Chief Financial Officer

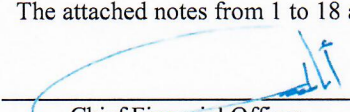
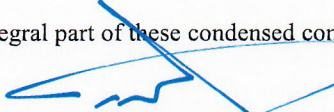

  
Chief Executive Officer

  
Chairman

Etihad Etisalat Company (A Saudi Joint Stock Company)  
Condensed consolidated interim statement of comprehensive income (unaudited)  
For the three-month period ended 31 March 2023  
(All amounts in Saudi Riyals thousands unless otherwise stated)

	For the three-month period ended 31 March 2023	For the three-month period ended 31 March 2022
Net profit	464,918	319,027
<b><u>Items that will not be reclassified subsequently to profit or loss:</u></b>		
Actuarial remeasurement of end of service benefits	8,938	(1,140)
Change in fair value of equity investments	(550)	12,500
<b>Total items that will not be reclassified subsequently to profit or loss</b>	<b>8,388</b>	<b>11,360</b>
<b><u>Items that will be reclassified subsequently to profit or loss:</u></b>		
Exchange differences on translation of foreign operations	327	(806)
Cash flow hedge - change in fair value	6,039	66,540
Cash flow hedge - reclassified to profit or loss	(25,511)	8,708
<b>Total items that will be reclassified subsequently to profit or loss</b>	<b>(19,145)</b>	<b>74,442</b>
<b>Total other comprehensive income</b>	<b>(10,757)</b>	<b>85,802</b>
<b>Total comprehensive income</b>	<b>454,161</b>	<b>404,829</b>


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

 Chief Financial Officer
 Chief Executive Officer
 Chairman

Etihad Etisalat Company (A Saudi Joint Stock Company)  
Condensed consolidated interim statement of changes in shareholders' equity (unaudited)  
For the three-month period ended 31 March 2023  
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Share capital	Statutory reserve	Other reserves	Retained earnings	Total shareholders' equity
Balance As at 1 January 2023	7,700,000	2,648,971	90,075	5,919,489	16,358,535
Net profit	-	-	-	464,918	464,918
Other comprehensive income / (loss) for the period	-	-	(19,695)	8,938	(10,757)
Total comprehensive income	-	-	(19,695)	473,856	454,161
<b>Balance As at 31 March 2023</b>	<b>7,700,000</b>	<b>2,648,971</b>	<b>70,380</b>	<b>6,393,345</b>	<b>16,812,696</b>
Balance As at 1 January 2022	7,700,000	2,648,971	(36,988)	4,884,263	15,196,246
Net profit	-	-	-	319,027	319,027
Other comprehensive income / (loss) for the period	-	-	86,942	(1,140)	85,802
Total comprehensive income	-	-	86,942	317,887	404,829
Balance As at 31 March 2022	7,700,000	2,648,971	49,954	5,202,150	15,601,075

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

  
Chief Financial Officer

  
Chief Executive Officer


  
Chairman




Etihad Etisalat Company (A Saudi Joint Stock Company)  
Condensed consolidated interim statement of cash flows (unaudited)  
For the three-month period ended 31 March 2023  
(All amounts in Saudi Riyals thousands unless otherwise stated)

	For the three-month period ended 31 March 2023	For the three-month period ended 31 March 2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the year	464,918	319,027
<b>Adjustments:</b>		
Depreciation and amortization	926,590	977,616
Impairment loss on accounts receivable and contract assets	37,574	64,318
Provision for end of service benefits	17,046	15,606
Provisions	56,207	140,680
Share in profit of joint venture	(5,364)	(1,928)
Finance income	(33,467)	(4,617)
Finance costs	172,326	124,726
Zakat and income tax	42,311	30,943
Others	(4,805)	(3,112)
<b>Changes in:</b>		
Inventories	(131,979)	(38,354)
Contract costs	17,650	53,155
Contract assets	19,154	(99,761)
Accounts receivable	(288,029)	(507,349)
Due from related parties	(4,038)	(15,634)
Financial assets and others	(15,864)	38,439
Accounts payable	512,966	379,212
Contract liabilities	39,093	(10,068)
Due to related parties	30,968	(63,368)
Accrued expenses	(225,804)	136,187
Provisions	(5,569)	(11,541)
Financial liabilities and others	64,505	(72,191)
<b>Cash generated from operating activities</b>	<b>1,686,389</b>	<b>1,451,986</b>
End of service benefits paid	(9,194)	(11,459)
Finance costs paid	(139,694)	(76,844)
Zakat and income tax paid	(733)	(809)
<b>Net cash generated from operating activities</b>	<b>1,536,768</b>	<b>1,362,874</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payment of property and equipment	(617,142)	(745,333)
Payment of intangible assets	(46,901)	(38,839)
Proceeds from sale of property and equipment	2	15
Short term Murabaha	133,700	(280,000)
Finance income received	19,577	3,261
<b>Net cash used in investing activities</b>	<b>(510,764)</b>	<b>(1,060,896)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of borrowings	(635,291)	(459,154)
Payment of lease liabilities	(116,977)	(166,851)
<b>Net cash used in financing activities</b>	<b>(752,268)</b>	<b>(626,005)</b>
Net changes in cash and cash equivalents	273,736	(324,027)
Cash and cash equivalents at beginning of the period	827,725	1,050,663
<b>Cash and cash equivalents at end of the period</b>	<b>1,101,461</b>	<b>726,636</b>

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

  
Chief Financial Officer

  
Chief Executive Officer

  
Chairman

## 1 CORPORATE INFORMATION

### 1.1 Etihad Etisalat Company

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

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

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

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

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

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

### 1.2 Subsidiary Companies

Below is the summary of Company’s subsidiaries and ownership percentage as at 31 March 2023:

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

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

## 2 BASIS OF ACCOUNTING

### 2.1 Statement of Compliance

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

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

These condensed consolidated interim financial statements do not include all of the information required for full annual consolidated financial statements and should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2022.

## **2 BASIS OF ACCOUNTING (CONTINUED)**

### **2.2 Basis of measurement**

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

### **2.3 Functional and presentation currency**

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

## **3 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied in preparation of these condensed consolidated interim financial statements are in accordance with International Financial Reporting Standards "IFRS" that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA which are consistent with those that were applied in preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022.

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

## **4 SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS**

The preparation of the Group's condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's annual consolidated financial statements for the year ended 31 December 2021 prepared in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA. During the three months ended 31 March 2023 the group has updated the estimates of useful life of its buildings to be depreciated from 2.5% to of 5%.

### **4.1 Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The principal or most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the condensed consolidated interim financial statements are categorized within the fair value hierarchy. This is described as follows based on the lowest level input that is significant to the fair value measurement as a whole:

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

## SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS (CONTINUED)

### 4.1 Fair value measurement (continued)

For assets and liabilities that are recognized in the condensed consolidated interim financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The Group determines the policies and procedures for both recurring fair value measurement, and for non-recurring measurement.

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

## 5 PROPERTY AND EQUIPMENT

- During the three-month period ended 31 March 2023, the Group acquired property and equipment with a cost of SR 216 million (for three-month period ended 31 March 2022: SR 220 million).
- During the three-month period ended 31 March 2023, the Group disposed of net property and equipment with a book value of SR 6 thousand (for three-month period ended 31 March 2022: SR 5 million).
- During the three-month period ended 31 March 2023, the depreciation expense amounted to SR 685 million (for three-month period ended 31 March 2022: SR 734 million). During the three-month period ended 31 March 2023, the group has updated the estimates of useful life of buildings to be depreciated from 2.5% to 5%. Accordingly, the depreciation expense for the building decreased to by SR 7 million.

## 6 INTANGIBLE ASSETS

- During the three-month period ended 31 March 2023, the additions to intangible assets amounted to SR 8 million (for the three-month period ended 31 March 2022 there was no additions in intangible assets)
- During the three-month period ended 31 March 2023, the amortization expense amounted to SR 90 million for three-month period ended 31 March 2022: SR 93 million).

## 7 RIGHT OF USE ASSETS

- During the three-month period ended 31 March 2023, the net additions to right of use assets amounted to SR 73 million (for three-month period ended 31 March 2022: SR 118 million).
- During the three-month period ended 31 March 2023, the depreciation expense amounted to SR 151 million (for three-month period ended 31 March 2022: SR 151 million).

## 8 ACCOUNTS RECEIVABLE

	<u>31 March 2023</u>	<u>31 December 2022</u>
Accounts receivable	7,085,745	6,785,886
Less: allowance for impairment loss on accounts receivable	<u>(1,895,124)</u>	<u>(1,857,223)</u>
	<u>5,190,621</u>	<u>4,928,663</u>

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

	<u>31 March 2023</u>	<u>31 December 2022</u>
Opening balance	(1,857,223)	(1,717,517)
Charge for the period / year	<u>(37,901)</u>	<u>(139,706)</u>
Closing balance	<u>(1,895,124)</u>	<u>(1,857,223)</u>



## 9 RELATED PARTIES TRANSACTIONS AND BALANCES

### 9.1 Related party transactions

The Group has the following related parties:

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

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

	<b>31 March 2023</b>	<b>31 March 2022</b>
<b>Interconnection services and roaming services rendered</b>		
Founding shareholder	<b>20,847</b>	20,621
Associates	<b>1,797</b>	683
<b>Interconnection services and roaming services received</b>		
Founding shareholder	<b>60,633</b>	58,775
Associates	<b>26,485</b>	30,954
<b>Management fees</b>		
Founding shareholder	-	(70,461)
<b>Other telecommunication services</b>		
Associates	<b>4,171</b>	1,619

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

### Compensation and benefits to key management personnel

	<b>31 March 2023</b>	<b>31 March 2022</b>
Compensation and benefits - short term	<b>41,542</b>	43,252
Compensation and benefits - post-employment	<b>974</b>	1,041
<b>Total compensation and benefits to key management personnel</b>	<b>42,516</b>	44,293

## 9 RELATED PARTIES TRANSACTIONS AND BALANCES (CONTINUED)

### 9.2 Related party balances

	31 March 2023	31 December 2022
<b>Due from related parties</b>		
Founding shareholder	138,292	135,440
Associates	4,740	3,554
Joint venture	30,666	30,666
	<u>173,698</u>	<u>169,660</u>
<b>Due to related parties</b>		
Founding shareholder	149,737	129,454
Associates	42,358	31,673
	<u>192,095</u>	<u>161,127</u>

## 10 FINANCIAL ASSETS AND LIABILITIES

### 10.1 Financial assets

	31 March 2023	31 December 2022
<b>Financial assets at fair value:</b>		
Financial assets - fair value through other comprehensive income *	9,027	9,575
Derivatives financial instruments**	117,182	136,654
<b>Total financial assets at fair value</b>	<u>126,209</u>	<u>146,229</u>
<b>Financial assets at amortized cost:</b>		
Accounts receivable	5,190,621	4,928,663
Due from related parties	173,698	169,660
Short term Murabaha	1,879,800	2,013,500
Cash and cash equivalents	1,101,461	827,725
Restricted cash	6,751	40,588
Other financial assets	95,345	93,729
<b>Total financial assets at amortized cost</b>	<u>8,447,676</u>	<u>8,073,865</u>
<b>Total financial assets</b>	<u>8,573,885</u>	<u>8,220,094</u>
Current financial assets	8,491,828	8,125,659
Non-current financial assets	82,057	94,435
<b>Total financial assets</b>	<u>8,573,885</u>	<u>8,220,094</u>

### 10.2 Financial liabilities

	31 March 2023	31 December 2022
<b>Financial liabilities at amortized cost:</b>		
Borrowings	8,998,980	9,623,840
Lease liabilities	3,208,886	3,221,034
Accounts payable	4,636,769	4,531,738
Due to related parties	192,095	161,127
Financial and other liabilities	281,561	259,485
<b>Total financial liabilities at amortized cost</b>	<u>17,318,291</u>	<u>17,797,224</u>
<b>Total financial liabilities</b>	<u>17,318,291</u>	<u>17,797,224</u>
Current financial liabilities	7,307,981	7,079,662
Non-current financial liabilities	10,010,310	10,717,562
<b>Total financial liabilities</b>	<u>17,318,291</u>	<u>17,797,224</u>

\* The fair value of these financial assets was categorized as level 3.

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

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

## 11 REVENUE

	Consumer	Business	Wholesale	Outsourcing and others	Total
<b><u>For the three-month period ended 31 March 2023</u></b>					
Usage	1,902,045	432,763	314,427	-	2,649,235
Activation and subscription fees	580,369	167,027	6,549	-	753,945
Others	278,592	212,117	46,112	111,237	648,058
	<b>2,761,006</b>	<b>811,907</b>	<b>367,088</b>	<b>111,237</b>	<b>4,051,238</b>
<b><u>For the three-month period ended 31 March 2022</u></b>					
Usage	1,912,809	340,459	316,909	-	2,570,177
Activation and subscription fees	578,420	143,559	4,421	-	726,400
Others	250,693	143,874	45,777	74,087	514,431
	<b>2,741,922</b>	<b>627,892</b>	<b>367,107</b>	<b>74,087</b>	<b>3,811,008</b>

## 12 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit by the weighted average number of common shares outstanding during the period. The diluted earnings per share is the same as the basic earnings per share as Group does not have any dilutive instruments.

	<b><u>31 March 2023</u></b>	<u>31 March 2022</u>
Profit for the period	<b>464,918</b>	319,027
Weighted average number of shares	<b>770,000</b>	770,000
Basic and diluted earnings per share (in SR)	<b><u>0.60</u></b>	<u>0.41</u>

## 13 COMMITMENTS AND CONTINGENCIES

### 13.1 Capital commitments

The Group has capital commitments resulting from contracts for supply of property and equipment with an amount of SR 1,320 million as at 31 March 2023 (31 December 2022: SR 536 million).

## 13 COMMITMENTS AND CONTINGENCIES (CONTINUED)

### 13.2 Contingent liabilities

- The Group had contingent liabilities in the form of letters of guarantee and letters of credit amounting to SR 610 million as at 31 March 2023 (31 December 2022: SR 602 million).
- The CST violation committee has issued several penalty resolutions against the Group amounting to SR 79 million as of 31 March 2023. The Group filed multiple lawsuits against CST at the Board of Grievances in order to oppose such resolutions of the CST violation committee which remains outstanding and based on the status of these lawsuits as of 31 March 2023, the Group's management believes that sufficient provisions have been recorded.
- The Group received withholding tax assessments for the years 2010 and 2011, the principal of the additional tax according to these assessments amounted to SR 142 million which have been objected to by the Group at the Preliminary and Appeal Committees. During April 2021, the Group received an unfavorable ruling from General Secretariat of Zakat, Tax and Customs Committees (GSTC) with respect to withholding tax assessments for the years 2010 and 2011 which is not consistent with the previous favorable ruling for the years 2008 and 2009. Based on that, the Group has submitted a reconsideration request to GSTC. On 23 January 2022 GSTC upheld the ruling against the Group with respect to withholding tax for the years 2010 and 2011. On 19 February 2022, the Group received notification from GSTC that ZATCA has filed appeals with the Higher Appeal Committee (HAC) against the withholding tax rulings issued for the years 2008 and 2009 in favor of the Group amounting to SR 72 million, The Group has responded to GSTC and the appeals is still under review. The Group's management believes that this ruling will not result in any additional provisions.
- The Group, in its ordinary course of business, is subject to proceedings, lawsuits and other claims. However, based on the status of these lawsuits as of 31 March 2023, the Group's management believes that sufficient provisions have been recorded.

## 14 SEGMENT INFORMATION

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

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

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

	<b>31 March 2023</b>	31 March 2022
Consumer revenue	<b>2,761,006</b>	2,741,922
Business revenue	<b>811,907</b>	627,892
Wholesale revenue	<b>367,088</b>	367,107
Outsourcing and others revenue	<b>111,237</b>	74,087
<b>Total revenue</b>	<b>4,051,238</b>	3,811,008
Total cost of revenue	<b>(1,745,536)</b>	(1,573,424)
Depreciation and amortization	<b>(926,590)</b>	(977,616)
Total other operating expense	<b>(752,073)</b>	(799,073)
Total non-operating expense	<b>(119,810)</b>	(110,925)
Zakat and income tax	<b>(42,311)</b>	(30,943)
<b>Net profit</b>	<b>464,918</b>	319,027
Capital expenditures	<b>224,377</b>	219,529



**15 SUBSEQUENT EVENT**

No material events occurred subsequent to the reporting date, which could materially affect the condensed consolidated interim financial statements, and the related disclosures for the three-month period ended 31 March 2023.

**16 DIVIDENDS**

On 19 February 2023, the Board of Directors of the Company decided to recommend to the General Assembly of the Company a dividend for the fiscal year 2022 amounting to SR 885.5 million (SR 1.15 per share, for 770 million shares). The date of payment of dividends will be determined after the approval of the company's General Assembly. There is no liability recognized in these consolidated interim financial statements in respect of these dividend

**17 COMPARATIVE FIGURES**

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

**18 APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS**

The Company's Board of Directors approved the condensed consolidated interim financial statements for the three-month period ended 31 March 2023 on 10 May 2023 (corresponding to 20 Shawwal 1444H).