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ETIHAD ATHEEB TELECOMMUNICATION COMPANY
(A Saudi Joint Stock Company)

Interim Condensed Financial Statements
For The Three Months Period Ended June 30, 2024

ETIHAD ATHEEB TELECOMMUNICATION COMPANY
(A Saudi Joint Stock Company)

Interim Condensed Financial Statements
For The Three-Month Period Ended June 30, 2024
With Independent Auditor's Report On Review Of Interim Condensed Financial Statements

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

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

Introduction

We have reviewed the interim condensed statement of financial position of **Etihad Atheeb Telecommunication Company** (the "Company") as at 30 June 2024, and the related interim condensed statement of profit or loss and other comprehensive income, statements of changes in equity and cash flows for the three-month period then ended, and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed 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 interim condensed 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 interim condensed 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 interim condensed 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.

شركة حلول كرو للاستشارات المهنية
C.R. No. 1010466353
سجل تجاري رقم ١٠١٠٤٦٦٣٥٣
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Abdullah M. Al Azem
License No. 335

22 Muharram 1446H (Corresponding to July 28, 2024).
Riyadh, Kingdom of Saudi Arabia

ETIHAD ATHEEB TELECOMMUNICATION COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
As at June 30, 2024
(Saudi Riyal)

	Note	As at June 30, 2024 (Unaudited)	As at March 31, 2024 (Audited)
Assets			
Non-current assets			
Property and equipment, net	5	163,123,053	163,711,051
Intangible assets, net	6	343,254,052	326,264,023
Right of use assets, net	7-1	75,915,939	80,515,314
Projects under constructions	8	17,805,824	20,867,269
Total non-current assets		**600,098,868**	**591,357,657**
Current assets			
Inventories, net		29,194,874	30,130,780
Trade receivables, net	9	258,896,576	275,601,636
Other current assets	10	40,013,588	35,259,627
Cash and cash equivalents	11	465,290,709	434,998,692
Total current assets		**793,395,747**	**775,990,735**
Total assets		**1,393,494,615**	**1,367,348,392**
Owner's Equity and Liabilities			
Owner's Equity			
Share capital	1-a	339,999,000	339,999,000
Statutory reserve		23,714,663	23,714,663
Retained earnings		241,927,675	195,199,418
Total owners' equity		**605,641,338**	**558,913,081**
Liabilities			
Non-current liabilities			
Long term accounts payable	12	86,050,681	143,243,302
Non-current portion of lease liabilities	7-2	52,206,118	54,848,976
Employees' defined benefit obligation		11,462,435	11,103,843
Decommissioning provision		3,629,748	3,595,850
Total non-current liabilities		**153,348,982**	**212,791,971**
Current liabilities			
Accounts payable	12	342,969,817	310,995,191
Accrued expense and other current liabilities	13	211,469,504	230,898,370
Current portion of lease liabilities	7-2	21,624,279	23,091,629
Contract liabilities	15	50,087,160	23,804,615
Provision for zakat and tax	14	8,353,535	6,853,535
Total current liabilities		**634,504,295**	**595,643,340**
Total liabilities		**787,853,277**	**808,435,311**
Total owners' equity and liabilities		**1,393,494,615**	**1,367,348,392**

The accompanying notes from (1) to (27) are integrated part of these interim condensed financial statements, which have been authorized for issue by the Board of Directors, and signed on its behalf by:

Yahya Saleh Al Mansour
Chief Executive Officer

Dr. Eisa Baeisa
Chairman

Mahmoud Al Abdullah
Acting Chief Financial Officer

ETIHAD ATHEEB TELECOMMUNICATION COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For The Three Months Period Ended June 30, 2024
(Saudi Riyal)

	Note	For The Three-Months Period Ended June 30, 2024 (Unaudited)	2023 (Unaudited)
Revenue	15	310,188,196	206,332,920
Cost of revenue	16	(222,184,230)	(135,668,677)
Gross profit		**88,003,966**	**70,664,243**
Selling and marketing expenses	17	(14,682,515)	(15,625,035)
General and administrative expenses	18	(20,166,813)	(17,939,424)
Impairment loss on trade receivables	9-1	(3,038,715)	(1,312,454)
Other income, net		1,466,776	24,290
Operating profit		**51,582,699**	**35,811,620**
Finance (cost) income, net	19	(3,354,442)	16,792,347
Period Profit before zakat and income tax		**48,228,257**	**52,603,967**
Zakat and income tax expenses	14	(1,500,000)	-
Net profit for the period		**46,728,257**	**52,603,967**
Other comprehensive income:			
Items that will not be reclassified to profit or loss in subsequent periods:			
Re-measurement of defined benefit obligation		-	-
Other comprehensive Income		-	-
Total comprehensive profit for the period		**46,728,257**	**52,603,967**
Earnings per share – basic and diluted	20	**1.37**	**1.78**

The accompany notes from (1) to (27) are integrated part of these condensed interim financial statements, which have been authorized for issue by the Board of Directors, and signed on its behalf by:

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)
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
For The Three Months Period Ended June 30, 2024
(Saudi Riyal)

	Share capital	Statutory Reserve	Retained earnings	Total Owners' Equity
Balance at April 1, 2023 (Audited)	89,999,000	4,246,824	21,829,687	116,075,511
Net profit for the period	-	-	52,603,967	52,603,967
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	52,603,967	52,603,967
Balance at June 30, 2023 (Unaudited)	**89,999,000**	4,246,824	**74,433,654**	**168,679,478**
Balance at 1 April 2024 (Audited)	399,999,000	23,714,663	195,199,418	558,913,081
Net profit for the period	-	-	46,728,257	46,728,257
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	46,728,257	46,728,257
Balance at June 30, 2024 (Unaudited)	**339,999,000**	**23,714,663**	**241,927,675**	**605,641,338**

The accompany notes from (1) to (27) are integrated part of these condensed interim financial statements, which have been authorized for issue by the Board of Directors, and signed on its behalf by:

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)
INTERIM CONDENSED STATEMENT OF CASH FLOWS
For The Three Months Period Ended June 30, 2024
(Saudi Riyal)

	Note	For The Three Months Period Ended June 30, 2024	2023
Cash flows from operating activities			
Period profit before zakat and income tax expenses		48,228,257	52,603,967
Adjustments:			
Depreciation and amortization	5,6,7	14,370,517	15,342,896
Finance (cost) income, net	19	4,699,706	(16,792,347)
Finance income	19	(1,345,264)	-
Lease agreement settlement		-	(59,596)
Impairment loss on trade receivables	9	3,038,715	1,312,454
Account payable settlement		(1,426,566)	
Current service cost of employees' defined benefit obligation		682,661	371,053
		68,248,026	**52,778,427**
Changes in working capital:			
Inventories		935,906	(3,894,057)
Trade receivables		13,666,345	(41,931,426)
Prepaid expenses and other current assets		(4,753,961)	6,707,165
Accounts payable		(23,791,429)	90,335,179
Accrued expenses and other current liabilities		(19,428,866)	(42,057,995)
Contract liabilities		26,282,545	(9,595,828)
Total cash generated from operating activities		**61,158,566**	**52,341,465**
Finance costs paid		(3,653,793)	(693,997)
Employees' defined benefit obligation paid		(324,069)	-
Net cash generated from operating activities		**57,180,704**	**51,647,468**
Cash flows from investing activities			
Additions to property and equipment	6	(21,562,000)	-
Additions to intangible assets	8	(1,549,728)	(2,000,000)
Finance income received		209,027	-
Net cash (used in) investing activities		**(22,902,701)**	**(2,000,000)**
Cash flows from financing activities			
Payment of lease liabilities		(3,985,986)	(7,341,842)
Net cash (used in) financing activities		**(3,985,986)**	**(7,341,842)**
Increase (decrease) in cash and cash equivalents		30,292,017	42,305,626
Cash and cash equivalents at the beginning of the period		434,998,692	53,062,659
Cash and cash equivalents at the end of the year		**465,290,709**	**95,368,285**
Supplementary information for non-cash transactions:			
lease liabilities transferred to account payable	7	1,077,200	-
Transfer from projects under constructions to property and equipment	8	4,611,173	-

The accompanying notes from (1) to (27) are integrated part of these condensed interim financial statements, which have been authorized for issue by the Board of Directors, and signed on its behalf by:

Yahya Saleh Al Mansour
Chief Executive Officer

Mahmoud Al Abdullah
Acting Chief Financial Officer

Dr. Eisa Baeisa
Chairman

1. ORGANIZATION AND MAIN ACTIVITIES

a) General information:

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

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

Branch	CR number
Jeddah branch	4030197139
Khubar branch	2051050130

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

Company license

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

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

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

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

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

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

The Company's activity

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

1. ORGANIZATION AND MAIN ACTIVITIES (continued)

a) General information: (continued)

Share Capital

The company's share capital is 399,999,000 Saudi Riyals as of June 30, 2024 (March 31, 2024: 399,999,000), divided into 33,999,900 shares (March 31,2024: 33,999,900 share), the authorized, issued and fully paid with ordinary shares value of 10 Saudi Riyals per share.

On December 19, 2021, the Board of Directors recommended to the Extraordinary General Assembly to increase the Company's share capital by issuing shares at a value of 350 million Saudi Riyals divided into 35 million ordinary shares at a value of 10 Saudi Riyals per share, its main objective after obtaining the required approvals from the competent authorities is to increase Capital to pay the Company's obligations and develop and modernize its business systems and networks. The Company submitted the file to the competent authorities. On October 13, 2022, the Board of Directors issued a resolution by circulation amending the recommendation to increase the share capital to the Extraordinary General Assembly by issuing priority rights shares from 350,000,000 Saudi Riyals to 250,000,000 Saudi Riyals. the Company submitted the file to the competent authorities, and the approval of the share capital raising file was issued by the competent authorities on February 8, 2023. On February 15, 2023, the Company called for an extraordinary general assembly meeting on March 8, 2023 to vote on the Board of Directors recommendation to increase the Company's share capital through offering rights issue with a value of 250,000,000 Saudi Riyals, so that the share capital after the increase becomes 339,999,000 Saudi Riyals. The vote was held and the result of the vote was the disapproval of the Board of Directors recommendation to increase the Company's share capital by issuing rights issue with a value of 250,000,000 Saudi Riyals, so that the share capital after the increase becomes 339,999,000 One million Saudi Riyals.
On March 29, 2023, the Board of Directors recommended to the Extraordinary General Assembly to increase the Company's share capital by issuing priority shares at a value of 250 million Saudi Riyals divided into 25 million ordinary shares at a value of 10 Saudi Riyals per share, its main objective after obtaining the required approvals from the competent authorities is to increase share capital to pay the Company's obligations and develop and modernize its business systems and networks. On August 6, 2023 the Company submitted the file to the competent authorities.

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

b) Going concern:

- 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 12.1.1).

Installment No.	Amount (SAR)	Date of payment	Status
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
Total	**245 million**		

- 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 17.9 million Saudi Riyals has been paid as at June 30, 2024 (Note 12.1.2).
- 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 10.6 million Saudi Riyals has been paid as at June 30, 2024 (Note 12.1.3).
- 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 12.1.4 and 21)

1. ORGANIZATION AND MAIN ACTIVITIES (continued)

b) Going concern: (continued)

- The Company's business is improving through the conclusion of new sales agreements, which led to revenue growth and net profits for the period ended on June 30, 2024. In return, the Company concluded contracts with suppliers for periods that are consistent with the cash received into the Company, thus generating cash that enables the Company to manage liquidity and fulfill its obligations when due
- The management has also developed plans in some other aspects to improve the Company's performance, including mainly enhancing the Company's existing network infrastructure, deploying new technologies, exploring alternative uses of the Company's bandwidth, obtaining new licenses to provide new services to the customers, and targeting new customer niches from the B2B and B2C sectors, and cost optimization plans. The management has taken some initiatives emanating from this study
- The company received regulatory approval to raise its current capital to SAR 250 million through the offering of new priority shares, with the net proceeds used to develop and update network operations in addition to paying some due amount.

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

2. BASIS OF PREPARATION

a) Statement of compliance

These interim condensed 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, 2024 (“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.

The new Companies Law issued through Royal Decree M/132 on 1/12/1443H (corresponding to June 30, 2022) (hereinafter referred as "the Law”) came into force on 26/6/1444 H (corresponding to January 19, 2023). For certain provisions of the Law, full compliance is expected not later than two years from 26/6/1444 H (corresponding to January 19, 2023). The management is in process of assessing the impact of the New Companies Law and will amend its Articles of Association/By-Laws for any changes to align the Articles to the provisions of the Law. Consequently, the Company shall present the amended By-Laws to the shareholders/partners in their Extraordinary / Annual General Assembly meeting for their ratification.

b) Basis of measurement

The interim condensed 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 interim condensed 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. SIGNIFICAT ACCOUNTING POLICIES

The accounting policies applied in preparation of these interim condensed financial statements are in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants (SOCPA), and they are the same policies applied in preparation of the annual financial statements on March 31, 2024.

There are new standards and a number of amendments to the standards that are effective as of January 1, 2024, and they were disclosed in the annual financial statements of the Company, but they do not have any material impact on the condensed financial statements based on management estimations.

4. SIGNIFICANT ACCOUNTING JUDGMENTS ASSUMPTIONS AND ESTIMATES

Preparation of the interim condensed 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 interim condensed statement of profit of loss and other comprehensive income and within owners' equity. In particular, the Company's management requires judgments to be made to estimate the amounts and timing of future cash flows. These estimates are necessarily based on multiple hypothesis and factors with varying degrees of estimation and uncertainty. Meanwhile, the actual results may differ from estimates due to the changes arising from the conditions and circumstances of those estimates in the future.
The significant judgments and key sources of estimation uncertainty applied to the Company's condensed interim financial statements are the same as those used in the company's annual financial statements as of March 31, 2024 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).

The company disbursed various costs, expenses, and annual allocations and reported them quarterly rather than at the end of the year as an allocation for zakat, income tax, and employee incentives.

5. PROPERTY AND EQUIPMENT, NET

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

	For The Three Months Period Ended June 30,	
	2024 (Unaudited)	**2023 (Unaudited)**
Depreciation on property and equipment	5,199,171	3,953,656
Transfers from projects under constructions to PPE (Note 8)	4,611,173	-

6. INTANGIBLE ASSETS, NET

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

	For The Three Months Period Ended June 30,	
	2024 (Unaudited)	**2023 (Unaudited)**
Amortization of intangible assets	4,571,971	5,771,712
Additions on intangible assets	21,562,000	-

7. LEASING CONTRACT

7.1 Right of Use Assets, NET

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

	As at	
Cost	**June 30, 2024 (Unaudited)**	**March 31, 2024 (Audited)**
Balance at the beginning of the period/year	159,230,931	206,073,406
Additions during the period/year	-	2,589,594
Disposals during the period/year	-	(50,405,365)
Settlements	-	973,296
Balance at the end of the period/year	**159,230,931**	**159,230,931**
Accumulated amortization		
Balance at the beginning of the period/year	78,715,617	99,900,655
Depreciation during the period/year	4,599,375	23,704,473
Disposals during the period/year	-	(44,889,511)
Balance at the end of the period/year	**83,314,992**	**78,715,617**
Net book value for the period/year	**75,915,939**	**80,515,314**

7.2 Lease Liability

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

	As at	
	June 30, 2024 (Unaudited)	**March 31, 2024 (Audited)**
Balance at the beginning of the period/year	77,940,605	147,999,072
Additions during the period/year	-	2,589,594
Disposals during the period/year	-	(4,757,108)
Finance cost during the period/year	952,978	4,073,398
Paid during the period/year	(3,985,986)	(46,759,550)
Settlements during the period/year	-	973,296
Transferred to payables during the period/year	(1,077,200)	(26,178,097)
Lease liability at the end of the period/year	**73,830,397**	**77,940,605**
Current portion	**21,624,279**	**23,091,629**
Non-current portion	**52,206,118**	**54,848,976**

Expenses related to short-term and low-value leases for the period ended June 30, 2024 amounted to SAR 138,350 (June 30, 2023: SAR 24,480).

8. PROJECTS UNDER CONSTRCTIONS

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

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

	For The Three Months Period Ended June 30,	
	2024 (Unaudited)	**2023 (Unaudited)**
Additions during the period	1,549,728	2,000,000
Transferred to property and equipment (Note 5)	4,611,173	-

9. TRADE RECEIVABLES, NET

		As at	
	Note	**June 30, 2024 (Unaudited)**	**March 31, 2024 (Audited)**
Trade receivables-Private Sector		253,047,598	256,157,651
Trade receivables-Government Sector		130,234,581	140,547,378
Trade receivables-Related Parties	23	347,458	590,953
Total		**383,629,637**	**397,295,982**
Less: Provision of impairment loss on trade receivable	9-1	(124,733,061)	(121,694,346)
		258,896,576	**275,601,636**

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

	As at	
	June 30, 2024 (Unaudited)	**March 31, 2024 (Audited)**
Balance at beginning of the period/ year	121,694,346	107,301,263
Charge (reverse) for the period/ year	3,038,715	14,393,083
Balance at end of the period/ year	**124,733,061**	**121,694,346**

10. PREPAID EXPENSES AND OTHER CURRENT ASSETS

	As at	
	June 30, 2024 (Unaudited)	**March 31, 2024 (Audited)**
Advances to suppliers	22,618,256	19,308,197
Margins held by banks against letters of guarantee issued	13,720,974	12,700,164
Prepaid insurance expenses	1,244,790	2,370,084
Advances to employees	575,963	499,665
Income interest accrued	1,142,486	-
Prepaid rent expenses	-	121,290
Other	711,119	260,227
	40,013,588	**35,259,627**

11. CASH AND CASH EQUIVALENT

	As at	
	June 30, 2024 (Unaudited)	**March 31, 2024 (Audited)**
Cash in bank	130,290,709	434,998,692
Short term Murabaha *	335,000,000	-
	465,290,709	**434,998,692**

* Investment in Islamic deposits represents time deposits, placed with commercial bank and has a maturity of three months or less as at the original investment date. and on which a commission is generated according to the prevailing short-term deposit rates.

12. ACCOUNTS PAYABLE

	Note	As at June 30, 2024 (Unaudited)	As at March 31, 2024 (Audited)
Accounts payable - with deferred payment agreements	12.1	205,493,213	207,070,331
Accounts payable - Related parties		743,057	-
Accounts payable - Other		222,784,228	247,168,162
		429,020,498	**454,238,493**
Current-portion			
Accounts payable - with deferred payment agreements		119,442,532	63,836,029
Accounts payable - Related parties	23	743,057	-
Accounts payable - Other		222,784,228	247,159,162
		342,969,817	**310,995,191**
Non-current portion			
Accounts payable - with deferred payment agreements		86,050,681	143,243,302
		429,020,498	**454,238,493**

12.1 Movement in accounts payable with deferred payments agreement

	Note	As at June 30, 2024 (Unaudited)	As at March 31, 2024 (Audited)
Balance at beginning of the period/year		207,070,331	216,976,809
Addition during the period/year		-	63,867,879
Discount from present value calculation during the period/year		-	(21,148,567)
Paid during period/year		(4,508,431)	(64,404,856)
Unwinding of discount during the period/year	19	2,931,313	11,779,066
Balance at end of the period/year		**205,493,213**	**207,070,331**

12.1.1 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).

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

12.1.3 CST (Settlement agreement number 2):
On March 21, 2023, the Company signed an agreement with the CST to reschedule its liability to be paid over 36 equal monthly payments of SAR 666 thousand each, ending in February 2026. The present value of the liability was calculated as per the requirements of International Standard for Financial Instruments (Note 1.b).

12.1.4 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 21).

13. ACCRUED EXPENSE AND OTHER CURRENT LIABILITIES

	As at June 30, 2024 (Unaudited)	As at March 31, 2024 (Audited)
Government fees	94,462,745	106,481,142
Other suppliers	79,318,770	69,310,791
Compensation of creditors for subscription to priority rights shares	17,998,735	24,704,356
Employee benefits	9,312,257	23,597,650
Remuneration and allowances for members of the Board of Directors	1,670,916	2,456,357
Value added tax	8,706,081	4,348,074
	211,469,504	**230,898,370**

14. PROVISION FOR ZAKAT AND TAX

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

	As at	
	June 30, 2024 (Unaudited)	**March 31, 2024 (Audited)**
Balance at beginning of the period / year	6,853,535	2,105,181
Zakat charge during the period / year	1,500,000	5,421,415
Income tax charge during the period / year	-	1,432,120
Reversed during the period / year	-	(868,866)
Paid during the period / year	-	(1,236,315)
Balance at end of the period/year	**8,353,535**	**6,853,535**
The breakdown of Zakat paid is as follows:		
Zakat settlement payments during the period/year	-	1,236,315
The paid zakat charged for the previous years	-	-
Total payments during the period/year	-	**1,236,315**

14.2 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.

Zakat:

In July 2015, the Authority issued an assessment for zakat from 2010 to 2012 amounting to SAR 17.43 million, to which the company objected in August 2015. In response to the company's objection, the Initial Objections Committee (the Initial Committee) delivered a decision in October 2016. As a result, the company's zakat dues were decreased to SAR 6.98 million.

The company submitted an objection to the Supreme Objections Committee (Supreme Committee) in December 2016, objecting to the ruling of the Primary Committee regarding zakat, and in March 2022 the company received a decision on the appeal from the First Appeals Chamber for income tax violations and disputes, which stated that some of the objectionable points were accepted and rejected. Some others, and based on this, the company filed an appeal with the General Secretariat of Tax Committees, and on February 6, 2023, the second department for adjudicating income tax violations and disputes held its session in the presence of the company's representative and the representative of the General Authority for Zakat, Tax, and Customs, and the lawsuit filed by the company against the authority was accepted, and the decision was issued to prove that the dispute had ended and accordingly. The amount owed by the company, amounting to 6.98 million riyals, was canceled from the records of the General Authority of Zakat, Tax and Customs.

No Zakat assessment for the year 2013 was received from the ZATCA.

- In July 2020, the ZATCA raised the zakat assessment for the year 2014 by an additional amount of SAR 5.53 million, and in December 2020, the ZATCA raised zakat and tax assessment for the fiscal years 2015, 2016, 2017, and 2018 with an additional amount of SAR 4.089 million, SAR 4.57 million, SAR nil, and SAR 18 million respectively. The Company went for a settlement with the Settlement of Zakat and Tax Disputes Committee in August 2021 and the Company attended a hearing record with the Settlement Committee, and the Settlement Committee sent the Company a proposal to pay SAR 20.85 million for the years 2014 to 2018, the Company accepted the proposal and paid the settlement amount in full over 5 equal installments ended in December 2022.
- In October 2021 the ZATCA raised the zakat assessment for the year 2019 with an amount of zero SAR, which matched the filed form for the year.
- The Company submitted 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 The Authority issued a zakat assessment for the fiscal years 2020, 2021, and 2022. There are no differences, which is Which corresponds to the form provided.
- 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. PROVISION FOR ZAKAT AND TAX (CONTIUED)

Withholding tax

In July 2015, the Authority issued a withholding tax assessment of SAR 0.83 million for the years 2010 through 2012, to which the company objected in August 2015. In response to the company's objection, the Primary Objections Committee (the Primary Committee) delivered a verdict in October of 2016. In December 2016, the corporation filed an objection with the Supreme Objections Committee (Supreme Committee) in response to the Primary Committee's decision to impose a late punishment on withholding taxes. However, the corporation settled withholding tax dues of SAR 0.83 million, as well as fines of SAR 0.6 million, with the authority.

The company received an additional assessment of SAR 19.2 million, as well as fines for late payment of SAR 16.5 million, as a withholding tax on the interconnection service for the years 2009–2022. The company objected to the assessments. The company expects that the decision of these objections will be in its favor without having a major financial impact because the interconnection service is not subject to withholding tax under the Zakat Law.

15. REVENUE

15.1 Revenue per Service

	For The Three Months Period Ended June 30,	
	2024 (Unaudited)	**2023 (Unaudited)**
Data and internet revenue	151,993,815	118,787,253
Interconnection revenue	86,621,968	27,338,747
Voice revenue	67,732,413	56,366,920
Enterprise solutions revenue	3,840,000	3,840,000
	310,188,196	**206,332,920**

15.2 Timing of revenue recognition

	For The Three Months Period Ended June 30,	
	2024 (Unaudited)	**2023 (Unaudited)**
Recognized over time	298,854,211	200,176,619
At a point in time	11,333,985	6,156,301
	310,188,196	**206,332,920**

15.3 Details about contract liabilities

	As at	
	June 30, 2024 (Unaudited)	**March 31, 2024 (Audited)**
Contract liabilities*	50,087,160	23,804,615

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

16. COST OF REVENUE

	For The Three Months Period Ended June 30,	
	2024 (Unaudited)	**2023 (Unaudited)**
Interconnection cost	104,928,784	27,639,079
Capacity lease charges	63,029,007	50,472,421
Government fees	17,750,022	14,379,712
Inventory consumption and installation	11,430,781	18,287,446
Depreciation and amortization	10,748,656	11,412,498
Employees' costs	10,438,043	8,133,708
Network maintenance and support	2,573,316	2,706,412
Cloud storage and servers	135,437	2,117,929
Site and facilities rental	978,971	519,472
Other	171,213	-
	222,184,230	**135,668,677**

17. SELLING AND MARKETING EXPENSES

	For The Three Months Period Ended June 30,	
	2024 (Unaudited)	2023 (Unaudited)
Employees' costs and benefits	9,423,488	7,187,674
Dealers' commission	2,436,777	4,363,597
Marketing and advertising cost	2,282,250	2,994,553
Customer care	540,000	989,483
Other	-	89,728
	14,682,515	**15,625,035**

18. GENERAL AND ADMINISTRATIVE EXPENSES

	For The Three Months Period Ended June 30,	
	2024 (Unaudited)	2023 (Unaudited)
Employees' costs and benefits	11,581,584	7,457,330
Depreciation and amortization	3,621,863	3,930,397
Network maintenance and support	1,039,781	2,089,832
Insurance expenses	1,066,807	813,425
Professional and consultancy charges	428,084	2,175,595
Other	2,428,694	1,472,845
	20,166,813	**17,939,424**

19. FINANCE INCOME (COST), NET

	For The Three Months Period Ended June 30,	
	2024 (Unaudited)	2023 (Unaudited)
Unwinding of discount on long term liabilities	(2,931,313)	(3,285,115)
Interest cost on lease liabilities	(952,978)	(830,930)
Other finance cost	(652,800)	(693,997)
Finance cost on defined benefit liability	(128,717)	(72,338)
Unwinding of provision for dismantling cost	(33,898)	(32,649)
Discount income on long-term liabilities	-	21,707,376
Finance income	1,345,264	-
	(3,354,442)	**16,792,347**

20. EARNINGS PER SHARE

	For The Three Months Period Ended June 30,	
	2024 (Unaudited)	2023 (Unaudited)
Net profit for the period	46,728,257	52,603,967
Weighted average number of shares for the period	33,999,900	29,622,940
Basic and diluted earnings per share	**1.37**	**1.78 ***

* Modified priority rights

Earnings per share is computed by dividing net profit attributable to the ordinary shareholders of the Company for the year, by the weighted average number of shares outstanding during the year, taking into account the addition factor.

21. CONTINGENCIES

Letter of guarantees

The Company has outstanding letters of guarantees as of June 30, 2024 by the amount of SR 50 million (March 31, 2024: SR 50 million).

Legal cases status

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

CST liability

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

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:

Payment number	Amount (SAR)	Payment Due date
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
Total	**63,876,855**	

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.

22. SEGMENTAL INFORMATION

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

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

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

	As at June 30, 2024 (Unaudited)			
	Voice	**Data**	**Unallocated**	**Total**
Segment assets				
Property and equipment	4,259,439	158,863,614	-	163,123,053
Intangible assets	8,962,987	334,291,065	-	343,254,052
Right of use assets	1,982,303	73,933,636	-	75,915,939
Total assets	**283,005,392**	**1,110,489,223**	**-**	**1,393,494,615**
Total liabilities	**317,635,883**	**470,217,394**	**-**	**787,853,277**

	For The Three Months Period Ended June 30, 2024 (Unaudited)			
	Voice	**Data**	**Unallocated**	**Total**
Revenue	154,354,381	155,833,815	-	310,188,196
Cost of revenue	(104,928,784)	(117,255,446)	-	(222,184,230)
Gross profit	**49,425,597**	**38,578,369**	**-**	**88,003,966**
Selling and marketing expenses	-	-	(14,682,515)	(14,682,515)
General and administrative expenses	-	-	(20,166,813)	(20,166,813)
Impairment loss on trade receivables	-	-	(3,038,715)	(3,038,715)
Other income, net	-	-	1,466,776	1,466,776
Finance (cost), net	-	-	(3,354,442)	(3,354,442)
Zakat and income tax	-	-	(1,500,000)	(1,500,000)
Net profit	**49,425,597**	**38,578,369**	**(41,275,709)**	**46,728,257**

	As of March 31, 2024 (Audited)			
	Voice	**Data**	**Unallocated**	**Total**
Segment assets				
Property and equipment	4,274,793	159,436,258	-	163,711,051
Intangible assets	8,519,346	317,744,677	-	326,264,023
Right of use assets	2,102,401	78,412,913	-	80,515,314
Total assets	**277,273,481**	**1,090,074,911**	**-**	**1,367,348,392**
Total liabilities	**314,290,536**	**494,144,775**	**-**	**808,435,311**

	For The Three Months Period Ended June 30, 2023 (Unaudited)			
	Voice	**Data**	**Unallocated**	**Total**
Revenue	56,366,920	149,966,000	-	206,332,920
Cost of revenue	(34,722,311)	(100,946,366)	-	(135,668,677)
Gross profit	**21,644,609**	**49,019,634**	**-**	**70,664,243**
Selling and marketing expenses	-	-	(15,625,035)	(15,625,035)
General and administrative expenses	-	-	(17,939,424)	(17,939,424)
Impairment loss on trade receivables	-	-	(1,312,454)	(1,312,454)
Other income, net	-	-	24,290	24,290
Finance (cost), net	-	-	16,792,347	16,792,347
Zakat and income tax	-	-	-	-
Net profit	**21,644,609**	**49,019,634**	**(18,060,276)**	**52,603,967**

22. SEGMENTAL INFORMATION (CONTINUED)

Information about geographical segmentation

	For The Three Months Period Ended June 30,	
	2024 (Unaudited)	**2023 (Unaudited)**
Inside Kingdom of Saudi Arabia	228,840,847	184,072,511
Outside Kingdom of Saudi Arabia	81,347,349	22,260,409
	310,188,196	**206,332,920**

23. 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 June30,	
Related parties name	**Relationship**	**Nature of transaction**	**2024 (Unaudited)**	**2023 (Unaudited)**
Bahrain Telecommunication Company	Shareholder	Data revenue	196,267	403,242
		Interconnection revenue	114,087	67,576
		Interconnection cost	553,850	536,817
Digital technology solutions	Entity under Common Ownership of the Company's Shareholder	Service cost	1,452,359	-

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

	As at	
Due from related party	**June 30, 2024 (Unaudited)**	**March 31, 2024 (Audited)**
Bahrain Telecommunication Company	347,458	590,953
	347,458	**590,953**

	As at	
Due from related party	**June 30, 2024 (Unaudited)**	**March 31, 2024 (Audited)**
Digital technology solutions	743,057	-
	743,057	**-**

	For The Three Months Period Ended June 30,	
Transactions with key management personnel:	**2024 (Unaudited)**	**2023 (Unaudited)**
Short-term employee benefits	2,573,682	1,848,841
End of service	44,033	22,442
	2,617,715	**1,871,283**

24. 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 interim condensed financial statements. As at the reporting date, the fair value of the Company's financial assets and liabilities was a reasonable fair value

Fair Value levels

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

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

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

	As at June 30, 2024 (Unaudited)			
	Book value	Fair value		
		Level 1	Level 2	Level 3
Financial Liabilities				
Long term accounts payable	86,050,681	-	-	81,779,119

	As at March 31, 2024 (Audited)			
	Book value	Fair value		
		Level 1	Level 2	Level 3
Financial Liabilities				
Long term accounts payable	143,243,302	-	-	137,836,296

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

Describe the significant unobservable inputs to be evaluated:

Type of financial instrument	Fair value as at June 30, 2024	Valuation technique	Unobservable inputs	Sensitivity of the fair Value measurement to unobservable inputs
Long term payables	81,779,119	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 2.8 million

25. DIVIDEND PROPOSED

On June 8, 2024, the Board of Directors proposed a recommendation to the General Assembly to distribute cash dividends to shareholders by 30 halalas per share, with a total amount of 10,199,970 Saudi riyals.

26. SUBSEQUENT EVENTS

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

27. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were authorized for issue by the Board of Directors on 22 Muharram 1446H (Corresponding to July 28, 2024).