

ETIHAD ATHEEB TELECOMMUNICATION COMPANY
(A Saudi Joint Stock Company)

Condensed Interim Financial Statements and Report on Review
For The Three Months Period Ended June 30, 2023

ETIHAD ATHEEB TELECOMMUNICATION COMPANY
(A Saudi Joint Stock Company)

CONDENSED INTERIM FINANCIAL STATEMENTS AND REPORT ON REVIEW
FOR THE THREE MONTHS' PERIOD ENDED 30 JUNE, 2023

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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 June 2023, the related condensed interim financial statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three 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

24 Muharram 1445H (11 August 2023)
Riyadh, Kingdom of Saudi Arabia

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

	Note	As of June 30, 2023 (Unaudited)	As of March 31, 2023 (Audited)
Assets			
Non-current assets			
Property and equipment	5	117,149,303	121,102,959
Intangible assets	6	315,679,427	321,451,140
Right of use assets	7-1	100,555,224	106,172,751
Work in progresses	8	27,545,070	25,545,070
Total non-current assets		**560,929,024**	**574,271,920**
Current assets			
Inventories		20,502,049	16,607,992
Trade receivables	9	242,097,704	201,354,313
Contract assets		12,987,859	13,112,278
Other current assets	10	21,695,270	28,402,435
Cash and cash equivalents		95,368,285	53,062,659
Total current assets		**392,651,167**	**312,539,677**
Total assets		**953,580,191**	**886,811,597**
Equity and Liabilities			
Equity			
Share capital	1-a	89,999,000	89,999,000
Statutory reserve		4,246,824	4,246,824
Retained earnings		74,433,654	21,829,687
Total equity		**168,679,478**	**116,075,511**
Liabilities			
Non-current liabilities			
Long term accounts payable	11	193,509,139	151,905,754
Non-current portion of lease liabilities	7-2	84,504,187	91,896,604
Employees' defined benefit obligation		8,512,822	8,069,431
Decommissioning provision		3,496,042	3,463,393
Total non-current liabilities		**290,022,190**	**255,335,182**
Current liabilities			
Accounts payable	11	251,111,244	220,801,712
Other current liabilities	12	148,680,187	190,738,182
Current portion of lease liabilities	7-2	56,924,378	56,102,468
Contract liabilities		36,057,533	45,653,361
Provision for zakat and tax	13	2,105,181	2,105,181
Total current liabilities		**494,878,523**	**515,400,904**
Total liabilities		**784,900,713**	**770,736,086**
Total equity and liabilities		**953,580,191**	**886,811,597**

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

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, 2023
(Saudi Riyal)

	Note	For The Three Month Period Ended June 30, 2023 (Unaudited)	2022 (Unaudited)
Revenue	14	206,332,920	140,481,587
Cost of revenue	15	(135,668,677)	(102,941,632)
Gross profit		**70,664,243**	**37,539,955**
Selling and marketing expenses	16	(15,625,035)	(17,024,663)
General and administrative expenses	17	(17,939,424)	(15,391,826)
Impairment loss on trade receivables and contract assets		(1,312,454)	(3,365,417)
Other income, net		24,290	1,446,248
Operating profit		**35,811,620**	**3,204,297**
Finance income (cost), net	18	16,792,347	(4,872,120)
Profit (loss) before zakat and income tax		**52,603,967**	**(1,667,823)**
Zakat and income tax	13	-	-
Net profit (loss) for the period		**52,603,967**	**(1,667,823)**
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 (loss) for the period		**52,603,967**	**(1,667,823)**
Profit (loss) per share – basic and diluted	19	**5.84**	**(0.19)**

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

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 CHANGES IN EQUITY
For The Three Months Period Ended June 30, 2023
(Saudi Riyal)

	Share capital	Statutory reserve	Accumulated losses	Total Equity
Balance at April 1, 2022 (Audited)	89,999,000	-	(16,003,184)	73,995,816
Loss for the period	-	-	(1,667,823)	(1,667,823)
Other comprehensive income for the period	-	-	-	-
Total comprehensive loss for the year	-	-	**(1,667,823)**	**(1,667,823)**
Balance at June 30, 2022 (Unaudited)	**89,999,000**	**-**	**(17,671,007)**	**72,327,993**

	Share capital	Statutory Reserve	Retained earnings	Total Equity
Balance at 1 April 2023 (Audited)	89,999,000	4,246,824	21,829,687	116,075,511
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**

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

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Chief Executive Officer

Mahmoud Al Abdullah
Acting Chief Financial Officer

Dr. Eisa Baeisa
Chairman

شركة اتحاد عذيب للاتصالات
سجل 1010263273
No.(1) GO Telecom رقم (1)
رقم العضوية ٤
Etihad Atheeb Telecom Co.

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

	Note	For The Three Months Period Ended June 30, 2023	2022
Cash flows from operating activities			
Profit / (loss) before zakat and income tax		52,603,967	(1,667,823)
Adjustments:			
Depreciation and amortization	5,6,7	15,342,896	15,038,765
Finance income (cost), net	18	(16,792,347)	4,872,120
Other non-cash income		(59,596)	(326,397)
Impairment loss on trade receivables and contract assets		1,312,454	3,365,417
Current service cost of employees' defined benefit obligation		371,053	313,749
		52,778,427	**21,595,831**
Changes in working capital:			
Inventories		(3,894,057)	(3,882,995)
Trade receivables and contract assets		(41,931,426)	(27,054,125)
Other current assets		6,707,165	(3,983,157)
Accounts payable		90,335,179	(14,155,350)
Other current liabilities		(42,057,995)	(8,984,277)
Contract liabilities		(9,595,828)	(1,799,520)
		52,341,465	**(38,263,593)**
Finance costs paid	18	(693,997)	(282,254)
Employees' defined benefit obligation paid		-	(136,547)
Zakat Paid		-	(4,169,789)
Net cash generated from (used in) operating activities		**51,647,468**	**(42,852,183)**
Cash flows from investing activities			
Additions to property and equipment	5	-	(1,400,079)
Additions to work in progress	8	(2,000,000)	(4,472,277)
Net cash used in investing activities		**(2,000,000)**	**(5,872,356)**
Cash flows from financing activities			
Payment of lease liabilities		(7,341,842)	(8,343,384)
Net cash used in financing activities		**(7,341,842)**	**(8,343,384)**
Increase (decrease) in cash and cash equivalents		42,305,626	(57,067,923)
Cash and cash equivalents at the beginning of the period		53,062,659	83,256,551
Cash and cash equivalents at the end of the year		**95,368,285**	**26,188,628**
Non-cash transactions:			
Disposal of lease liabilities		-	(326,397)

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

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
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'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 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 activities

Provision of fixed broadband fixed communication services, wired Internet services, wired data services, mobile broadband, wireless Internet services, wireless data services, payphone service activities, communication booths, Internet of Things virtual network operator services, communication facilities rental service, Internet of Things services using license-exempt frequencies, virtual voice services and services Internet exchanges, systems analysis, design and programming of special software and call center service. The company started its commercial operations on January 1, 2010.

Share Capital

The Company's capital is SAR 89,999,000 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. 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 waiting for the approvals (Note 25).

b) Going concern:

The statement of financial position as at June 30, 2023 shows current liabilities exceeded its current assets by SAR 102.23 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).

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 paid
Fourth	49 million	July 1, 2025	Not paid
Fifth	49 million	January 1, 2026	Not paid
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 10.5 million Saudi Riyals has been paid as of June 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 2 million Saudi Riyals has been paid as of June 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 June 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

b) Going concern (continued):

- 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 form 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 interim condensed 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 contingent liabilities. Moreover, these estimates and judgments affect revenues, expenses, provisions, in general, expected credit losses, as well as changes in fair value that appear in the statement of profit of loss and other comprehensive income and within shareholders' 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 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 standards issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

5. PROPERTY AND EQUIPMENT

- During the three months period ended June 30, 2023, the Company purchased a property plants and equipment at a cost of SAR Zero (For the year ended June 30, 2022: SAR 1.4 million).
- During the three months period ended June 30, 2023, depreciation expense amounted to SAR 3.95 million (for the three months period ended June 30, 2022: SAR 3.80 million).
- During the three months period ending June 30, 2023, the Company capitalized the salaries of the internal technicians in the amount of SAR Zero (For the year ended June 30, 2022: SAR 0.31 million).
- During the three months period ended June 30, 2023, the Company transferred spare parts by the amount of SAR Zero from inventory to property and equipment (For the year ended June 30, 2022: SR 0.87 million).

6. INTANGIBLE ASSETS

- During the three months period ended June 30,2023, the Company purchased intangible assets at a cost of SAR Zero (For the period ended June 30, 2022: SAR Zero).
- During the three months period ended June 30, 2023, amortization expense amounted to SAR 5.77 million (For the three months period ended June 30, 2022: SAR 5.77 million).

7. LEASING

7.1 Right of Use Assets

- During the three months period ended June 30,2023, the Company added right of use assets in the amount of SAR Zero (For the period ended June 30, 2022: SAR Zero).
- During the three months period ended June 30, 2023, amortization expense amounted to SAR 5.62 million (For the three months period ended June 30, 2022: SAR 5.46 million).

7.2 Lease Liability

	As of	
	June 30,2023 (Unaudited)	March 31,2023 (Audited)
Current portion	56,924,378	56,102,468
Non-current portion	84,504,187	91,896,604
	141,428,565	147,999,072

- The interest cost on lease liabilities for the three months period ended June 30, 2023 amounted to SAR 0.83 million, which was included in financing costs (For the three months period ended June 30, 2022, amount to SAR 1.63 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 three months period ended June 30, 2023, the Company added amount of SAR 2 million to the work in progresses (For the period ended June 30, 2022: SAR 4.47 million).

9. TRADE RECEIVABLES

	Note	As of June 30,2023 (Unaudited)	As of March 31,2023 (Audited)
Trade receivables-Private Sectors		267,454,047	226,023,179
Trade receivables-Government Sectors		82,652,791	81,961,815
Trade receivables-Related Parties	22	604,583	670,582
Total Trade receivables		350,711,421	308,655,576
Less: Provision of impairment loss trade receivable	9.1	(108,613,717)	(107,301,263)
		242,097,704	201,354,313

9.1 Movement in Impairment loss is as follows:

	As of June 30,2023 (Unaudited)	As of March 31,2023 (Audited)
Balance at beginning of the period/year	107,301,263	111,082,785
Charge (reversal) for the period/year	1,312,454	(3,781,522)
Balance at end of the period/year	108,613,717	107,301,263

10. OTHER CURRENT ASSETS

	As of	
	June 30,2023 (Unaudited)	March 31,2023 (Audited)
Margins held by banks against letters of guarantee issued	20,255,535	22,921,235
Prepaid expenses	1,034,418	1,168,960
Advances to employees	405,317	444,110
Advances to suppliers	-	3,868,130
	21,695,270	28,402,435

11. ACCOUNTS PAYABLE

	Note	As of June 30,2023 (Unaudited)	As of March 31,2023 (Audited)
Accounts payable - with deferred payment agreements	11.1	258,580,194	216,976,808
Accounts payable - Other		186,040,189	155,730,658
Balance at the end of the year		444,620,383	372,707,466
Current-portion			
Accounts payable - with deferred payment agreements		65,071,055	65,071,055
Accounts payable - Other		186,040,189	155,730,657
		251,111,244	220,801,712
Non-current portion			
Accounts payable - with deferred payment agreements		193,509,139	151,905,754
		444,620,383	372,707,466

11.1 Movement in non-current portion is as follows:

	Note	As of June 30,2023 (Unaudited)	As of March 31,2023 (Audited)
Balance at beginning of the period/year		216,976,809	241,423,050
Addition during the period/year		63,876,855	23,984,052
Discount from present value calculation during the period/year	18	(21,707,376)	(1,727,868)
Paid during period/year		(3,851,209)	(56,410,155)
Unwinding of discount during the period/year	18	3,285,115	9,707,730
Balance at end of the period/year		258,580,194	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 were calculated as per the requirements of IFRS 9 (Note 1.b).

11.1.3 CST (Settlement agreement number 2):
On March 21, 2023, the Company signed an agreement with the CST to reschedule its liability to be paid over 36 equal monthly payments of SAR 666 thousand each, ending in February 2026. The present value of the liability were 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	
	June 30, 2023 (Unaudited)	March 31, 2023 (Audited)
Accrued expenses and other suppliers	85,169,507	51,492,320
Government fees	47,493,553	116,588,978
Employees' related expenses board members	16,017,127	22,656,884
	148,680,187	190,738,182

13. PROVISION FOR ZAKAT AND TAX

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

	As of	
	June 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	-	(15,294,062)
Balance at end of the period/year	2,105,181	2,105,181
The breakdown of Zakat paid is as follows:		
Zakat settlement payments during the period/year	-	12,509,367
The zakat charged for the previous years and paid during the period/year	-	2,784,695
Total payments during the period/year	-	15,294,062

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 December 2016, the Company filed an appeal to the Higher Appeal Committee (HAC) against the PAC ruling in relation to zakat and imposition of a delay fine on WHT. However, the Company has settled the WHT liability of SAR 0.83 million and the related fine of SAR 0.6 million with the ZATCA. In March 2022 the Company received a decision on the appeal from The First Appeals Chamber for Income Tax Interventions and Disputes mentioned that some points were accepted and others were rejected, and the Company raised an appeal to the General Secretariat of Tax Committees. On February 6, 2023, the Tax Committees for Resolution of Tax Violations and Disputes Construction held its session in the presence of the representative from the Company and the representative from ZATCA, the lawsuit filed by the Company against the ZATCA was accepted and the decision was issued proving the end of the dispute, and accordingly the amount owed by the Company amounting to 6.89 million Saudi Riyals was canceled from the ZATCA records.
- No Zakat assessment for the year 2013 was received from the ZATCA.
- In July 2020, the ZATCA raised the zakat assessment for the year 2014 by an additional amount of SAR 5.53 million, and in December 2020, the ZATCA raised zakat and tax assessment for the fiscal years 2015, 2016, 2017, and 2018 with an additional amount of SAR 4.089 million, SAR 4.57 million, SAR nil, and SAR 18 million respectively. The Company went for a settlement with the Settlement of Zakat and Tax Disputes Committee in August 2021 and the Company attended a hearing record with the Settlement Committee, and the Settlement Committee sent the Company a proposal to pay SAR 20.85 million for the years 2014 through 2018, and the Company accepted the proposal and paid the settlement amount in full over 5 equal installments. The last payment made was 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

	For The Three Months Ended June 30,	
	2023 (Unaudited)	2022 (Unaudited)
Data and internet revenue	118,787,253	77,552,171
Voice revenue	56,366,920	35,399,732
Interconnection revenue	27,338,747	27,529,684
Enterprise solutions revenue	3,840,000	-
	206,332,920	140,481,587

14.2 Timing of revenue recognition

	For The Three Months Ended June 30,	
	2023 (Unaudited)	2022 (Unaudited)
Recognized over time	200,176,619	128,576,148
At a point in time	6,156,301	11,905,439
	206,332,920	140,481,587

15. COST OF REVENUE

	For The Three Months Period Ended June 30,	
	2023 (Unaudited)	2022 (Unaudited)
Capacity lease charges	50,472,421	38,609,954
Interconnection cost	27,639,079	26,794,853
Inventory consumption and installation	18,287,446	8,704,553
Government fees	14,379,712	9,443,262
Depreciation and amortization	11,412,498	11,260,428
Employees' costs	8,133,708	5,504,696
Network maintenance and support	2,706,412	1,318,754
Cloud storage and servers	2,117,929	-
Site rentals and utilities and Other	519,472	1,305,132
	135,668,677	102,941,632

16. SELLING AND MARKETING EXPENSES

	For The Three Months Period Ended June 30,	
	2023 (Unaudited)	2022 (Unaudited)
Employees' costs	7,187,674	5,850,950
Dealers' commission	4,363,597	8,994,203
Marketing and advertising cost	2,994,553	1,526,659
Customer care	989,483	627,229
Other	89,728	25,622
	15,625,035	17,024,663

17. GENERAL AND ADMINISTRATIVE EXPENSES

	For The Three Months Period Ended June 30,	
	2023 (Unaudited)	2022 (Unaudited)
Employees' costs	7,457,330	7,105,398
Depreciation and amortization	3,930,397	3,778,337
Professional and consultancy charges	2,175,595	816,574
Network maintenance and support	2,089,832	1,441,835
Insurance expenses	813,425	758,018
Other	1,472,845	1,491,664
	17,939,424	15,391,826

18. FINANCE INCOM (COST), NET

	For The Three Months Period Ended June 30,	
	2023 (Unaudited)	2022 (Unaudited)
Discount income on long-term liabilities	21,707,376	-
Unwinding of provision for dismantling cost	(32,649)	(31,447)
Interest cost on defined benefit liability	(72,338)	(83,751)
Interest cost on lease liabilities	(830,930)	(1,632,278)
Other finance income	(693,997)	(282,254)
Unwinding of discount on long term liabilities	(3,285,115)	(2,842,390)
	16,792,347	(4,872,120)

19. EARNINGS / (LOSS) PER SHARE

	For The Three Months Period Ended June 30,	
	2023 (Unaudited)	2022 (Unaudited)
Net profit (loss) for the period	52,603,967	(1,667,823)
Weighted average number of shares for the period	8,999,900	8,999,900
Basic and diluted loss per share	5.84	(0.19)

Earnings / (loss) per share is computed by dividing net profit (loss) 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 June 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.

20. CONTINGENCIES (CONTINUED)

CST liability (continued)

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.

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 financial statements. the Company will continuously assess e-commerce transactions materiality.

	As of June 30, 2023 (Unaudited)			
	Voice	Data	Unallocated	Total
Segment assets				
Property and equipment	3,058,981	114,090,322	-	117,149,303
Intangible assets	8,242,963	307,436,464	-	315,679,427
Right of use assets	2,625,680	97,929,544	-	100,555,224
Total assets	159,651,692	793,928,499	-	953,580,191
Total liabilities	293,553,817	491,346,896	-	784,900,713

	For The Three Months Period Ended June 30, 2023 (Unaudited)			
	Voice	Data	Unallocated	Total
Segment revenue and costs				
Revenue	29,028,173	177,304,747	-	206,332,920
Cost of revenue	(5,412,002)	(130,256,675)	-	(135,668,677)
Gross profit	23,616,171	47,048,072	-	70,664,243
Selling and marketing expenses	-	-	(15,625,035)	(15,625,035)
Impairment loss on trade receivables and contract assets	-	-	(1,312,454)	(1,312,454)
General and administrative expenses	-	-	(17,939,424)	(17,939,424)
Other income, net	-	-	24,290	24,290
Finance cost, net	-	-	16,792,347	16,792,347
Zakat and income tax	-	-	-	-
Net profit (loss)	23,616,171	47,048,072	(18,060,276)	52,603,967

	As of March 31, 2023 (Audited)			
	Voice	Data	Unallocated	Total
Segment assets				
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
Total assets	129,200,651	757,610,946	-	886,811,597
Total liabilities	281,787,840	488,948,246	-	770,736,086

	For The Three Months Period Ended June 30, 2022 (Unaudited)			
	Voice	Data	Unallocated	Total
Segment revenue and costs				
Revenue	35,399,732	105,081,855	-	140,481,587
Cost of revenue	(4,106,477)	(98,835,155)	-	(102,941,632)
Gross profit	31,293,255	6,246,700	-	37,539,955
Selling and marketing expenses	-	-	(17,024,663)	(17,024,663)
Impairment loss on trade receivables and contract assets	-	-	(3,365,417)	(3,365,417)
General and administrative expenses	-	-	(15,391,826)	(15,391,826)
Other income	-	-	1,446,248	1,446,248
Finance income, net	-	-	(4,872,120)	(4,872,120)
Zakat and income tax	-	-	-	-
Net profit (loss)	31,293,255	6,246,700	(39,207,778)	(1,667,823)

Information about geographical segmentation

	For The Three Months Period Ended June 30,	
	2023 (Unaudited)	2022 (Unaudited)
Kingdom of Saudi Arabia	184,072,511	116,522,401
Outside Kingdom of Saudi Arabia	22,260,409	23,959,186
	206,332,920	140,481,587

22. RELATED PARTY TRANSACTIONS AND BALANCES

The related parties of the Company comprise the shareholders having significant influence, their affiliated companies 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:

Related parties name	*Relationship*	*Nature of transaction*	For The Three Months Period Ended June 30, 2023 (Unaudited)	2022 (audited)
Bahrain Telecommunication Company	Major Shareholder	Data revenue	403,242	458,503
		Interconnection revenue	67,576	67,632
		Interconnection cost	536,817	742,083

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

Due from related parties	*Relationship*	As of June 30, 2023 (Unaudited)	March 31, 2023 (Audited)
Bahrain Telecommunications Company (Note 9)	Major Shareholder	604,583	670,582

Transactions with key management personnel:

	For The Three Months Period Ended June 30, 2023 (Unaudited)	2022 (Unaudited)
Short-term employee benefits	1,848,841	1,497,000
End of service	22,442	73,560
	1,871,283	1,570,560

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

Fair Value levels

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

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

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

	As of June 30, 2023 (Unaudited)			
	Book value	Fair value		
SAR		Level 1	Level 2	Level 3
Financial Liabilities				
Long term accounts payable	193,509,139	-	-	185,776,431

	As of March 31, 2023 (Audited)			
	Book value	Fair value		
SAR		Level 1	Level 2	Level 3
Financial Liabilities				
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:

Type of financial instrument	Fair value as at June 30, 2023	Valuation technique	Unobservable inputs	Value sensitivity of the fair measurement to unobservable inputs
Long term payables	185,776,431	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 4.8 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	Impact of reclassification		
	As previously reported	Reclassification	Reclassified
Other current assets	53,947,505	(25,545,070)	28,402,435
Work in progress	-	25,545,070	25,545,070

25. SUBSEQUENT EVENTS

- On July 3, 2023 the Company paid amount of SR 49 million for its major vendor as agreed on the payment schedule as disclosed in note (1.b).
- On August 6, 2023 the Company submitted the capital increase through a rights issue offering file to the Capital Market Authority for approvals (note 1.b).

Other than the mentioned above, there are no material subsequent events that may require disclosure or amendment in these condensed interim financial statements.

26. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors on Muharram 24, 1445H (Corresponding to August 11, 2023).