MOBILE TELECOMMUNICATIONS COMPANY SAUDI ARABIA
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024

MOBILE TELECOMMUNICATIONS COMPANY SAUDI ARABIA
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
AS AT 31 MARCH 2024

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Building a better working world

Ernst & Young Professional Services (Professional LLC)
Paid-up capital (SR 5,500,000 – Five million five hundred thousand Saudi Riyal)
Head Office
Al Faisaliah Office Tower, 14th Floor
King Fahad Road
P.O. Box 2732
Riyadh 11461
Kingdom of Saudi Arabia

C.R. No. 1010383821

Tel: +966 11 215 9898
+966 11 273 4740
Fax: +966 11 273 4730

ey.ksa@sa.ey.com
ey.com

Independent auditor's review report on the interim condensed consolidated financial statements
To the Shareholders of Mobile Telecommunications Company Saudi Arabia
(A Saudi Joint Stock Company)

Introduction:

We have reviewed the accompanying interim condensed consolidated statement of financial position of Mobile Telecommunications Company Saudi Arabia - a Saudi Joint Stock Company (the "Company") and its subsidiaries (collectively referred to as the "Group") as at 31 March 2024, and the related interim condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three months period then ended, and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated 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" endorsed in the Kingdom of Saudi Arabia. A review of interim condensed consolidated statements consists of making inquiries, primarily to 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 consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

For Ernst & Young Professional Services

Ahmed Ibrahim Reda
Certified Public Accountant
License No. (356)

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EY
سجل تجاري ١٠١٠٣٨٣٨٢١
CR.1010383821
شركة إرنست ويونغ للخدمات المهنية
(مهنية ذات مسؤولية محدودة)
Ernst & Young Professional Services
(Professional LLC)

Riyadh: 5 Duh Al-Qi'dah 1445 H
(13 May 2024)

MOBILE TELECOMMUNICATIONS COMPANY SAUDI ARABIA
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2024
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Notes	31 March 2024 (Unaudited)	31 December 2023 (Audited)
ASSETS			
Current assets			
Inventories		**264,497**	157,793
Contract assets		**122,732**	117,669
Trade and other receivables		**5,687,128**	5,531,820
Cash and cash equivalents	4	**569,690**	946,042
		6,644,047	6,753,324
Assets held for sale	5	**-**	-
Total current assets		**6,644,047**	6,753,324
Non-current assets			
Property and equipment	6	**4,522,044**	4,736,355
Intangible assets	6	**14,051,832**	14,244,926
Right of use assets		**879,611**	842,725
Capital advances		**370,481**	393,268
Investment in an associate and joint ventures	8	**9,739**	9,739
Contract assets		**282,996**	322,261
Derivative financial instruments	19	**77,092**	75,634
Total non-current assets		**20,193,795**	20,624,908
TOTAL ASSETS		**26,837,842**	27,378,232
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables		**5,129,010**	4,953,958
Provisions		**214,156**	235,311
Zakat payable	17	**156,895**	144,232
Contract liabilities		**328,144**	355,346
Current portion of borrowings	9	**1,186,697**	1,186,697
Current portion of lease liabilities		**136,738**	216,364
Amounts due to related parties	10	**347,979**	842,120
		7,499,619	7,934,028
Liabilities directly associated with assets held for sale	5	**-**	-
Total current liabilities		**7,499,619**	7,934,028
Non-current liabilities			
Borrowings	9	**6,548,000**	6,532,973
Lease liabilities		**1,060,830**	1,016,666
Other non-current liabilities	11	**887,719**	1,126,421
Employees' end of service benefits obligation		**182,289**	176,724
Total non-current liabilities		**8,678,838**	8,852,784
Total liabilities		**16,178,457**	16,786,812
EQUITY			
Share capital	12	**8,987,292**	8,987,292
Hedging reserve	19	**77,092**	75,634
Other reserve		**(1,471)**	(1,471)
Statutory reserve		**203,099**	203,099
Retained earnings		**1,393,373**	1,326,866
Total equity		**10,659,385**	10,591,420
TOTAL LIABILITIES AND EQUITY		**26,837,842**	27,378,232

Mehdi Khalfaoui **CFO**	**Sultan Al-Deghaither** **CEO**	**Naif bin Sultan bin Mohammed bin Saud Al Kabeer** **Chairman**

The accompany notes (1) to (22) form an integral part of these interim condensed consolidated financial statements

MOBILE TELECOMMUNICATIONS COMPANY SAUDI ARABIA
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	**31 March 2024**	31 March 2023 (Restated - note 20)
Revenue		**2,535,176**	2,422,157
Cost of revenue		**(990,004)**	(1,007,317)
Gross profit		**1,545,172**	1,414,840
Distribution and marketing expenses		**(569,201)**	(513,756)
General and administrative expenses		**(139,986)**	(142,936)
Depreciation and amortization	6	**(522,666)**	(508,366)
Expected credit loss (ECL)		**(62,590)**	(58,615)
Operating profit		**250,729**	191,167
Finance income		**12,138**	23,357
Gain on tower sale transaction	1.3	**-**	1,143,747
Other expenses		**(1,360)**	(14,402)
Share of loss on investment in an associate	8	**-**	(237)
Impairment on investment in an associate	8	**-**	(527)
Finance cost		**(182,337)**	(175,575)
Profit before zakat		**79,170**	1,167,530
Zakat	17	**(12,663)**	(30,308)
Profit for the period		**66,507**	1,137,222
Other comprehensive income or loss			
Item that will not be reclassified subsequently to profit or loss:			
Remeasurement of employees' end of service benefits obligation		-	5,666
Item that may be reclassified subsequently to profit or loss:			
Fair value change in hedging instruments entered into for cash flow hedges	19	**1,458**	(11,578)
Total other comprehensive income / (loss)		**1,458**	(5,912)
Total comprehensive income for the period		**67,965**	1,131,310
Earnings per share (in Saudi Riyals)			
Basic and diluted	13	**0.07**	1.27

Mehdi Khalfaoui
CFO

Sultan Al-Deghaither
CEO

Naif bin Sultan bin Mohammed bin Saud Al Kabeer
Chairman

The accompany notes (1) to (22) form an integral part of these interim condensed consolidated financial statements

MOBILE TELECOMMUNICATIONS COMPANY SAUDI ARABIA
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Share capital	Hedging reserve	Other reserve	Statutory reserve	Retained earnings	Total
Balance at 1 January 2024	**8,987,292**	**75,634**	**(1,471)**	**203,099**	**1,326,866**	**10,591,420**
Profit for the period	**-**	**-**	**-**	**-**	**66,507**	**66,507**
Other comprehensive income	**-**	**1,458**	**-**	**-**	**-**	**1,458**
Total comprehensive income	**-**	**1,458**	**-**	**-**	**66,507**	**67,965**
Balance as at 31 March 2024	**8,987,292**	**77,092**	**(1,471)**	**203,099**	**1,393,373**	**10,659,385**
Balance at 1 January 2023	8,987,292	110,872	(8,247)	76,397	633,554	9,799,868
Restatement (restated - note 20)	-	-	-	-	2,373	2,373
Balance at 1 January 2023 (restated - note 20)	8,987,292	110,872	(8,247)	76,397	635,927	9,802,241
Profit for the period	-	-	-	-	1,137,222	1,137,222
Other comprehensive (loss) / income	-	(11,578)	5,666	-	-	(5,912)
Total comprehensive (loss) / income	-	(11,578)	5,666	-	1,137,222	1,131,310
Balance as at 31 March 2023 (restated - note 20)	8,987,292	99,294	(2,581)	76,397	1,773,149	10,933,551

Mehdi Khalfaoui **CFO**	**Sultan Al-Deghaither** **CEO**	**Naif bin Sultan bin Mohammed bin Saud Al Kabeer** **Chairman**

The accompany notes (1) to (22) form an integral part of these interim condensed consolidated financial statements

MOBILE TELECOMMUNICATIONS COMPANY SAUDI ARABIA
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	31 March 2024	31 March 2023 (Restated – note 20)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before zakat		**79,170**	1,167,530
Expected credit loss		**62,590**	58,615
Depreciation and amortization	6	**522,666**	508,366
Other provisions		**(25,926)**	(3,476)
Other (gain) / loss – net		**(10,778)**	28,500
Inventory obsolesce provision		**1,959**	2,479
Finance costs		**182,337**	175,575
Gain on disposal of property and equipment	1.3	**-**	(1,143,747)
Foreign currency loss		**-**	585
Share of loss on investment in an associate	8	**-**	237
Impairment on investment in an associate	8	**-**	527
Employees' end-of-service benefits obligation		**6,976**	8,061
		818,994	803,252
Changes in working capital			
Trade and other receivables		**(376,996)**	(222,087)
Inventories		**(108,663)**	(117,031)
Contract assets		**34,203**	34,489
Trade and other payables		**134,038**	(427,346)
Contract liabilities		**(27,202)**	12,652
Other non-current liabilities		**(238,702)**	(226,034)
Cash flows generated from / (used in) operations		**235,672**	(142,105)
Employees' end of service benefits obligation paid		**(1,410)**	(1,584)
Net cash generated from / (used in) operating activities		**234,262**	(143,689)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		**(413,078)**	(304,290)
Proceeds from disposal of property and equipment		**-**	2,420,700
Investment in associate and joint ventures		**-**	(2,200)
Purchase of intangible assets		**(3,148)**	(231,580)
Investment in short term deposits		**-**	(573,000)
Net cash (used in) / generated from investing activities		**(416,226)**	1,309,630
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings	9	**-**	(520,000)
Payment of principal portion of lease liabilities		**(90,826)**	(94,854)
Finance cost paid		**(103,562)**	(75,097)
Net cash used in financing activities		**(194,388)**	(689,951)
Net change in cash and cash equivalents		**(376,352)**	475,990
Effect of movements in exchange rates on cash and cash equivalents		**-**	(585)
Cash and cash equivalents at beginning of the year		**944,974**	374,362
Cash and cash equivalents at end of the period	4	**568,622**	849,767

The accompany notes (1) to (22) form an integral part of these interim condensed consolidated financial statements

MOBILE TELECOMMUNICATIONS COMPANY SAUDI ARABIA
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (UNAUDITED) (CONTINUED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024
(All amounts in Saudi Riyals thousands unless otherwise stated)

Non-Cash Transactions:

	31 March 2024	31 March 2023
Adjustment to property and equipment with corresponding to trade payables and capital advances	**(218,430)**	(697,551)
Adjustment to held for sale property and equipment with corresponding to investment	**-**	(605,000)
Adjustment to intangible assets with corresponding to trade payables	**801**	223,267
Changes in fair value of derivative financial instruments	**1,458**	(11,578)
Termination adjustment in lease liability held for sale	**-**	548,335
Transfer of ministry of finance non-current liability to long term	**-**	2,487,167
Transfer of ministry of finance current payable to short term borrowing	**-**	572,523

Mehdi Khalfaoui **CFO**	**Sultan Al-Deghaither** **CEO**	**Naif bin Sultan bin Mohammed bin Saud Al-Kabeer** **Chairman**

The accompany notes (1) to (22) form an integral part of these interim condensed consolidated financial statements

1 ORGANIZATION AND ACTIVITIES

1.1 *General Information*

The Company is a "Saudi Joint Stock Company" established pursuant to the Ministerial Resolutions No. 176 dated 25 Jumada I' 1428H (corresponding to 11 June 2007) and No. 357 dated 28 Dhu Al-Hijjah 1428H (corresponding to 7 January 2008), Royal Decree No. 48/M dated 26 Jumada I' 1428H (corresponding to 12 June 2007), the Commercial Registration No. 1010246192 issued in Riyadh, Kingdom of Saudi Arabia (KSA) on 4 Rabi I' 1429H (corresponding to 12 March 2008) to operate as the 3rd GSM public mobile cellular and the Company obtained technology neutral license in the Kingdom of Saudi Arabia for twenty five (25) years.

Mobile Telecommunications Company Saudi Arabia (the "Company") along with its subsidiaries (together the "Group"), provides mobile telecommunication services in the Kingdom of Saudi Arabia in which it operates, purchases, sells, distributes, delivers, installs, manages and maintains mobile telephone services and equipment. As well, the Group provides consulting services; constructs and repair telecom towers; provides fintech services and provide technical drones services along with selling and repairing drones as mentioned in note 1.2.

The registered address of the Company is P.O. Box 295814, Riyadh 11351, Kingdom of Saudi Arabia.

The Company is a subsidiary of Mobile Telecommunications Company K.S.C.P. Kuwait ("Zain Group"). Zain Group ultimate parent company is Oman Telecommunications Company SAOG, Oman.

The Group realized net profit for the three months period ended 31 March 2024, SR 66.5 million (31 March 2023: SR 1.14 billion) and had retained earnings of SR 1.39 billion as at 31 March 2024 (2023: SR 1.33 million) and the current liabilities of the Group exceed the current assets of the Group by SR 856 million (2023: SR 1.18 billion) which includes SR 348 million (2023: SAR 842 million) due to related parties (refer note 10). Based on the latest approved business plan, the Group's management believes that the Group will be successful in meeting its obligations in the normal course of operations considering the unutilized portion of the Syndicated Murabaha Facility amounting SR 1 billion (refer note 9-1). The management of the Group have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

1.2 *Subsidiaries*

The Company established the following fully owned subsidiaries in KSA:

a. Zain Sales Company is engaged in distributing, selling telecom equipment and handsets; and providing consulting services. Share capital SR 10,000. The company started its operation in the first quarter of 2019.
b. Zain Payments Company - Tamam is engaged in providing fintech services. Share capital SR 100,000. The company started its operation during the fourth quarter of 2019. On 9 April 2021, the Company has increased its share capital amounting to SR 57 million. On 6 October 2022, the company increased its share capital by SR 91 million to reach SR 148 million.
c. Zain Drones Company is engaged in providing professional, scientific and technical drones services along with selling and repairing drones. Share capital SR 10,000. The company started its operation during the fourth quarter of 2019.
d. Data Reach – Single Member Company (SMC) has been formed with a share capital of SR 5,000 to engage in activities of data sciences and analysis, data processing, establishing web hosting infrastructure and cloud computing, which has not commenced operation as at reporting date.
e. Saira Group Company – SMC has been formed with a share capital of SR 50,000 to engage in activities of investment and management of subsidiaries, which has not commenced operation as at reporting date.

1 ORGANIZATION AND ACTIVITIES (continued)

1.3 *Binding Agreement for sale of Tower*

Pursuant to the letter received from the Communications Space and Technology Commission (CST) No.4319/1443/AH dated 27/10/1443H (corresponding to 28/5/2022G) approving Golden Lattice Investment Company (GLI) (formerly Zain Business Company Limited, a former subsidiary of Zain KSA) to acquire at least 8,069 of the telecom tower sites owned by Zain KSA, an Asset Purchase Agreement "APA" was signed with GLI whereby at least aforementioned sites will be transferred within a period not exceeding 18 months from the Financial Completion date. The aggregate value for such transfer to the Group was agreed to be the cash proceeds of SR 2,421 million along with a 20% equity stake in GLI subject to call option right, which has been exercised during 2023 by GLI (refer note 10).

During the first quarter ended 31 March 2023 Financial Completion date was triggered and all respective conditions were completed, consequently the passive infrastructure of all the sites were derecognized from the books of the Group. Additionally, and in accordance with the terms and conditions of the Mobile Tower Space use Agreement ("MTSA") with GLI, the Group leased back the right to use specified spaces on each site recognizing the Right of Use Assets ("ROU") and Lease Liability ("LL") on the same.

The ground leases for all sites, whether transferred or yet to be transferred but landlord consent is available, have been accounted in such a manner that the related ROU and LL have been derecognized with any resulting gain or loss recognized in the interim condensed consolidated statement of profit or loss and other comprehensive income. For all other cases, the related carrying amounts of ROU and LL have been retained, but reassessed for the lease term. The total loss on termination due to the above accounting for ground leases has been recorded in consolidated financial statements for the year ended 31 December 2023.

Due to the significant judgements and estimations involved in assessing transfer of control, the accounting of the transaction was revisited in the fourth quarter of 2023 resulting in the above accounting treatment which resulted in restatement on the reported figures for the respective quarterly interim condensed consolidated financial statements of 2023 (refer note 20).

2 BASIS OF PREPERATION

These interim condensed consolidated financial statements have been prepared in accordance with IAS 34 - Interim Financial Reporting as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA"). They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 2023 annual consolidated financial statements.

(All amounts in Saudi Riyals thousands unless otherwise stated)

3 MATERIAL ACCOUNTING POLICY INFORMATION

The Group has applied the same accounting policies and methods of computation in its interim condensed consolidated financial statements as in its annual consolidated financial statements for the year ended 31 December 2023.

New Standards, Amendment to Standards and Interpretations:

There are no new standards issued, however, there are number of amendments to standards which are effective from 1 January 2024 and has been explained in the Group's annual consolidated financial statements, but they do not have a material effect on the Group's interim condensed consolidated financial statements.

Standards that are issued and effective for the current period

The Group applied for the first-time certain amendments, which are effective for annual periods beginning on or after 1 January 2024 (unless otherwise stated).

The Group has assessed that these amendments have no significant impact on the interim condensed consolidated financial statements.

Standard, interpretation, amendments	**Description**	**Effective date**
Classification of liabilities as current or non-current and non-current liabilities with covenants - amendments to IAS 1	The amendments to IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clearly outlined 'a right to defer settlement', timing and effect of intention on the entity to defer.	Annual periods beginning on or after 1 January 2024
Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	The amendment to IFRS 16 Leases specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction.	Annual periods beginning on or after 1 January 2024
International Tax Reform – Pillar Two Model Rules - Amendments to IAS 12	The amendments require an entity to disclose that it has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.	Annual periods beginning on or after 1 January 2024
Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7	The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk	Annual periods beginning on or after 1 January 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

a) New standards, interpretations and amendments not yet effective

The Group has chosen not to early adopt new standards and amendments to IFRS which have been issued but not yet effective for the Group's accounting period beginning on or after 1 April 2024. Those standards and interpretation or amendments are not disclosed in these interim condensed consolidated financial statements as the management did not consider these relevant to the Group operation or will have a material impact on the financial statements of the Group in future periods.

Standard, interpretation, amendments	Description	Effective date
Lack of exchangeability – Amendments to IAS 21	The amendment to IAS 21 specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.	Annual periods beginning on or after 1 January 2025

4 CASH AND CASH EQUIVALENTS

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Cash in hand	**1,755**	1,736
Cash at banks	**567,935**	369,306
Short term deposits	**-**	575,000
Cash and bank balance	**569,690**	946,042
Cash at bank under lien*	**(1,068)**	(1,068)
	568,622	944,974

The Group invests part of the surplus cash in time deposits with maturity period of three month or less with local commercial banks. The annual commission average rates on these deposits during three months period ended 31 March 2024 were 5.9% (2023: 5.3%). The total commission earned by the Group during three months period ended 31 March 2024 was SR 12 million (three months period ended 31 March 2023: SR 23 million).

** Cash at bank under lien represents the guarantees provided by the Group against cash margin on the balance kept in bank.*

5 ASSETS HELD FOR SALE

During February 2022, the Board of the directors approved the final offer to sell stakes in Zain KSA's towers infrastructure, on the basis that management is committed to a plan to sell these assets and accordingly classified the assets and the liabilities directly associated to these assets as held for sale and stopped depreciating the assets from the date of classifying them as held for sale. Financial Completion date was triggered and all respective conditions as set out in APA and MTSA were completed for all asset transfer. Consequently, the Group derecognized passive infrastructure of all the sites with corresponding realization of gain on interim condensed consolidated statement of profit or loss and other comprehensive income for the three months period ended 31 March 2023.

The ground leases for all sites, whether transferred or yet to be transferred but landlord consent is available, have been accounted in such a manner that the related right of use assets and lease liabilities have been derecognized with any resulting gain or loss on termination recognized on interim condensed consolidated statement of profit or loss and other comprehensive income for the three months period ended 31 March 2023. For all other cases, the related carrying amounts of right of use assets and lease liabilities have been retained but reassessed for their lease term with any resulting gain or loss on modification recognized on interim condensed consolidated statement of profit or loss and other comprehensive income for the three months period ended 31 March 2023 and subsequent quarters respectively (Refer note 20). Consequently, the carrying amount of assets and liabilities held for sale is Nil as at the year ended 31 December 2023 and as at the period ended 31 March 2024 respectively.

6 PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS

During the three-months period ended 31 March 2024, the Group acquired property and equipment amounted to SR 49 million (31 March 2023: SR 29 million) and intangible assets amounted to SR 2.5 million (31 March 2023: SR 8 million). During the period, the Group disposed property and equipment with a net book value of Nil and (31 March 2023: Nil) resulting in a gain on sale of property and equipment disposed amounting to Nil (31 March 2023: Nil).

During the three-months period ended 31 March 2024, the total depreciation and amortization expense amounted to SR 523 million, out of which SR 460 million relates to property and equipment and intangible assets and the remaining amount of SR 63 million relates to the depreciation charge for right of use assets (31 March 2023: the total depreciation and amortization expense amounted to SR 508 million out of which SR 468 million relates to property and equipment and intangible assets and the remaining amount of SR 39 million relates the depreciation charge for right of use assets).

(All amounts in Saudi Riyals thousands unless otherwise stated)

7 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT AND LOSS

Further to the sale of towers, the Group has entered into a Shareholders' Agreement "SHA" with PIF, HRH Prince Saud bin Fahd bin Abdulaziz, Sultan Holding Company and GLI in respect of GLI, and has completed the ownership of 20% of GLI for an amount of SR 605 million. The majority shareholder of GLI has an unconditional call option to purchase 100% stake of the Group in GLI at an already agreed price.

The management of the Group had determined that due to existing call option as at the date of acquisition of shares and its' inability to exercise power in financial and operating policy decision of GLI, hence it had no significant influence over GLI.

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Financial assets measured at fair value through profit and loss		
Unquoted equity shares	**-**	605,250
Sold during year	**-**	(605,250)
Closing Balance	**-**	-

The investment in these unquoted equity shares were held at fair value and was sold to PIF in connection to the call option exercised attached to issuance of the shares. The call option was exercised dated 20 November 2023. The gain realized during 2023 on this sale amounts to SAR 121 million.

8 INVESTMENT IN AN ASSOCIATE AND JOINT VENTURES

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Digital Application Trading Company LLC (refer note 8-1)	**2,918**	2,918
Integrated Data Company for Information Technology LLC (refer note 8-2)	**6,821**	6,821
	9,739	9,739

8-1 Digital Application Trading Company L.L.C

On 9 July 2022, the Group and Zain Ventures Holding Company W.L.L signed a Shareholders' agreement with Digital Application Trading Company L.L.C "PHT" registered under the laws of KSA, by virtue of which all parties of the agreement agreed and recorded terms and conditions relating to the shareholding, funding, management and support requirements of Entertainment Content Trading Company (Single Owner) L.L.C "ECT" already formed and registered under the laws of KSA, currently owned by PHT.

The Group, Zain Ventures Holding Company W.L.L, PHT and ECT on 8 September 2022 entered into a Subscription Agreement, by virtue of which the Group and Zain Ventures Holding Company W.L.L agrees to subscribe to 30% shareholding in ECT with an amount of SR 9.38 million each, in two phases. The first phase of investment has been completed and the Group subscribed with SR 2 million capital increase as at 31 March 2023, providing 15% of ownership in ECT. The remaining SR 2.687 million was paid in April 2023. The Group has significant influence over ECT with 15% shareholding and 33% representation on the Board of ECT.

(All amounts in Saudi Riyals thousands unless otherwise stated)

8 INVESTMENT IN AN ASSOCIATE AND JOINT VENTURES (CONTINUED)

8-1 Digital Application Trading Company L.L.C (Continued)

The movement in investment in associate during the period is as follows:

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
At the beginning of the period	**3,529**	-
Investment in Playherra	-	4,887
Share of loss of associate for the period	-	(831)
Impairment	-	(527)
Closing Balance	**3,529**	3,529

Below is the financial summary of the associate taken from the management-prepared financial statements for the year ended 31 December 2023.

	31 December 2023 (Unaudited)
Statement of financial position:	
Current assets	**2,119**
Non-current assets	**314**
Current liabilities	**11,105**
Net equity	**(7,293)**
Statement of profit or loss and other comprehensive income:	
Revenue	**2,769**
Total comprehensive loss during the year	**(9,610)**

During the three months period ended 31 March 2024 management of the Group believes that there will be an immaterial impact of share of loss or profit of investee, on the interim condensed consolidated statement of profit or loss and other comprehensive income of the Group.

(All amounts in Saudi Riyals thousands unless otherwise stated)

8 INVESTMENT IN AN ASSOCIATE AND JOINT VENTURES (CONTINUED)

8-2 Integrated Data Company for Information Technology L.L.C

On 9 July 2022, the Group and other Mobile Network Operators (MNOs) signed a term sheet to establish a Integrated Data Company for Information Technology L.L.C "IDC" to process insight provided by MNOs for enabling KSA governmental agencies to plan and achieve 2030 vision efficiently. Subsequently all parties signed Subscription and Shareholders' agreement, pursuant to which the Group acquired 31% shareholding with a representation of two directors on the Board of IDC. The Board of IDC will have eight directors, out of which each MNO can appoint two directors and two independent directors (to be appointed unanimously by all three MNOs) and six other directors. The amount invested in IDC amounts to SR 6.82 million and is payable as at the date of these interim condensed consolidated financial statements. IDC has yet to commence its' operations, however has been incorporated on 21 Ramadan 1444H (corresponding to 12 April 2023).

9 BORROWINGS

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Syndicate Murabaha facility (refer to note 9-1)	**5,247,529**	5,232,502
Murabaha facility agreement (refer to note 9-2)	**2,487,168**	2,487,168
Total borrowings	**7,734,697**	7,719,670

The current and non-current amounts are as follows:

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Current borrowings	**1,186,697**	1,186,697
Non-current borrowings	**6,548,000**	6,532,973
Total borrowings	**7,734,697**	7,719,670

The carrying amounts of the Group borrowings are denominated in the following currencies:

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Saudi Riyals	**6,755,471**	6,743,248
US Dollar (presented in Saudi Riyal)	**979,226**	976,422
	7,734,697	7,719,670

9 BORROWINGS (continued)

9-1 Syndicated Murabaha facility

On 27 September 2020, the Group refinanced and extended the maturity date of its existing five years syndicated Murabaha facility (MFA) obtained from the commercial banks for a total amount available up to SR 6 billion with two years grace period, at six months SIBOR plus margin and six months SOFR plus margin (2023: six months SIBOR plus margin, six months LIBOR plus margin and six months SOFR plus margin). Moreover, the agreement includes a working capital facility of SR 1 billion bringing the total facility amounting to SR 7 billion until 2025, providing additional liquidity for the Group to fund its business growth plans.

As at 31 March 2024, the Group has utilized SR 6 billion from existing facility of SR 7 billion. which includes 6 billion from long term facility while Nil (2023: Nil billion) is related against the working capital facility. During the period ended 31 March 2024, the Group has drawn down SR Nil (2022: Nil) from working capital facility. As at 31 March 2024, total unused facility against MFA amounting to SR 1 billion (2023: SR 1 billion) from the working capital facility.

Financing charges, as specified under the "Murabaha financing agreement" are payable in quarterly installments over five years. MFA is secured partially by a guarantee from Mobile Telecommunications Company K.S.C.P and a pledge of shares of the Group owned by some of the founding shareholders and assignment of certain contracts and receivables and fixed assets up to the outstanding balance at the date of reporting as mentioned above.

The Group is complying with the existing loan covenants.

9-2 Murabaha facility with MOF

During 2013, the Group signed an agreement with the Ministry of Finance (MOF), Kingdom of Saudi Arabia to defer payments of its dues to the Government for the next seven years ending May 2020. These deferred payments under agreement contain commercial commission payable annually, while the amount is repayable in seven years starting from June 2021 as per original terms, which was then revised in 31 October 2021. Based on revised scheduling the first repayment has been settled in November 2021.

On 20 February 2023, the Group has signed a revised agreement with MOF in which the existing deferral of payment to MOF along with commercial commission payable is converted into a Murabaha facility with MOF and Al Rajhi Banking & Investment Corporation has been appointed as the Murabaha Facility Agent. The facility matures on June 2027 with yearly scheduled repayment on 1 June every year till maturity, starting from June 2023. Finance charges are payable in either quarterly or yearly frequency, to be decided at each repayment term by the Group. The accrued interest related to the MOF payable is recorded under trade and other payables.

The facility doesn't have any security assigned to it.

(All amounts in Saudi Riyals thousands unless otherwise stated)

10 TRANSACTIONS AND AMOUNTS DUE TO RELATED PARTIES

The Group has the following related parties:

Party	Relationship
Oman Telecommunications Company SAOG	Parent Company of Mobile Telecommunications Company K.S.C.P (ultimate parent)
Mobile Telecommunications Company K.S.C.P (Zain Group)	Founding shareholder / Parent Group
Zain Bahrain B.S.C ("MTCB")	Subsidiary to Founding Shareholder
Sudanese Mobile Telephone (Zain) Company Limited ("Zain Sudan")	Subsidiary to Founding Shareholder
Mobile Telecommunications Company Lebanon ("MTCL")	Subsidiary to Founding Shareholder
Zain Iraq/Atheer Telecom Iraq Limited 'Atheer'	Subsidiary to Founding Shareholder
Zain Global Communications Co. SPC	Subsidiary to Founding Shareholder
Zain Tech Solutions FZ- LLC	Subsidiary to Founding Shareholder
FOO (Holding) SAL	Subsidiary to Founding Shareholder
Infra Capital Investments Company	Founding Shareholder
Integrated Data Company for Information Technology L.L.C	Investee

During the current period, the Group entered into the following trading transactions with related parties:

	For the three months period ended	
	31 March 2024	31 March 2023
Revenue from entities owned by shareholder	**4,930**	37,741
Purchases from entities owned by shareholder	**16,385**	51,572
Fees charged by a Founding Shareholder (refer to note 10.1)	**42,500**	42,500
Operational expense charged by related party*	**-**	106,629

** the related party relationship has been extinguished during year ended 31 December 2023, due to sale of shares held by the Group in GLI (refer note 7).*

	For the three months period ended	
	31 March 2024	31 March 2023
Compensation and benefits - short term	**10,795**	8,777
Compensation and benefits - post-employment	**998**	846
	11,793	9,623

Short term benefits include remuneration for the Board amounting to SR 4.5 million (31 March 2023: SR 4.5 million).

The following balances were outstanding at the reporting date:

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Mobile Telecommunications Company K.S.C.P (refer to note 10.1)	**278,468**	773,419
Mobile Telecommunications Company K.S.C.P (refer to note 10.2)	**810**	-
Founding Shareholders (refer to note 10.3)	**68,464**	68,464
Other related parties (refer to note 10.4)	**237**	237
	347,979	842,120
Current	**347,979**	842,120

(All amounts in Saudi Riyals thousands unless otherwise stated)

10 TRANSACTIONS AND AMOUNTS DUE TO RELATED PARTIES (continued)

10-1 Mobile Telecommunications Company K.S.C.P

This amount relates to accrued management fees and is payable to the Group's largest shareholder. The amount is unsecured, interest free and does not have any fixed terms of repayment but is not repayable until certain conditions are met in the Syndicated Murabaha facility referred to in note 9-1.

10-2 Mobile Telecommunications Company K.S.C.P and Infra Capital Investments

This amount represents the other inter-company balance that are payable to shareholders and doesn't bear any interest.

10-3 Founding Shareholders

This amount relates to accrued finance charges and is payable to the Group's founding shareholders. The amount is unsecured and does not have any fixed terms of repayment but is not repayable until certain conditions are met in the Syndicated Murabaha facility referred to in note 9-1.

10-4 Other related parties

This amount includes amounts owing to related parties in lieu of operational expenses cross-charged.

11 OTHER NON-CURRENT LIABILITIES

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Long-term payable – Spectrum (refer to note 11-1)	**882,295**	1,054,623
Others	**5,424**	71,798
	887,719	1,126,421

11-1 Long-term payable – Spectrum

As of 31 March 2024, the total outstanding amount payable against spectrum amounts to SR 1.07 billion (2023: SR: 1.24 billion) out of which SR 188 million is recognized under trade and other payables as at 31 March 2024 (2023: SR 188 million). The amount of the installment is to be settled annually based on the payment schedule agreed with CST.

12 SHARE CAPITAL

The Group had 898,729,175 (2023: 898,729,175) shares of SR 10 each in issue as at the reporting date.

(All amounts in Saudi Riyals thousands unless otherwise stated)

13 EARNINGS PER SHARE

Profit attributable to ordinary shareholders

Both the basic and diluted earnings per share have been calculated using the profit attributable to shareholders of the Group as the numerator, i.e. no adjustments to profit were necessary in 31 March 2024 or 31 March 2023. Profit attributable to the shareholders use in calculating EPS is SR 67 million for the three-months period ended 31 March 2024 (31 March 2023: SR 1,137 million).

Weighted average number of ordinary shares

The weighted average number of shares in the calculation of basic earnings per share is as follows:

	For the three-months period ended	
	31 March 2024	31 March 2023
Outstanding shares	**898,729**	898,729
Basic earnings per share	**0.07**	1.27

Basic earnings per share is calculated by dividing the profit after zakat attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. There is no dilutive effect on the earnings per share of the Group.

14 SEGMENT REPORTING

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

The Group is engaged mainly in providing telecommunication services and related products. Majority of the Group's revenues, income and assets relate to its operations within the Kingdom. Revenue is distributed to an operating segment based on the entity of the Group reporting the revenue. Sales between segments are calculated at normal business transaction prices.

	For the three-months period ended	
	31 March 2024	31 March 2023
Mobile Telecommunications Company Saudi Arabia	**2,430,901**	2,318,242
Zain Sales Company	**228,315**	349,842
Zain Payments Company-Tamam	**82,483**	67,416
Zain Drones Company	**-**	25
Eliminations / Adjustments	**(206,523)**	(313,368)
Total revenues	**2,535,176**	2,422,157
Cost of operations	**(1,699,191)**	(1,664,009)
Depreciation and amortization	**(522,666)**	(508,366)
Allowances against expected credit loss on financial assets	**(62,590)**	(58,615)
Finance income	**12,138**	23,357
Gain on tower transaction	**-**	1,143,747
Other loss	**(1,360)**	(14,402)
Share of loss for the period and Impairment in investment in associate	**-**	(764)
Finance costs	**(182,337)**	(175,575)
Zakat	**(12,663)**	(30,308)
Profit for the period	**66,507**	1,137,222

(All amounts in Saudi Riyals thousands unless otherwise stated)

14 SEGMENT REPORTING (continued)

The following is an analysis of the Group's revenues and results based on a segmental basis:

Following is the gross profit analysis on a segment basis:

	For the three-months period ended	
	31 March 2024	31 March 2023
Mobile Telecommunications Company Saudi Arabia	**1,468,807**	1,355,345
Zain Sales Company	**5,494**	(663)
Zain Payments Company-Tamam	**70,260**	57,416
Zain Drones Company	**-**	25
Eliminations / Adjustments	**611**	2,717
Gross profit	**1,545,172**	1,414,840

The following is an analysis of the Group's assets and liabilities based on a segmental basis:

Assets	**31 March 2024 (Unaudited)**	31 December 2023 (Audited)
Mobile Telecommunications Company	**39,017,955**	39,206,742
Zain Sales Company	**12,660,019**	12,358,228
Zain Payments Company-Tamam	**694,912**	635,863
Zain Drones Company	**3,948**	4,022
Saira Group Company	**50**	-
Zain Data Reach	**5**	5
Eliminations / adjustments	**(25,539,047)**	(24,826,628)
Total assets	**26,837,842**	27,378,232
Liabilities		
Mobile Telecommunications Company	**28,571,202**	28,796,609
Zain Sales Company	**12,539,983**	12,242,864
Zain Payments Company-Tamam	**365,886**	433,602
Zain Drones Company	**9,509**	8,878
Zain Business	**-**	-
Eliminations / adjustments	**(25,308,123)**	(24,695,141)
Total liabilities	**16,178,457**	16,786,812

The major additions and disposals in property and equipment and intangibles along with associated depreciation and amortization related to Mobile Telecommunications Company Saudi Arabia.

15 CAPITAL COMMITMENTS AND CONTINGENCIES

The Group had capital commitments of SR 1.84 billion as at the reporting date (31 December 2023: SR 662 million). The Group had contingent liabilities as follows:

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Letters of guarantee	**53,378**	41,982
Letters of credit	**211,250**	211,250
	264,628	253,232

15 CAPITAL COMMITMENTS AND CONTINGENCIES (continued)

The Group in the normal course of business is subject to and also pursuing lawsuits, proceedings, penalties and fines imposed by the regulator, municipalities and other claims from suppliers and telecommunication providers. The Group, after having consulted with its internal and external legal counsel and technical advisors, believes that these matters are not expected to have a significant impact on the financial position or the results of operations of the Group.

The CST's violation committee has issued several penalty resolutions against the Group; which the Group has objected to. The reasons of issuing these resolutions vary between linking ID for the issued prepaid SIM Cards and providing promotions that have not been approved by CST and/or other reasons. As of 31 March 2024, lawsuits and violations amounts to SR 27.7 million which has been recorded fully (31 March 2023: SR 25.5 million). The Group is involved in legal litigation claims in the ordinary course of business, which are being defended; there are also some claims under the process of final settlement. The ultimate results of these claims cannot be determined with certainty as at the date of preparing the interim condensed consolidated financial statements; the Group's management does not expect that these claims will have a material adverse effect on the Group's interim condensed consolidated financial statements.

In accordance with the Net Telecommunications Revenue Base Regulations for Licensed Service Providers (the regulation) as issued by Communications, Space and Technology Commission (CST), the Group is required to submit quarterly Net Telecom Revenue forms (NTR forms) including NTR base along with supporting documentation. NTR base is calculated as the total revenue less exempted revenue and allowable expenses as defined in the regulations.

Due to absence of reasonable assurance report on the submitted NTR forms for the period ended 31 March 2023, during 3rd quarter of 2023, the Group has received an invoice from CST amounting to SR 266 million which was calculated based on the revenue as reported in the interim condensed consolidated financial statements for the period ended 31 March 2023 instead of NTR base for the respective period which resulted in SR 97 million being additional amount. The reasonable assurance report was subsequently submitted. Till the quarter ended 31 March 2024 the Group has adjusted SAR 89.2 million amount against above advance payments to CST.

15-1 WITH HOLDING TAX (WHT)

On 7 July 2015 (18 Ramadan 1436H), The Group received withholding tax assessments from Zakat, Tax and Customs Authority (ZATCA) for the years from 2009 to 2011 whereby ZATCA asked to pay an additional amount of SR 267 million as withholding tax subject to delays penalty payable from the due date up to the settlement date equals to 1% for every 30 days. The Group appealed this claim on 27 August 2015 which resulted in the reduction of withholding tax claim by SR 219 million to SR 48 million, subject to delays penalty.

To appeal before the High Appeal Committee (HAC), the Group completed the required conditions in the Articles of the Saudi Tax Law, by paying the invoices issued by ZATCA amounting SR 48 million on 16 November 2017 related to Withholding Tax (WHT) and issued a bank guarantee for the amount of SR 43 million related to the penalty generated from the delay in paying the WHT.

On 3 June 2021, the HAC issued its decision on the final claim which was reduced to SR 8.4 million. The Group has appealed against this decision to the Appeal Committee for Tax Violations and Disputes and the case is pending as at 31 March 2024.

The Group received additional assessment with an amount of SR 252 million for certain withholding tax items for the years from 2012 to 2021. The Group has appealed those assessments against the relevant committees. The Group believes that the outcome of those appeals will be in the Group's favor with no material financial impact as the Group has sufficient provisions to cover these amounts.

(All amounts in Saudi Riyals thousands unless otherwise stated)

16 DIVIDEND

On 22 June 2023 (04 Dhul Hijjah 1444H), the Board of Directors' recommended the distribution of cash dividends of SR 0.5 per share amounting to SR 449,364,588 to shareholders for the fiscal year ended 31 December 2022, which was approved by in Ordinary General Assembly Meeting held on 4 Dhul Hijjah 1444 corresponding to 22 June 2023. The distribution date of declared dividend is 12 July 2023. On 6 July 2023 the Group disbursed the declared dividend in full to the Securities Depository Center Company (EDAA), for distribution to beneficiaries, out of which SAR 1.25 million was returned to the Group due to dormant accounts or missing information of beneficiaries, which is represented as dividend payable as at reporting date.

17 ZAKAT

Zakat provision	**31 March 2024 (Unaudited)**	31 December 2023 (Audited)
Balance at beginning of the period / year	**144,232**	65,541
Charge for the period / year	**12,663**	88,888
Paid for the period / year	**-**	(10,197)
Balance at end of the period / year	**156,895**	144,232

Status of assessments

The Group had finalized its zakat status up to 2008 and obtained the related certificate.

The Group had submitted its consolidated financial statements along with group zakat returns for the years from 2009 to 2022 and paid zakat according to the filed returns. From 2021 onwards, Zain Payment Company – Tamam is submitting, paying and obtaining zakat certificate form ZATCA separately, consequently the Group had submitted zakat return from 2021 till 2022 excluding Zain Payment Company – Tamam.

Zakat was assessed by ZATCA and agreed with no additional claim for the years ended 2012 and 2013. The Group received additional assessment of SR 20.3 million for Zakat for the years from 2014 to 2018 which the Group has appealed against these additional claims to the relevant committees. The Group believes this will not result in any material additional provisions. Zakat was assessed by ZATCA and agreed with no additional claim for the years ended 2012 and 2013. The Group has not received Zakat assessment for 2019, 2020, 2021 and 2022.

There is no financial impact as the Group has sufficient provisions to cover these amounts.

(All amounts in Saudi Riyals thousands unless otherwise stated)

18 FAIR VALUE OF FINANCIAL ASSETS AND LIABILTIES

18-1 Fair value Hierarchy

Assets and liabilities measured at fair value in the interim condensed consolidated statement of financial position are grouped into three levels of fair value hierarchy. This grouping is determined based on the lowest level of significant inputs used in fair value measurement, as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

All the financial assets and liabilities of the Group are carried at amortized cost except for derivative financial instruments. Therefore, the fair value hierarchy disclosure which requires a three-level category of fair value is not disclosed.

18-2 Carrying amount vs fair value

The Group considers that the carrying amount of the following financial assets and financial liabilities are a reasonable approximation of their fair value:

- Cash and cash equivalents
- Trade and other receivables
- Due to related parties
- Trade and other payables
- Borrowings
- Other non-current liabilities
- Investment FVTPL

		31 March 2024 (Unaudited)		31 December 2023 (Audited)	
	Fair value measurement hierarchy	**Carrying value**	**Fair value**	Carrying value	Fair Value
Derivative financial instruments	Level 2	**77,092**	**77,092**	75,634	75,634

18-3 Valuation techniques

These derivatives are valued using widely recognized valuation models. The Group relies on the counterparty for the valuation of these derivatives. The valuation techniques applied by the counterparties include the use of forward pricing standard models using present value calculations and mid-market valuations.

Where applicable, these models project future cash flows and discount the future amounts to a present value using market-based observable inputs including interest rate curves, credit spreads, foreign exchange rates, and forward and spot prices.

(All amounts in Saudi Riyals thousands unless otherwise stated)

19 DERIVATIVE FINANCIAL INSTRUMENTS

On 22 September 2020 Company entered into profit rate swaps, which matures in 2025. The maturity of the profit rate swap has been extended till the extended maturity of the refinanced loan (refer to note 9-1). The outstanding notional amount of the contract as at 31 March 2024 was SR 2.56 billion (31 December 2023: SR 2.56 billion) and the fair value was a positive amount of SR 77 million as at 31 March 2024 (31 December 2023: SR 76 million).

The average contracted fixed interest rate ranges from 2% to 3%. A gain of SR 1.46 million was recognized in other comprehensive income for three months period ended 31 March 2024 (31 March 2023: gain of SR 11.6 million) as a result of fair value movements relating to this hedge. The fair value of profit rate swaps at the end of the reporting period is determined by discounting the future cash flows using the curves at the end of the reporting period and the credit risk inherent in the contract. As at reporting date all the critical terms of both hedge item and hedge instrument are the same, so the hedge is considered to be effective.

20 EFFECT OF PRIOR PERIOD RESTATEMENT

During 2023, management conducted a comprehensive assessment of IFRS 16 compliance and identified that Right of use assets, right of use assets - classified under held for sale, lease liabilities and lease liabilities directly associated with assets under held for sale have been understated or classified under accruals due to various reasons. Hence the management, restated the comparatives figures in consolidated financial statements, by adjusting and reclassifying respective balances on consolidated statement of financial position with insignificant impact on retained earnings during the year ended 1 January 2023. Accordingly, the previously reported amounts on consolidated statement of financial position as at 1 January 2023 have been restated to reflect the effect of this adjustment.

A summary of the effect on the individual components of balances as at respective year for the above changes is summarized as follows:

As at 1 January 2023	**As previously reported**	**Restatement**	**Reclassification**	**As currently reported**
Right-of-use assets	789,866	105,033	(455,270)	**439,629**
Right-of-use assets under held for Sale	1,000,367	-	455,270	**1,455,637**
Lease liabilities (non-current)	569,991	102,660	(363,139)	**309,512**
Liabilities directly associated with assets held for sale	801,950	-	403,253	**1,205,203**
Trade and other payables	5,176,265	-	(40,114)	**5,136,151**
Retained earnings	633,554	2,373	-	**635,927**

Further due to significant judgements and estimations involved in assessing transfer of control, for the treatment of sale and lease back transaction with GLI, the accounting of the transaction was revisited in the fourth quarter of 2023. This resulted in change of accounting treatment from previously recorded transactions.

(All amounts in Saudi Riyals thousands unless otherwise stated)

20 EFFECT OF PRIOR PERIOD RESTATEMENT (continued)

Pursuant to reassessment the Groups' management concluded that on 8 January 2023, i.e. on first batch transfer, Financial Completion date was triggered and all respective conditions as set out in APA and MTSA were completed for all asset transfer. Consequently, the Group derecognized passive infrastructure of all the sites with corresponding realization of gain on interim condensed consolidated statement of profit or loss and other comprehensive income for the period ended 31 March 2023. Additionally, and in accordance with the terms and conditions of the MTSA with GLI, the Group leased back the right to use specified spaces on each site recognizing the right of use assets and lease liability on the same. with a corresponding gain on consolidated statement of profit or loss and other comprehensive income. Accordingly, the previously reported amounts on interim condensed consolidated statement of profit or loss and other comprehensive income for the period ended 31 March 2023 has been adjusted to reflect changes of reassessment.

The ground leases for all sites, whether transferred or yet to be transferred but landlord consent is available, have been accounted in such a manner that the related right of use assets and lease liability have been derecognized with any resulting gain or loss on termination recognized in the interim condensed consolidated statement of profit or loss and other comprehensive income. For all other cases, the related carrying amounts of right of use assets and lease liability have been retained but reassessed for their lease term with any resulting gain or loss on modification recognized in the interim condensed consolidated statement of profit or loss and other comprehensive income.

For the period ended 31 March 2023	**As Previously reported**	**Restatement**	**Reclassification**	**As currently reported**
Distribution and marketing expenses	(506,653)	(7,103)	-	**(513,756)**
Depreciation and amortization	(505,464)	(2,902)	-	**(508,366)**
Gain on tower transaction	-	588,286	555,461	**1,143,747**
Gain on sale from asset held for sale	566,022	-	(566,022)	-
Other (loss) / income	(28,499)	3,536	10,561	**(14,402)**
Finance Cost	(168,315)	(7,260)	-	**(175,575)**
Profit before Zakat	592,973	574,557	-	**1,167,530**
Profit for the period	562,665	574,557	-	**1,137,222**
Earnings per share (in Saudi Riyals)	0.63			**1.27**

A summary of the effect on the individual components of balances as at 31 March 2023 after taking all above adjustments versus previously reported is summarized as follows:

As at 31 March 2023	**As previously reported**	**Restatement**	**Reclassification**	**As currently reported**
Assets held for sale	1,272,029	(857,908)	-	**414,121**
Property and equipment	4,681,356	(1,883)	-	**4,679,473**
Right-of-use assets	814,770	1500	-	**816,270**
Trade and other payables	4,650,882	(1,550,069)	-	**3,100,813**
Lease liabilities (non-current)	935,713	95,856		**1,031,569**
Liabilities directly associated with assets held for sale	253,595	18,992	-	**272,587**
Retained earnings	1,196,219	576,930	-	**1,773,149**

20 EFFECT OF PRIOR PERIOD RESTATEMENT (continued)

There is no impact of above restatement and reclassifications on the consolidated financial statement reported and issued as at 31 December 2023 as all necessary adjustments required have already been accounted for in consolidated financial statements for the year ended 31 December 2023, during fourth quarter of 2023.

21 SUBSEQUENT EVENTS

The Group has filed and paid zakat return for 2023 as at 29 April 2024. There are no other material events occurred subsequent to the reporting date, which could materially affect the interim condensed consolidated financial statements, and the related disclosures for the three months period ended 31 March 2024.

22 APPROVED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These interim condensed consolidated financial statements were approved by the Board of Directors on 1 of Dhul Qidah 1445H (Corresponding to 9 May 2024).