

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

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH
PERIODS ENDED 30 SEPTEMBER 2021**

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

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTH AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2021

Contents	Page
Report on review of interim condensed consolidated financial Statements	1
Interim condensed consolidated statement of financial position	2
Interim condensed consolidated statement of profit or loss and other comprehensive income	3
Interim condensed consolidated statement of changes in equity	4
Interim condensed consolidated statement of cash flows	5
Notes to the interim condensed consolidated financial statements	6 – 16

Report on Review of Interim Condensed Consolidated Financial Statements

To the shareholders of
Mobile Telecommunications Company Saudi Arabia
(A Saudi Joint Stock Company)

Riyadh, Kingdom of Saudi Arabia

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Mobile Telecommunications Company Saudi Arabia ("the Company"), a Saudi Joint Stock Company and its subsidiaries (collectively the "Group") as at 30 September 2021 and the related interim condensed consolidated statement of profit or loss and other comprehensive income for the three and nine month periods then ended, and the related interim condensed consolidated statements of changes in equity and cash flows for the nine month period then ended, and a summary of significant accounting policies and other selected explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 – ("IAS 34") "Interim Financial Reporting" that is 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 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 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 Dr. Mohamed Al-Amri & Co.



Gihad Al-Amri
Certified Public Accountant
Registration No. 362



Riyadh, on 25 October 2021 G
Corresponding to: 19 Rabi I' 1443 H

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

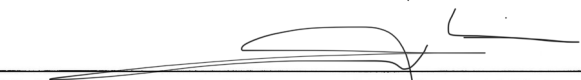
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2021

(All amounts in Saudi Riyals thousands unless otherwise stated)

		30 September 2021 (Unaudited)	31 December 2020 (Audited)
	Note		
ASSETS			
Current assets			
Cash and bank balances	4	612,908	1,103,401
Trade and other receivables		2,513,425	1,996,013
Contract assets – current		84,675	96,450
Inventories		141,469	187,103
Total current assets		3,352,477	3,382,967
Non-current assets			
Contract assets - non-current		268,923	220,072
Right of use assets		1,237,366	1,284,888
Property and equipment	5	6,295,902	6,856,837
Capital advances		309,668	132,832
Intangible assets	5	15,724,730	16,280,159
Total non-current assets		23,836,589	24,774,788
TOTAL ASSETS		27,189,066	28,157,755
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables		4,303,195	4,585,780
Deferred income and contract liabilities		561,597	544,086
Borrowings – current	6	3,211,754	-
Lease liabilities – current		270,495	319,150
Amounts due to related parties	7	1,500,365	3,649,514
Total current liabilities		9,847,406	9,098,530
Non-current liabilities			
Borrowing – non current	6	2,631,384	3,836,145
Lease liabilities non-current		1,159,847	1,065,097
Other non-current liabilities	8	4,338,403	5,097,608
Derivative financial instruments	15	157,735	206,210
Employees' end of service benefits		133,829	125,082
Total non-current liabilities		8,421,198	10,330,142
EQUITY			
Share capital	9	8,987,292	8,987,292
Hedging reserve	15	(157,735)	(206,210)
Other reserves		2,018	2,018
Retained earnings / (Accumulated losses)		88,887	(54,017)
Total equity		8,920,462	8,729,083
TOTAL LIABILITIES AND EQUITY		27,189,066	28,157,755


Mehdi Khalfaoui
CFO


Sultan Al-Deghaither
CEO


Naif bin Sultan bin Mohammed bin Saud Al Kabeer
Chairman

The accompanying notes (1) to (17) 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)

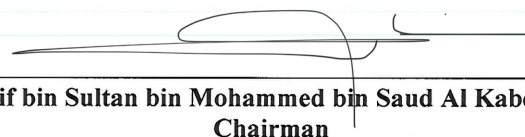
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2021

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	For the three-month period ended		For the nine-month period ended	
		30 September 2021	30 September 2020	30 September 2021	30 September 2020
Revenue		1,984,171	1,927,586	5,817,544	5,855,668
Cost of revenue		(740,107)	(661,655)	(2,099,118)	(1,761,616)
Operating and administrative expenses		(415,436)	(430,208)	(1,300,980)	(1,293,650)
Depreciation and amortization	5	(617,511)	(628,475)	(1,800,756)	(1,814,561)
Expected credit loss (ECL)		(22,786)	(68,981)	(110,928)	(194,196)
Finance income		733	1,318	979	11,110
Other income		(1,289)	7,295	8,259	19,770
Gain on modification of borrowings		-	136,255	-	136,255
Finance cost		(127,386)	(216,956)	(368,489)	(720,396)
Profit before Zakat		60,389	66,179	146,511	238,384
Zakat	13	-	(6,009)	(3,607)	(14,385)
Profit for the period		60,389	60,170	142,904	223,999
Other comprehensive income (loss)					
<i>Item that may be reclassified subsequently to profit or loss:</i>					
Fair value change in hedging instruments entered into for cash flow hedges	15	29,069	(6,382)	48,475	(84,173)
Total comprehensive income for the period		89,458	53,788	191,379	139,826
Earnings per share (In Saudi Riyals)					
Basic and diluted (restated)	10	0.067	0.089	0.159	0.331


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MOBILE TELECOMMUNICATIONS COMPANY SAUDI ARABIA
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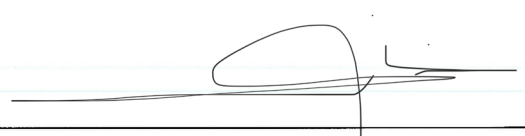
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2021**

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Share capital	Hedging reserve	Other reserves	Retained earnings/ (Accumulated losses)	Total
Balance at 1 January 2021 (Audited)	8,987,292	(206,210)	2,018	(54,017)	8,729,083
Profit for the period	-	-	-	142,904	142,904
Other comprehensive income	-	48,475	-	-	48,475
Total comprehensive income for the period		48,475	-	142,904	191,379
Balance at 30 September 2021 (Unaudited)	8,987,292	(157,735)	2,018	88,887	8,920,462
 Balance at 1 January 2020 (Audited)	 5,837,292	 (127,899)	 1,584	 (1,608,126)	 4,102,851
Profit for the period	-	-	-	223,999	223,999
Other comprehensive loss	-	(84,173)	-	-	(84,173)
Total comprehensive income for the period	-	(84,173)	-	223,999	139,826
Balance at 30 September 2020 (Unaudited)	5,837,292	(212,072)	1,584	(1,384,127)	4,242,677


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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2021
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	30 September 2021	30 September 2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before zakat		146,511	238,384
<i>Adjustments to reconcile net profit for the period before zakat to net cash from operating activities:</i>			
Depreciation and amortization	5	1,800,756	1,814,561
Expected credit loss		110,928	194,196
Other provisions		(325)	25,141
Net other gain		(1,577)	-
Reversal of inventory provision		(1,536)	-
Gain on modification of borrowings		-	(136,255)
Gain on disposal of property and equipment		-	(554)
Foreign currency loss / (gain)		2,713	(6,793)
Finance costs		368,489	720,396
Employees' end of service benefits charge		16,958	15,883
		2,442,917	2,864,959
<i>Changes in working capital:</i>			
Trade and other receivables		(785,277)	(392,743)
Contract assets		(37,076)	63,724
Inventories		47,170	107,340
Movement of cash under lien	4	216,181	(206,954)
Trade and other payables		(30,218)	146,575
Deferred income and contract liabilities		17,511	(142,643)
Other non-current liabilities	8	(759,205)	479,093
Cash flows generated from operations		1,112,003	2,919,351
Zakat paid		-	(13,935)
Employees' end of service benefits paid		(8,211)	(3,793)
Net cash generated from operating activities		1,103,792	2,901,623
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(577,830)	(1,094,149)
Proceed from disposal of property and equipment	5	-	895
Purchase of intangible assets		(171,245)	(254,728)
Net cash used in investing activities		(749,075)	(1,347,982)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowing		-	(675,000)
Proceeds from borrowings		1,990,432	-
Payment of lease liabilities		(251,896)	(251,625)
Payment against amount due to related parties		(1,063,513)	(447,519)
Finance costs paid		(1,310,083)	(668,351)
Net cash used in financing activities		(635,060)	(2,042,495)
Net change in cash and cash equivalents		(280,343)	(488,854)
Effect of movements in exchange rates on cash and cash equivalents		6,031	(1,671)
Cash and cash equivalents at beginning of the period		882,794	1,157,438
Cash and cash equivalents at end of the period	4	608,482	666,913

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The accompanying notes (1) to (17) form an integral part of these interim condensed consolidated financial statements

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2021**

(All amounts in Saudi Riyals thousands unless otherwise stated)

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 2007G) and No. 357 dated 28 Dhu Al-Hijjah 1428H (corresponding to 7 January 2008G), Royal Decree No. 48/M dated 26 Jumada I' 1428H (corresponding to 12 June 2007G) and Commercial Registration No. 1010246192 issued in Riyadh, Kingdom of Saudi Arabia on 4 Rabi I' 1429H (corresponding to 12 March 2008H) to operate as the 3rd GSM public mobile cellular and 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 company provides consulting services; constructs and repair telecom towers; provides fintech services and provide technical drones services along with selling and repairing 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 is a subsidiary of Oman Telecommunications Company SAOG, Oman.

The Group realized net profit for the nine months period ended 30 September 2021, SR 143 million (30 September 2020: SR 224 million) and had retained earnings of SR 89 million as at 30 September 2021 (31 December 2020: accumulated losses of SR 54 million) and the current liabilities of the Group exceeded the current assets of the Group by SR 6.5 billion which includes SR 1.5 billion related to due to related parties. 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 undrawn part of the MFA amounting SR 3.2 billion. The directors 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. It has a share capital SR 10,000. The company started its operation in the first quarter of 2019.
- b. Zain Business Company is engaged in establishment, construction, repair and maintenance of telecom stations and towers. It has a share capital SR 10,000. The company is not operational yet.
- c. Zain Payments Company-Tamam is engaged in providing fintech services with a share capital of SR 100,000. The company started its operation during the fourth quarter of 2019. On 09 April 2021, the Company has increased its share capital amounting to SR 57,000,000.
- d. Zain Drones Company is engaged in providing professional, scientific and technical drones services along with selling and repairing drones. It has a share capital SR 10,000. The company started its operation during the fourth quarter of 2019.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2021**

(All amounts in Saudi Riyals thousands unless otherwise stated)

1 ORGANIZATION AND ACTIVITIES (continued)

The Company announced after receiving board of directors' approval of the non-binding offers ("The offers") received from the Public Investment Fund ("PIF"), His Royal Highness (HRH) Prince Saud Bin Fahad, and Sultan Holding Company, to acquire stakes in the Zain KSA towers infrastructure. The three entities would acquire 60%, 10% and 10% stake respectively while Zain KSA will own the remaining 20% stake. The offers valued the 8,069 Zain KSA towers at proposed value of SAR 3,026 million (USD 807 million). Under the terms of the offers, Zain KSA will sell its passive, physical towers infrastructure and retain all other wireless communication antennas, software, technology, and IPs. Zain KSA is currently working with the different parties on the best way to execute the offer. The Offers submitted do not represent any binding commitment and the final agreement is subject to the approvals of the official authorities, internal approvals of the respective acquirers, the completion of satisfactory due diligence by the acquirers and any other conditions that may be agreed between the parties.

2 BASIS OF PREPARATION

These interim condensed consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting that is endorsed in the Kingdom of Saudi Arabia. They do not include all disclosures that would otherwise be required in a complete set of financial statements and therefore, should be read in conjunction with the 2020 annual consolidated financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES

The Group has applied the same accounting policies and methods of measurements in its interim condensed consolidated financial statements as mentioned in its annual consolidated financial statements for the year ended 31 December 2020 (last year annual financial statements).

Use of estimates and judgements

There have been no material revisions to the nature and amount of estimates from those reported in last year annual financial statements.

Management believes that all sources of estimation uncertainty remain same to those disclosed in the last year annual financial statements. The Group will continue to monitor the situation, and any changes required, will be reflected in future reporting periods.

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 2021 and has been explained in Group annual Consolidated Financial Statements, but they do not have a material effect on the Group's Condensed Consolidated Interim Financial Statements.

4 CASH AND BANK BALANCES

	30 September 2021 (Unaudited)	31 December 2020 (Audited)
Cash in hand	1,292	1,297
Cash at banks	611,616	1,102,104
	612,908	1,103,401
Cash at bank under lien	(4,426)	(220,607)
	608,482	882,794

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2021**

(All amounts in Saudi Riyals thousands unless otherwise stated)

5 PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS

During the nine-months period ended 30 September 2021, the Group acquired property and equipment amounted to SR 303 million (30 September 2020: SR 1,386 million) and intangible assets amounted to SR 27 million (30 September 2020: SR 801 million). During the period, there were no disposal made by the Group.

During the nine-months period ended 30 September 2021, the total depreciation and amortization expense amounted to SR 1,800 million, out of which SR 1,446 million relates to property and equipment and intangible assets and the remaining amount of SR 354 million relates to the depreciation charge for right of use assets (30 September 2020: the total depreciation and amortization expense amounted to SR 1,815 out of which SR 1,539 relates to property and equipment and intangible assets and the remaining amount of SR 276 million relates the depreciation charge for right of use assets).

6 BORROWINGS

	30 September 2021 (Unaudited)	31 December 2020 (Audited)
Syndicate Murabaha facility (refer to note 6.1)	2,948,184	1,591,309
Working Capital Murabaha facility (refer to note 6.1)	650,000	-
Junior Murabaha facility (refer to note 6.2)	2,244,954	2,244,836
Total borrowings	5,843,138	3,836,145

The current and non-current amounts are as follows:

	30 September 2021 (Unaudited)	31 December 2020 (Audited)
Current borrowings	3,211,754	-
Non-current borrowings	2,631,384	3,836,145
Total borrowings	5,843,138	3,836,145

The Carrying amount of the Group's borrowings are denominated in the following currencies:

	30 September 2021 (Unaudited)	31 December 2020 (Audited)
Saudi Riyal	5,171,283	3,538,002
US Dollar (presented in Saudi Riyal)	671,855	298,143
Total	5,843,138	3,836,145

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2021**

(All amounts in Saudi Riyals thousands unless otherwise stated)

6 BORROWINGS (Continued)

6-1 Syndicated and working capital Murabaha facility

On 27 September 2020, the Group refinanced and extended the maturity date of its existing five years syndicated Murabaha facility (MFA) for a total amount available up to SR 6 billion with two years grace period, at better commercial terms. Moreover, the agreement includes a working capital facility of SR 1 billion (originally SR 0.65 billion in 2018) bringing the total facility amounting to SR 7 billion until 2025, bringing additional liquidity for the Group to fund its business growth plans. The Group has withdrawn SR 1.3 billion during Q1 2021 against the syndicate facility and SR 650 million in Q2 2021 against the working capital Murabaha facility.

As at 30 September 2021, the Group has utilized SR 3.8 billion from existing facility of SR 7 billion. The total amount paid by the Group against the refinanced loan was 2.8 billion as of November 30, 2020. As at 30 September 2021, total unused facility against MFA amounting to SR 3.2 billion.

The Group recalculates the gross carrying amount of the of the financial liability as the present value of the estimated future contractual cash flows that are discounted at the financial instrument's original effective interest rate and accordingly adjusted the gross carrying amount of the loan to reflect actual and revised estimated contractual cash flows. The difference between the existing carrying amount of the Murabaha facility and the revised gross carrying amount to SR 136 million which has been recognized in 2020 in consolidated statement of profit and loss and other comprehensive income as gain on modification of borrowings.

Financing charges, as specified under the "Murabaha financing agreement" are payable in quarterly installments over five years. The new facility is secured partially by a guarantee from Mobile Telecommunications Company K.S.C 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.

6-2 Junior Murabaha

On 16 June 2019, the Group has signed Junior Murabaha facility agreement amounting to SR 2.25 billion with a consortium of five banks. The duration of the agreement was two years, with an option to be extended for one year upon Group's request. The group has obtained the unanimous approval from all the participating banks to extend the maturity of borrowings till 16 June 2022. This loan is fully secured by a corporate guarantee from Mobile Telecommunications Company K.S.C.P. financing charges are payable in quarterly installments.

MOBILE TELECOMMUNICATIONS COMPANY SAUDI ARABIA
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**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2021**

(All amounts in Saudi Riyals thousands unless otherwise stated)

7 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
Mobile Telecommunications Company K.S.C.P (Zain Group)	Founding shareholder / Parent Group
Zain Bahrain	Subsidiary to Founding Shareholder
Zain Sudan	Subsidiary to Founding Shareholder
MTC Lebanon S.A.R.L.	Subsidiary to Founding Shareholder
Zain Iraq/Atheer Telecom Iraq Limited 'Atheer'	Subsidiary to Founding Shareholder
Zain Global Communications Co. SPC	Subsidiary to Founding Shareholder
Infra Capital Investments Company	Founding Shareholder

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

	For the three month period ended		For the nine month period ended	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
Revenue from entities owned by shareholder	1,765	2,067	10,672	23,396
Purchases from entities owned by shareholder	26,839	18,004	60,163	76,716
Fees charged by a Founding Shareholder (refer note 7.1)	29,062	29,296	87,663	91,115
Finance charges charged by a Founding Shareholder	-	63,556	13,848	213,586

The following balances were outstanding at the reporting date:

	30 September 2021 (Unaudited)	31 December 2020 (Audited)
Mobile Telecommunications Company K.S.C.P (refer to note 7.1)	1,414,246	1,326,583
Mobile Telecommunications Company K.S.C.P (refer to note 7.3)	1,441	2,159,267
Founding Shareholders (refer to note 7.2)	84,573	130,861
Infra Capital Investments (refer to note 7.3)	-	32,698
Other related parties	105	105
	1,500,365	3,649,514

7-1 Mobile Telecommunications Company K.S.C.P

This amount relates to accrued Service rendered and Branding fees and is payable to the Company's largest shareholder. The amount is unsecured, interest free and does not have any fixed terms of repayment. However, it is not repayable until certain conditions are met in the Syndicated Murabaha facility referred to in note 6-1.

7-2 Founding Shareholders

This amount relates to accrued finance charges and is payable to the Company's founding shareholders. The amount is unsecured and does not have any fixed terms of repayment, however, it is not repayable until certain conditions are met in the Syndicated Murabaha facility referred to in note 6-1.

7-3 Mobile Telecommunications Company K.S.C.P and Infra Capital Investments

These amounts include advances and other balances and are payable to shareholders. The advances from shareholders bears interest at market rates. During period end 30 September 2021, Company has repaid principal and interest in full. The remaining outstanding balance represents the other inter Company balance and doesn't bear any interest (31 December 2020: SR 1,122 million).

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2021**

(All amounts in Saudi Riyals thousands unless otherwise stated)

8 OTHER NON-CURRENT LIABILITIES

	30 September 2021 (Unaudited)	31 December 2020 (Audited)
Payable to MOF (refer to note 8-1)	2,975,619	3,500,614
Long-term payable – Spectrum (refer to note 8-2)	1,262,039	1,389,951
Others	100,745	207,043
	4,338,403	5,097,608

8-1 During 2013, the Company has signed an agreement with the Ministry of Finance (MOF), 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 due will be repayable in seven years starting from June 2021. The amount deferred by the Company as of 30 September 2021 amounted to SR 4 billion (31 December 2020: SR 4 billion) out of which SR 1 billion is recognized under trade and other payables as current portion as at 30 September 2021 (31 December 2020: SR 0.54 billion). The accrued interest related to the MOF payable is recorded under trade and other payables.

8-2 As of 30 September 2021, the total outstanding amount payable against spectrum amounts to SR 1.45 billion (31 December 2020: SR: 1.5 billion) out of which SR 0.188 billion is recognized under trade and other payables as at 30 September 2021 (31 December 2020: SR 0.14 billion).

9 SHARE CAPITAL

The Company had 898,729,175 (31 December 2020: 898,729,175) shares of SR 10 each in issue as at the reporting date. There was no change in share capital during the period ended 30 September 2021. (Refer note 10)

10 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 30 September 2021 or 30 September 2020. Profit attributable to the shareholders use in calculating EPS is SR 60 million and SR 143 million for the three and nine-months periods ended 30 September 2021 (30 September 2020: SR 60 and 224 million respectively).

Weighted average number of ordinary shares

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

	30 September 2021	30 September 2020
		<i>Restated</i>
Outstanding number of shares during the period	898,729	677,495
Basic earnings per share (SR)	0.159	0.331

On 14 October 2020 Zain KSA increased the capital through right issue by issuing 450,000,000 shares. The revised share capital after the right issue is SR 8,987,291,750. The prior period EPS has been adjusted to incorporate the impact of the right issue.

Basic earnings per share is calculated by dividing the profit after tax attributable to ordinary shareholders of the Company 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.

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

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2021**

(All amounts in Saudi Riyals thousands unless otherwise stated)

11 SEGMENT REPORTING

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.

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

Revenues	For the three month period ended		For the nine month period ended	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
Mobile Telecommunications Company	1,946,616	1,857,345	5,707,184	5,655,526
Zain Sales Company	510,556	627,021	1,403,553	1,747,438
Zain Payments Company-Tamam	4,342	119	8,488	220
Zain Drones Company	-	-	-	-
Eliminations / Adjustments	(477,343)	(556,899)	(1,301,681)	(1,547,516)
Total Revenues	1,984,171	1,927,586	5,817,544	5,855,668
Cost of operations	(1,155,543)	(1,091,863)	(3,400,098)	(3,055,266)
Depreciation and amortization	(617,511)	(628,475)	(1,800,756)	(1,814,561)
Expected credit loss (ECL)	(22,786)	(68,981)	(110,928)	(194,196)
Finance income	733	1,318	979	11,110
Other income	(1,289)	7,295	8,259	19,770
Gain on modification of borrowings	-	136,255	-	136,255
Finance costs	(127,386)	(216,956)	(368,489)	(720,396)
Zakat	-	(6,009)	(3,607)	(14,385)
Profit for the period	60,389	60,170	142,904	223,999

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

	30 September 2021	31 December 2020
Assets	(Unaudited)	(Audited)
Mobile Telecommunications Company	35,021,863	35,328,930
Zain Sales Company	8,306,879	6,602,773
Zain Payments Company-Tamam	69,849	27,653
Zain Drones Company	391	473,854
Eliminations / adjustments	(16,209,916)	(14,275,455)
Total Assets	27,189,066	28,157,755
Liabilities		
Mobile Telecommunications Company	26,246,366	26,774,782
Zain Sales Company	8,177,721	6,458,833
Zain Payments Company-Tamam	32,779	18,043
Zain Drones Company	2,626	1,701
Zain Business	10	10
Eliminations / adjustments	(16,190,898)	(13,824,697)
Total Liabilities	18,268,604	19,428,672

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

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2021**

(All amounts in Saudi Riyals thousands unless otherwise stated)

12 CAPITAL COMMITMENTS AND CONTINGENCIES

The Company had capital commitments of SR 664 million as at the reporting date (31 December 2020: SR 194 million). The Company had contingent liabilities as follow:

	30 September 2021 (Unaudited)	31 December 2020 (Audited)
Letters of guarantee	80,056	78,352
Letters of credit	231,526	170,000
	311,582	248,352

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 CITC'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 CITC and/or other reasons. As of 30 September 2021 the amount of lawsuits and violations amounts to SAR 11.5 million which has been recorded fully.

13 ZAKAT

	30 September 2021 (Unaudited)	31 December 2020 (Audited)
Zakat provision		
Balance at beginning of the period / year	24,254	18,607
Charge for the period / year	3,607	19,581
Payment during the period / year	-	(13,934)
Balance at end of the period / year	27,861	24,254

Status of assessments

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

The Group had submitted its financial statements along with zakat and returns for the years 2009 to 2020 and paid zakat and withholding tax according to the filed returns.

On 18 Ramadan 1436H (corresponding to 07 July 2015G), The Group received the zakat and withholding tax assessments from General Authority of Zakat and Tax (GAZT) for the years 2009 to 2011 whereby they asked to pay an additional amount of SR 620 million out of which SR 352 million related to zakat differences and SR 267 million as withholding tax subject to delay penalty payable from the due date up to the settlement date equals to 1% for every 30 days.

Zain appealed this claim for additional payments on 27 August 2015, and was able to have the amount of SR 352 million related to zakat revoked entirely. In addition, SR 219 million of the withholding tax claim was also revoked.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2021**

(All amounts in Saudi Riyals thousands unless otherwise stated)

13 ZAKAT (Continued)

To appeal before the High Appeal Committee (HAC), The Company completed the required conditions in the Articles of the Saudi Tax Law, by paying the invoices issued by GAZT 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.

Based on the above, The Group received the reassessment letter for the paid amount and presented its objections before the HAC on the preliminary Appeal Committee opinion on 19 November 2017.

Zain received additional assessment for the remaining years until 2020. The company has appealed those assessments in 2021.

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

14 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

14.1 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 Company 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.

14.2 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

		30 September 2021 (Unaudited)		31 December 2020 (Audited)	
	Fair value measurement hierarchy	Carrying value	Fair value	Carrying value	Fair value
Derivative financial instruments	Level 2	157,735	157,735	206,210	206,210

14.3 Valuation techniques

These derivatives are valued using widely recognized valuation models. The Company 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.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2021**

(All amounts in Saudi Riyals thousands unless otherwise stated)

14 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (Continued)

14.3 Valuation techniques (Continued)

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.

15 DERIVATIVE FINANCIAL INSTRUMENTS

The 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 note 6-1). The notional amount of the contract as at 30 September 2021 was SR 3,200 million (31 December 2020: SR 1,827 million) and the fair value was a negative amount of SR 158 million as at 30 September 2021 (31 December 2020: SR 206 million).

The average contracted fixed interest rate ranges from 2% to 3%. A gain of SR 48 million was recognized in other comprehensive income for the nine month period ended 30 September 2021 (30 September 2020: loss: SR 84 million) as a result of fair value movements relating to this hedge. The fair value of interest 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.

16 IMPACT OF COVID-19

The outbreak of the novel Coronavirus (Covid-19) in early 2020 in most countries has caused widespread disruptions to business and continues to evolve with a consequential negative impact on economic activities. The Group is continually monitoring its impact, while working closely with the local regulatory authorities, to manage the evolving business disruption of the COVID-19 pandemic.

In light of COVID-19, the Group has considered whether any adjustments and changes in judgments, estimates and risk management are required to be considered and reported in the condensed consolidated interim financial information. Below are the key assumptions about the future and other key sources of estimation that may have a significant risk of causing material adjustments to the condensed consolidated interim financial information.

Impairment of non-financial assets

The Group has performed a qualitative assessment for its investment in CGUs, considering the minimal impact of COVID-19 on entities operating in the telecommunication sector, and compared the actual results for the period against the budget and industry benchmarks to conclude that the impairment assessment as at 31 December 2020 remains largely unchanged.

The Group has also considered any impairment indicators arising and any significant uncertainties around its property, plant and equipment, intangible assets and right-of-use assets especially arising from any change in lease terms and concluded there is no material impact due to COVID-19.

Expected Credit Losses ("ECL") and impairment of financial assets

The Group has applied management overlays on the existing ECL models by applying probability weightage scenarios on the relevant macroeconomic factors relative to the economic climate of the respective market in which it operates. The Group continues to monitor the appropriateness of the management overlays considering evolving impact of current pandemic situation in respective location.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2021**

(All amounts in Saudi Riyals thousands unless otherwise stated)

16 IMPACT OF COVID-19 (Continued)

Commitments and contingent liabilities

The Group has assessed the impact of any operational disruptions, including any contractual challenges and changes in business or commercial relationships among the Group, customers and suppliers, with a view of potential increase in contingent liabilities and commitments and no issues were noted.

Going concern

The Group has performed an assessment of whether it is a going concern in the light of current economic conditions and all available information about future risks and uncertainties. The projections have been prepared covering the Group's future performance, capital and liquidity. The impact of COVID-19 may continue to evolve, but at the present time the projections show that the Group has ample resources to continue in operational existence and its going concern position remains largely unaffected and unchanged since 31 December 2020. As a result, this condensed consolidated interim financial information has been appropriately prepared on a going concern basis.

17 APPROVED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These interim condensed consolidated financial statements were approved by the Board of Directors on 24 October 2021 G.
