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

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) FOR THE THREE AND NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2024

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

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND NINE MONTHS PERIOD ENDED 30 SEPTEMBER 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)
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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 30 September 2024, and the related interim condensed consolidated statement of profit or loss and other comprehensive income for the three-month and nine-month periods ended 30 September 2024, and the related interim condensed consolidated statements of changes in equity and cash flows for the nine-month 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") as 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" as 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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CR 1010383821
شركة إرنست ويونغ للخدمات المهنية
(مهنية ذات مسؤولية محدودة)
Ernst & Young Professional Services
(Professional LLC)

Riyadh: 26 Rabi Al-Thani 1446H
(29 October 2024)

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2024
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Notes	30 September 2024 (Unaudited)	31 December 2023 (Audited)
ASSETS			
Non-current assets			
Property and equipment	6	**4,233,245**	4,736,355
Intangible assets	6	**13,707,812**	14,244,926
Right of use assets		**1,039,487**	842,725
Capital advances		**798,573**	393,268
Investment in an associate and joint ventures	7	**9,107**	9,739
Contract assets		**215,206**	322,261
Derivative financial instruments	20	**-**	75,634
Total non-current assets		**20,003,430**	20,624,908
Current assets			
Inventories		**148,697**	157,793
Contract assets		**111,136**	117,669
Derivative financial instruments	20	**49,858**	-
Trade and other receivables	5	**6,330,170**	5,531,820
Cash and cash equivalents	4	**425,900**	946,042
Total current assets		**7,065,761**	6,753,324
TOTAL ASSETS		**27,069,191**	27,378,232
LIABILITIES AND EQUITY			
Non-current liabilities			
Borrowings	8	**2,051,784**	6,532,973
Lease liabilities		**1,226,567**	1,016,666
Employees' end of service benefits obligation		**186,955**	176,724
Other non-current liabilities	10	**933,210**	1,126,421
Total non-current liabilities		**4,398,516**	8,852,784
Current liabilities			
Trade and other payables		**5,404,616**	4,952,708
Dividend payable	17	**2,500**	1,250
Provisions		**158,002**	235,311
Zakat payable	18	**145,043**	144,232
Contract liabilities		**218,362**	355,346
Current portion of borrowings	8	**5,701,252**	1,186,697
Current portion of lease liabilities		**165,803**	216,364
Amounts due to related parties	9	**428,300**	842,120
Total current liabilities		**12,223,878**	7,934,028
Total liabilities		**16,622,394**	16,786,812
EQUITY			
Share capital	11	**8,987,292**	8,987,292
Hedging reserve	20	**49,858**	75,634
Other reserve		**7,067**	(1,471)
Statutory reserve	23	**-**	203,099
Retained earnings		**1,402,580**	1,326,866
Total equity		**10,446,797**	10,591,420
TOTAL LIABILITIES AND EQUITY		**27,069,191**	27,378,232

Mehdi Khalfaoui	**Eng. Saad Abdulrahman Alsadhan**	**Naif bin Sultan bin Mohammed bin Saud Al Kabeer**
CFO	**Acting CEO**	**Chairman**

The accompany notes (1) to (24) 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 MONTHS PERIOD ENDED 30 SEPTEMBER 2024
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Notes	For the three-months period ended		For the nine-months period ended	
		30 September 2024	30 September 2023 (Restated – note 21)	**30 September 2024**	30 September 2023 (Restated – note 21)
Revenue		**2,583,415**	2,525,340	**7,670,790**	7,339,875
Cost of revenue		**(869,545)**	(1,043,854)	**(2,871,289)**	(2,959,913)
Gross profit		**1,713,870**	1,481,486	**4,799,501**	4,379,962
Distribution and marketing expenses		**(563,036)**	(540,858)	**(1,688,154)**	(1,570,248)
General and administrative expenses		**(136,146)**	(125,638)	**(390,506)**	(385,380)
Depreciation and amortization		**(538,370)**	(517,280)	**(1,599,693)**	(1,567,380)
(Charge) / reversal of expected credit loss		**(158,457)**	21,486	**(310,870)**	(94,015)
Operating profit		**317,861**	319,196	**810,278**	762,939
Finance income		**6,788**	7,374	**26,534**	45,278
Gain / (loss) on tower sale transaction	1.3	**21,238**	(47,819)	**21,238**	1,095,306
Government grant income	12	**-**	-	**52,257**	-
Other income / (expense)		**1,833**	2,056	**(2,518)**	19,818
Share of loss on investment in an associate		**(632)**	(253)	**(632)**	(831)
Impairment on investment in an associate		**-**	-	**-**	(527)
Finance cost	14	**(185,386)**	(194,505)	**(553,535)**	(536,061)
Profit before zakat		**161,702**	86,049	**353,622**	1,385,922
Zakat	18	**(11,430)**	(16,391)	**(31,643)**	(64,857)
Profit for the period		**150,272**	69,658	**321,979**	1,321,065
Other comprehensive income					
Item that will not be reclassified subsequently to profit or loss:					
Remeasurement of employees' end of service benefits obligation		**-**	12,971	**8,538**	18,637
Item that may be reclassified subsequently to profit or loss:					
Fair value change in hedging instruments entered into for cash flow hedges	20	**(17,265)**	(4,177)	**(25,776)**	1,248
Total comprehensive income for the period		**133,007**	78,452	**304,741**	1,340,950
Earnings per share (in Saudi Riyals)					
Basic and diluted	13	**0.167**	0.078	**0.358**	1.470

Mehdi Khalfaoui **CFO**	**Eng. Saad Abdulrahman Alsadhan** **Acting CEO**	**Naif bin Sultan bin Mohammed bin Saud Al Kabeer** **Chairman**

The accompany notes (1) to (24) 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 NINE MONTHS PERIOD ENDED 30 SEPTEMBER 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	-	-	-	-	**321,979**	**321,979**
Other comprehensive income	-	**(25,776)**	**8,538**	-	-	**(17,238)**
Total comprehensive income	-	**(25,776)**	**8,538**	-	**321,979**	**304,741**
Transfer from statutory reserve – note 23	-	-	-	**(203,099)**	**203,099**	-
Dividends – note 17	-	-	-	-	**(449,364)**	**(449,364)**
Balance as at 30 September 2024	**8,987,292**	**49,858**	**7,067**	-	**1,402,580**	**10,446,797**
Balance at 1 January 2023	8,987,292	110,872	(8,247)	76,397	633,554	9,799,868
Restatement (restated - note 21)	-	-	-	-	2,373	2,373
Balance at 1 January 2023 (restated - note 21)	8,987,292	110,872	(8,247)	76,397	635,927	9,802,241
Profit for the period	-	-	-	-	1,321,065	1,321,065
Other comprehensive income	-	1,248	18,637	-	-	19,885
Total comprehensive income	-	1,248	18,637	-	1,321,065	1,340,950
Dividends – note 17	-	-	-	-	(449,365)	(449,365)
Balance as at 30 September 2023 (restated - note 21)	8,987,292	112,120	10,390	76,397	1,507,627	10,693,826

Mehdi Khalfaoui
CFO

Eng. Saad Abdulrahman Alsadhan
Acting CEO

Naif bin Sultan bin Mohammed bin Saud Al Kabeer
Chairman

The accompany notes (1) to (24) 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 FLOWS (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2024
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Notes	30 September 2024	30 September 2023 (Restated – note 21)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before zakat		**353,622**	1,385,922
Expected credit loss (ECL)		**310,870**	94,015
Depreciation and amortization	6	**1,599,693**	1,567,380
Other provisions		**-**	(33,782)
Withholding tax provision reversal		**(156,546)**	-
Other income – net		**(78,792)**	(45,278)
Inventory obsolescence provision		**(4,225)**	4,254
Finance costs		**553,535**	536,061
Gain on tower sale transaction	1.3	**(21,238)**	(1,095,306)
Foreign currency loss		**-**	1,233
Share of loss on investment in an associate	7	**632**	831
Impairment on investment in an associate	7	**-**	527
Employees' end-of-service benefits obligation		**23,867**	23,520
		2,581,418	2,439,377
Changes in working capital			
Trade and other receivables		**(967,177)**	(1,131,594)
Inventories		**13,321**	2,848
Contract assets		**113,588**	60,425
Trade and other payables		**316,108**	(119,686)
Contract liabilities		**(136,984)**	13,818
Other non-current liabilities	10	**(157,974)**	(177,362)
Cash flows generated from operations		**1,762,300**	1,087,826
Employees' end of service benefits obligation paid		**(5,098)**	(6,811)
Zakat paid	18	**(30,832)**	(10,197)
Net cash generated from operating activities		**1,726,370**	1,070,818
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		**(412,550)**	(663,175)
Proceeds from disposal of property and equipment		**74,625**	2,420,700
Investment in associate and joint ventures		**-**	(4,887)
Purchase of intangible assets		**(192,020)**	(297,130)
Net cash (used in) / generated from investing activities		**(529,945)**	1,455,508
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings	8	**(1,186,697)**	(1,409,323)
Proceeds from borrowings	8	**620,000**	-
Payment of principal portion of lease liabilities		**(176,520)**	(264,870)
Dividend paid		**(448,115)**	(448,115)
Finance cost paid		**(525,235)**	(463,747)
Net cash used in financing activities		**(1,716,567)**	(2,586,055)
Net change in cash and cash equivalents		**(520,142)**	(59,729)
Effect of movements in exchange rates on cash and cash equivalents		**-**	(1,233)
Cash and cash equivalents at beginning of the year		**944,974**	374,362
Cash and cash equivalents at end of the period	4	**424,832**	313,400

The accompany notes (1) to (24) 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 FLOWS (UNAUDITED) (CONTINUED)
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2024
(All amounts in Saudi Riyals thousands unless otherwise stated)

Non-Cash Transactions:

	30 September 2024	30 September 2023
Adjustment to property and equipment with corresponding to trade payables and capital advances	**(268,781)**	934,807
Adjustment to property and equipment with corresponding to loan	**564,827**	-
Adjustment to intangible assets with corresponding to trade payables	**(143,863)**	(270,422)
Changes in fair value of derivative financial instruments	**(25,776)**	1,248
Termination adjustment in right of use asset (ROU)	**(60,641)**	-
Termination adjustment in lease liability (LL)	**(68,679)**	-
Addition in ROU with corresponding impact in LL	**385,503**	538,339
Net impact of modification in ROU with corresponding impact in LL	**1,197**	-
Termination adjustment in LL held for sale	**-**	389,233
Termination adjustment in ROU held for sale	**-**	(389,042)
Transfer of MOF non-current liability to long term borrowings	**-**	2,487,167
Transfer of MOF current payable to short term borrowings	**-**	572,523
Adjustment to property and equipment with corresponding to investment	**-**	605,000

Mehdi Khalfaoui
CFO

Eng. Saad Abdulrahman Alsadhan
Acting CEO

Naif bin Sultan bin Mohammed bin Saud Al Kabeer
Chairman

The accompany notes (1) to (24) 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's ultimate parent company is Oman Telecommunications Company SAOG, Oman.

The Group realized net profit for the nine months period ended 30 September 2024, SR 321.98 million (30 September 2023: SR 1,321.07 million) and had retained earnings of SR 1,402.58 million as at 30 September 2024 (2023: SR 1,326.87 million) and the current liabilities of the Group exceed the current assets of the Group by SR 5,158.12 million (2023: SR 1,180.70 million) which includes SR 428.30 million (2023: SR 842.12 million) due to related parties (refer note 9). 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 0.88 billion (refer note 8-1). 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. The company started its operation in the first quarter of 2019.
b. Zain Payments Company - Tamam is engaged in providing fintech services.
c. Zain Drones Company is engaged in providing professional, scientific and technical drones services along with selling and repairing drones.
d. Data Reach – Single Member Company (SMC) has been formed 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 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.

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 21).

During the current nine months period ended on 30 September 2024, the Group sold and leased back 199 sites in line with APA agreement, resulting in derecognition of net book value of assets amounting to SR 49.6 million with a gain of SR 19 million. This also resulted in derecognition of ROU and LL of SR 37 million and SR 39.3 million respectively with gain of SR 2.2 million. ROU and LL created for leased back portion amount to SR 11.8 million and SR 17.8 million respectively.

Total gain realized for the transaction during the nine months period ended 30 September 2024 amounts to SR 21.2 million (the nine months period ended 30 September 2023: SR 1,095.3 million).

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.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset or project. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

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)

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 October 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

	30 September 2024 (Unaudited)	31 December 2023 (Audited)
Cash in hand	**1,771**	1,736
Cash at banks	**424,129**	369,306
Short term deposits	**-**	575,000
Cash and bank balance	**425,900**	946,042
Cash at bank under lien*	**(1,068)**	(1,068)
	424,832	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 nine months period ended 30 September 2024 were 5.66% (nine months period ended 30 September 2023: 5.07%). The total commission earned by the Group during three and nine months period ended 30 September 2024 was SR 6.79 million and SR 26.53 million, respectively (three and nine months period ended 30 September 2023: SR 7.3 million and SR 29.6 million, respectively).

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

5 TRADE AND OTHER RECEIVABLES

	30 September 2024 (Unaudited)	31 December 2023 (Audited)
Gross trade receivables	**5,194,251**	4,693,699
Less: ECL*	**(1,457,885)**	(1,217,201)
Net trade receivables	**3,736,366**	3,476,498
Other receivables	**2,593,804**	2,055,322
	6,330,170	5,531,820

* During the three and nine months period ended 30 September 2024 the Group further charged SR 158.46 million and SR 310.87 million, respectively and written off SR 16.81 million and SR 70.19 million, respectively.

(All amounts in Saudi Riyals thousands unless otherwise stated)

6 PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS

During the nine months period ended 30 September 2024, the Group acquired property and equipment amounted to SR 363.7 million (30 September 2023: SR 179 million) and intangible assets amounted to SR 48.2 million (30 September 2023: SR 13 million). During the nine months period ended 30 September 2024, the Group disposed property and equipment with a net book value of SR 58.14 million (30 September 2023: Nil) resulting in a net gain on sale of property and equipment disposed amounting to SR 19.7 million (30 September 2023: Nil).

During the three and nine months period ended 30 September 2024, the total depreciation and amortization expense amounted to SR 538 million and SR 1,600 million respectively, out of which SR 468 million and SR 1,394 million relates to property and equipment and intangible assets and the remaining amount of SR 70 million and SR 206 million, respectively, relates to the depreciation charge for right of use assets (30 September 2023: the total depreciation and amortization expense for three and nine months amounted to SR 517 million and SR 1,567 million out of which SR 461 million and SR 1,391 million relates to property and equipment and intangible assets and the remaining amount of SR 56 million and SR 176 million relates the depreciation charge for right of use assets).

7 INVESTMENT IN AN ASSOCIATE AND JOINT VENTURES

	30 September 2024 (Unaudited)	31 December 2023 (Audited)
Digital Application Trading Company LLC (refer note 7-1)	**2,286**	2,918
Integrated Data Company for Information Technology LLC (refer note 7-2)	**6,821**	6,821
	9,107	9,739

7-1 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)

7 INVESTMENT IN AN ASSOCIATE AND JOINT VENTURES (continued)

7-1 Digital Application Trading Company L.L.C (continued)

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

	30 September 2024 (Unaudited)	31 December 2023 (Audited)
At the beginning of the period / year	**2,918**	-
Investment in Playherra	**-**	4,887
Share of loss of associate for the period / year	**(632)**	(1,442)
Impairment during the period / year	**-**	(527)
Closing balance	**2,286**	2,918

Below is the financial summary of the associate taken from the management-prepared financial statements for the period / year.

	30 September 2024 (Unaudited)	31 December 2023 (Unaudited)
Statement of financial position:		
Current assets	**1,808**	2,119
Non-current assets	**281**	314
Current liabilities	**8,290**	11,105
Net equity	**(6,061)**	(7,293)
Statement of profit or loss and other comprehensive income:		
Revenue	**838**	2,769
Total comprehensive loss during the period / year	**(3,843)**	(9,610)

(All amounts in Saudi Riyals thousands unless otherwise stated)

7 INVESTMENT IN AN ASSOCIATE AND JOINT VENTURES (continued)

7-2 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 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).

8 BORROWINGS

	30 September 2024 (Unaudited)	31 December 2023 (Audited)
Syndicate Murabaha facility (refer to note 8-1)	**4,644,938**	5,232,502
Working Capital Murabaha facility (refer to note 8-1)	**120,000**	-
Murabaha facility agreement (refer to note 8-2)	**1,934,070**	2,487,168
CAPEX vendor financing facility agreement (refer to note 8-3)	**554,028**	-
Account receivable factoring (refer to note 8-3)	**500,000**	-
Total borrowings	**7,753,036**	7,719,670

The current and non-current amounts are as follows:

	30 September 2024 (Unaudited)	31 December 2023 (Audited)
Current borrowings	**5,701,252**	1,186,697
Non-current borrowings	**2,051,784**	6,532,973
Total borrowings	**7,753,036**	7,719,670

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

	30 September 2024 (Unaudited)	31 December 2023 (Audited)
Saudi Riyals	**6,886,258**	6,743,248
US Dollar (presented in Saudi Riyal)	**866,778**	976,422
	7,753,036	7,719,670

8 BORROWINGS (continued)

8-1 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 three or six months SIBOR plus margin and three or six months SOFR plus margin (2023: three or six months SIBOR plus margin, three or six months LIBOR plus margin and three or 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 30 September 2024, the Group has drawn SR 5.88 billion, including SR 5.76 billion (2023: SR 5.76 billion) from long term facility and SR 0.12 billion (2023: Nil) from working capital facility, out of total facility of SR 7 billion. As at 30 September 2024, total unused facility against MFA amounting to SR 0.88 billion (2023: SR 1 billion) from the working capital facility.

Financing charges, as specified under the “Murabaha financing agreement” are payable in quarterly or half yearly 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.

8-2 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.

8-3 CAPEX vendor financing facility agreement and account receivable factoring

On 13 May 2024 the Group signed with Al Rajhi bank for SR 1.125 billion facility to fund for the CAPEX expenditure payment against several projects and receivables discounting banking facility up to SR 500 million. The Group have availed SR 565 million out of CAPEX facility and SR 500 million out of account receivable factoring facility as at the reporting period. The interest amounting to SR 12.69 million has been capitalized by the Group during nine months ended 30 September 2024 based on effective interest rate of the loan.

(All amounts in Saudi Riyals thousands unless otherwise stated)

9 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. (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
Zain Omantel International – ZOI **	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		For the nine months period ended	
	30 September 2024	30 September 2023 (Restated)	**30 September 2024**	30 September 2023 (Restated)
Revenue from entities owned by shareholder	**13,334**	19,059	**32,369**	83,057
Purchases from entities owned by shareholder	**28,917**	32,603	**69,137**	123,051
Fees charged by a Founding Shareholder (refer note 9.1)	**42,500**	42,500	**127,500**	127,500
Operational expense charged by related party*	**-**	125,440	**-**	336,959

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

	For the three months period ended		For the nine months period ended	
	30 September 2024	30 September 2023 (Restated)	**30 September 2024**	30 September 2023 (Restated)
Compensation and benefits - short term	**19,783**	9,572	**40,929**	29,287
Compensation and benefits - post-employment	**792**	808	**2,736**	2,416
	20,575	10,380	**43,665**	31,703

Short term benefits include remuneration for the Board amounting to SR 3.3 million (30 September 2023: SR 3.4 million).

*** The Group has disbursed advance payment amounting to SR 12.37 million to Zain Omantel International – ZOI on account of ongoing CAPEX project.*

(All amounts in Saudi Riyals thousands unless otherwise stated)

9 TRANSACTIONS AND AMOUNTS DUE TO RELATED PARTIES (continued)

The following balances were outstanding at the reporting date:

	30 September 2024 (Unaudited)	31 December 2023 (Audited)
Mobile Telecommunications Company K.S.C.P (refer to note 9.1)	**363,468**	773,419
Mobile Telecommunications Company K.S.C.P (refer to note 9.2)	**4,175**	-
Founding Shareholders (refer to note 9.3)	**60,409**	68,464
Other related parties (refer to note 9.4)	**248**	237
	428,300	842,120
Current	**428,300**	842,120

9-1 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 8-1.

9-2 Mobile Telecommunications Company K.S.C.P

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

9-3 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 8-1.

9-4 Other related parties

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

10 OTHER NON-CURRENT LIABILITIES

	30 September 2024 (Unaudited)	31 December 2023 (Audited)
Long-term payable – Spectrum (refer to note 10-1)	**915,036**	1,054,623
Others	**18,174**	71,798
	933,210	1,126,421

10-1 Long-term payable – Spectrum

As of 30 September 2024, the total outstanding amount payable against spectrum amounts to SR 1.10 billion (2023: SR: 1.24 billion) out of which SR 188 million is recognized under trade and other payables as at 30 September 2024 (2023: SR 188 million). The amount of the installment is to be settled annually based on the payment schedule agreed with CST.

11 SHARE CAPITAL

The Group has 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)

12 GOVERNMENT GRANTS INCOME

Government grant has been recognized in interim condensed consolidated statement of profit or loss for three and nine months period ended 30 September 2024 amounting to SR Nil and 52 million, respectively, (three and nine months period 30 September 2023: Nil).

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 30 September 2024 or 30 September 2023. Profit attributable to the shareholders use in calculating EPS is SR 321.98 million and SR 150.27 million, respectively for the nine months and three months period ended 30 September 2024 (nine and three months period ended 30 September 2023: SR 1,321.07 million and SR 69.66 million for nine and three months period ended respectively).

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		For the nine-months period ended	
	30 September 2024	30 September 2023 (Restated)	**30 September 2024**	30 September 2023 (Restated)
Outstanding number of shares	**898,729**	898,729	**898,729**	898,729
Basic earnings per share (SR)	**0.167**	0.078	**0.358**	1.470

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 FINANCE COST

	For the three-months period ended		For the nine-months period ended	
	30 September 2024	30 September 2023 (Restated)	**30 September 2024**	30 September 2023 (Restated)
Finance cost on bank loans	**101,876**	100,072	**296,989**	288,954
Finance cost on MOF loan	**36,900**	50,021	**123,325**	117,360
Finance cost on leases	**21,270**	23,082	**65,173**	67,566
Finance cost on spectrum	**16,371**	17,961	**49,112**	53,882
Finance cost on CSTs' deferred payment	**2,651**	-	**9,564**	-
Others	**6,318**	3,369	**9,372**	8,299
	185,386	194,505	**553,535**	536,061

15 SEGMENT REPORTING

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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.

(All amounts in Saudi Riyals thousands unless otherwise stated)

15 SEGMENT REPORTING (continued)

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:

	For the three-months period ended		For the nine-months period ended	
Revenues	**30 September 2024**	30 September 2023 (Restated)	**30 September 2024**	30 September 2023 (Restated)
Mobile Telecommunications Company Saudi Arabia	**2,459,974**	2,423,204	**7,328,265**	7,031,042
Zain Sales Company	**270,605**	285,658	**736,853**	959,290
Zain Payments Company-Tamam	**95,216**	74,946	**265,423**	214,689
Zain Drones Company	**150**	107	**150**	(148)
Eliminations / Adjustments	**(242,530)**	(258,575)	**(659,901)**	(864,998)
Total Revenues	**2,583,415**	2,525,340	**7,670,790**	7,339,875
Cost of operations	**(1,568,727)**	(1,710,350)	**(4,949,949)**	(4,915,541)
Depreciation and amortization	**(538,370)**	(517,280)	**(1,599,693)**	(1,567,380)
(Charge) / reversal of expected credit loss (ECL)	**(158,457)**	21,486	**(310,870)**	(94,015)
Finance income	**6,788**	7,374	**26,534**	45,278
Gain / (loss) on tower sale transaction	**21,238**	(47,819)	**21,238**	1,095,306
Government grant income	**-**	-	**52,257**	-
Other income / (expense)	**1,833**	2,056	**(2,518)**	19,818
Share of loss for the period and impairment in investment in associate	**(632)**	(253)	**(632)**	(1,358)
Finance costs	**(185,386)**	(194,505)	**(553,535)**	(536,061)
Zakat	**(11,430)**	(16,391)	**(31,643)**	(64,857)
Profit for the period	**150,272**	69,658	**321,979**	1,321,065

(All amounts in Saudi Riyals thousands unless otherwise stated)

15 SEGMENT REPORTING (continued)

Following is the gross profit analysis on a segment basis:

	For the three-months period ended		For the nine-months period ended	
	30 September 2024	30 September 2023 (Restated)	**30 September 2024**	30 September 2023 (Restated)
Mobile Telecommunications Company Saudi Arabia	**1,640,427**	1,429,321	**4,581,773**	4,214,371
Zain Sales Company	**(6,887)**	(5,952)	**(12,254)**	(13,183)
Zain Payments Company-Tamam	**79,745**	59,543	**224,842**	177,581
Zain Drones Company	**150**	107	**150**	(148)
Eliminations / Adjustments	**435**	(1,533)	**4,990**	1,341
Gross Profit	**1,713,870**	1,481,486	**4,799,501**	4,379,962

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

	30 September 2024 (Unaudited)	31 December 2023 (Audited)
Assets		
Mobile Telecommunications Company Saudi Arabia	**39,855,880**	39,206,742
Zain Sales Company	**13,328,546**	12,358,228
Zain Payments Company-Tamam	**953,341**	635,863
Zain Drones Company	**3,957**	4,022
Saira Group Company	**50**	**-**
Zain Data Reach	**5**	5
Eliminations / adjustments	**(27,072,588)**	(24,826,628)
Total assets	**27,069,191**	27,378,232
Liabilities		
Mobile Telecommunications Company Saudi Arabia	**29,655,522**	28,796,609
Zain Sales Company	**13,229,008**	12,242,864
Zain Payments Company-Tamam	**473,570**	433,602
Zain Drones Company	**10,339**	8,878
Eliminations / adjustments	**(26,746,045)**	(24,695,141)
Total liabilities	**16,622,394**	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.

16 CAPITAL COMMITMENTS AND CONTINGENCIES

The Group had capital commitments of SR 2.6 billion as at the reporting date (31 December 2023: SR 662 million).

The Group had contingent liabilities as follows:

	30 September 2024 (Unaudited)	31 December 2023 (Audited)
Letters of guarantee	**28,676**	41,982
Letters of credit	**237,500**	211,250
	266,176	253,232

16 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 30 September 2024, lawsuits and violations amounts to SR 3.4 million which have been recorded fully (31 December 2023: SR 26.9 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, this was duly paid by the Group as advance. Subsequently the Group submitted reasonable assurance report and obtained approval from CST of NTR fee of SR 170 million for the respective period, resulted in SR 96 million being additional amount paid. Till the quarter ended 30 September 2024 the Group has adjusted SR 89.2 million amount against above advance payment to CST.

16-1 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 30 June 2024.

The Group received additional assessment with an amount of SR 100 million for certain withholding tax items for the years from 2015 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 on the Group's interim condensed consolidated financial statements.

(All amounts in Saudi Riyals thousands unless otherwise stated)

16 CAPITAL COMMITMENTS AND CONTINGENCIES (continued)

16-1 WITH HOLDING TAX (WHT) (continued)

The Group was also subjected to WHT, for the years from 2012 to 2021, on International Interconnect traffic from ZATCA for payments made to International Operators. For any assessments received from ZATCA, the Group has rejected these claims and appealed at various judiciary bodies against these assessments. In the process of appealing against these claims, the Group had paid an amount of SR 8.37 million and created a provision of SR 148.18 million.

During 2022, the government decree number 484 on November 2022 clarified that there will be no WHT on International traffic prospectively. Considering the decree aligned the position of tax prospectively from 2022, the previous years were continued to be assessed by ZATCA and the Group continued to dispute and appeal against these assessments.

In the three-month period ended 30 September 2024, the Group received communication from ZATCA that the dues for WHT on International traffic will be borne by the Government. Accordingly, the Group has reversed a provision of SR 148.18 million during the current three-month period ended 30 September 2024. The amount paid of SR 8.37 million will be settled by the Group with dues payable to ZATCA for other ongoing assessments.

17 DIVIDEND

On 12 Shaban 1445H corresponding to 28 February 2024, the Board of Directors' recommended the distribution of cash dividends of SR 0.5 per share amounting to SR 449.36 million to shareholders for the fiscal year ended 31 December 2023, which was approved by the shareholder in the Extraordinary General Assembly Meeting held on 24 Dhul Hijjah 1445H corresponding to 30 June 2024. Distribution date of the dividend is 11 Muharram 1446H corresponding to 18 July 2024.

Out of dividend declared for 2023, SR 1.25 million (2023: out of dividend declared amounting to SR 449.36 million for 2022, SR 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.

18 ZAKAT

Zakat provision	**30 September 2024 (Unaudited)**	31 December 2023 (Audited)
Balance at beginning of the period / year	**144,232**	65,541
Charge for the period / year	**31,643**	88,888
Paid for the period / year	**(30,832)**	(10,197)
Balance at end of the period / year	**145,043**	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 2023 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 2023 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. The Group has not received Zakat assessment from 2019 onwards.

Management of the Group estimates that there is no financial impact as the Group has sufficient provisions to cover these amounts.

(All amounts in Saudi Riyals thousands unless otherwise stated)

19 FAIR VALUE OF FINANCIAL ASSETS AND LIABILTIES

19-1 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.

19-2 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

		30 September 2024 (Unaudited)		31 December 2023 (Audited)	
	Fair value measurement hierarchy	**Carrying value**	**Fair value**	Carrying value	Fair Value
Derivative financial instruments	Level 2	**49,858**	**49,858**	75,634	75,634

19-3 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)

20 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 8-1). The outstanding notional amount of the contract as at 30 September 2024 was SR 1.92 billion (31 December 2023: SR 2.56 billion) and the fair value was a positive amount of SR 49.86 million as at 30 September 2024 (31 December 2023: SR 75.6 million).

The average contracted fixed interest rate ranges from 2% to 3%. A loss of SR 17.27 and SR 25.78 million was recognized in other comprehensive income for three and nine months period ended 30 September 2024, respectively (30 September 2023: loss of SR 4.18 million and gain of SR 1.25 million, respectively) 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.

21 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)

21 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 three and nine months period ended 30 September 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 three months period ended 30 September 2023	**As Previously reported**	**Restatement**	**Reclassification**	**As currently reported**
Distribution and marketing expenses	(530,694)	(10,164)	-	(540,858)
Depreciation and amortization	(515,175)	(2,105)	-	(517,280)
Loss on tower transaction	-	(249,903)	202,084	(47,819)
Gain on sale from asset held for sale	202,084	-	(202,084)	-
Other (loss) / income	(50,554)	52,610	-	2,056
Finance Cost	(189,156)	(5,349)	-	(194,505)
Profit before Zakat	300,960	(214,911)	-	86,049
Profit for the period	284,569	(214,911)	-	69,658
Earnings per share (in Saudi Riyals)	0.317			0.078

For the nine months period ended 30 September 2023	**As Previously reported**	**Restatement**	**Reclassification**	**As currently reported**
Distribution and marketing expenses	(1,548,208)	(22,040)	-	(1,570,248)
Depreciation and amortization	(1,559,471)	(7,909)	-	(1,567,380)
Gain on tower transaction	-	338,383	756,923	1,095,306
Gain on sale from asset held for sale	767,489	-	(767,489)	-
Other (loss) / income	(51,834)	61,086	10,566	19,818
Finance Cost	(516,193)	(19,868)	-	(536,061)
Profit before Zakat	1,036,270	349,652	-	1,385,922
Profit for the period	971,413	349,652	-	1,321,065
Earnings per share (in Saudi Riyals)	1.081			1.470

(All amounts in Saudi Riyals thousands unless otherwise stated)

21 EFFECT OF PRIOR PERIOD RESTATEMENT (continued)

A summary of the effect on the individual components of balances as at 30 September 2023 after taking all above adjustments versus previously reported is summarized as follows:

As at 30 September 2023	As previously reported	Restatement	Reclassification	As currently reported
Assets held for sale	1,188,596	(920,488)	-	268,108
Right-of-use assets	710,698	157,498	-	868,196
Trade and other payables	4,929,827	(1,174,762)	-	3,755,065
Lease liabilities (non-current)	701,827	315,082	-	1,016,909
Liabilities directly associated with assets held for sale	412,717	(252,960)	-	159,757
Retained earnings	1,157,975	349,652	-	1,507,627

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.

22 SUBSEQUENT EVENTS

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 and nine months period ended 30 September 2024.

23 STATUTORY RESERVE

On 24 Dhul Hijjah 1445H corresponding to 30 June 2024, the Group's General Assembly approved amending the Group's by-laws to comply with the New Companies' Law issued on 29 Jumada Al-Akhirah 1444H (corresponding to 19 January 2023), based on the recommendation of the Board of Directors. The Company's General Assembly, in its meeting held on 24 Dhul Hijjah 1445H corresponding to 30 June 2024, agreed to transfer the balance of the statutory reserve amounting to SR 203 million as in the consolidated financial statements for the year ended 31 December 2023 to the retained earnings balance.

24 APPROVED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These interim condensed consolidated financial statements were approved by the Board of Directors on 25 Rabi Al-Thani 1446H (Corresponding to 28 October 2024).