

**Mobile Telecommunications Company K.S.C.P
Kuwait**

**Condensed Consolidated Interim Financial Information (Unaudited)
30 September 2024**

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KPMG Al-Qenae & Partners

Al Hamra Tower, 25th Floor
Abdulaziz Al Saqr Street
P.O Box 24, Safat 13001
State of Kuwait
+965 2228 7000

Independent auditor's report on review of condensed consolidated interim financial information

The Board of Directors
Mobile Telecommunication Company K.S.C.P.
State of Kuwait

Introduction

We have reviewed the accompanying 30 September 2024 condensed consolidated interim financial information of Mobile Telecommunication Company K.S.C.P. (the "Company") and its subsidiaries (together, the "Group"), which comprises the condensed consolidated interim statement of financial position as at 30 September 2024, the condensed consolidated interim statement of profit or loss and the condensed consolidated interim statement of other comprehensive income for three-month and nine-month period then ended, changes in equity and cash flows for the nine-month period then ended, and notes to the condensed consolidated interim financial information. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information 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.

Basis for Qualified Conclusion

As disclosed in Note 2 to the condensed consolidated interim financial information, the Group has excluded the effects of application of IAS 29 *Financial Reporting in Hyperinflationary Economies* with respect of its subsidiaries in Republic of Sudan. It was impracticable for us to quantify the financial effects of the adjustments to the condensed consolidated interim financial information due to the non-application of IAS 29 *Financial Reporting in Hyperinflationary Economies* as the Group has not performed the required calculations.

Qualified Conclusion

Based on our review, except for the possible effects of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.



Emphasis of matter – Political uncertainty in Republic of Sudan

We draw attention to Note 2 of the condensed consolidated interim financial information, which describes the management's assessment of the ongoing impact of the political uncertainty in the Republic of Sudan on the Group's operations and financial performance and related uncertainties. Our review conclusion is not modified in respect of this matter.

Emphasis of matter – Comparative Information

We draw attention to Note 21 to the condensed consolidated interim financial information which indicates that the comparative information presented as at and for the period ended 30 September 2023 has been restated. Our conclusion is not modified in respect of this matter.

Other matters

The consolidated financial statements of the Group as at and for the year ended 31 December 2023 were audited by another auditor who expressed qualified opinion on those consolidated financial statements on 6 March 2024 due to the exclusion of the effect of applying IAS 29 *Financial Reporting in Hyperinflationary Economies* for the subsidiaries in the Republic of Sudan. The condensed consolidated interim financial information of the Group as at and for the nine-month period ended 30 September 2023, excluding adjustment in Note 21 to condensed consolidated interim financial information, were reviewed by the same auditor who expressed qualified conclusion on that condensed consolidated interim financial information on 13 November 2023 due to the exclusion of the effect of applying IAS 29 *Financial Reporting in Hyperinflationary Economies* for the subsidiaries in the Republic of Sudan.

As part of our review of the condensed consolidated interim financial information as at and for the nine-month period ended 30 September 2024, we reviewed the adjustments described in Note 21 that were applied to restate the comparative information presented as at and for the nine-month period ended 30 September 2023. We were not engaged to audit, review, or apply any procedures to the condensed consolidated interim financial information for the nine-month period ended 30 September 2023 other than with respect to the adjustments described in Note 21 to the condensed consolidated interim financial information. Accordingly, we do not express a conclusion or any other form of assurance on the financial information taken as a whole. However, in our conclusion, the adjustments described in Note 21 are appropriate and have been properly applied.

Report on review of other legal and regulatory requirements

Furthermore, based on our review, except for the possible effect of the matters described in the "Basis of Qualified Conclusion" paragraph above, the condensed consolidated interim financial information is in agreement with the books of account of the Company. We further report that, nothing has come to our attention that causes us to believe that there were any other violations of the provisions of the Companies Law No. 1 of 2016, as amended and its Executive Regulations, as amended or of the Company's Memorandum and Articles of Association, as amended, during the nine-month period ended 30 September 2024 that might have had material effect on the business of the Company or on its financial position.

We further report that, based on our review, except for the possible effect of the matters described in the "Basis of Qualified Conclusion" paragraph above, nothing has come to our attention that causes us to believe that there were any other violations of the provisions of the Law No. 7 of 2010, as amended, concerning the Capital Markets Authority, and its related regulations, during the nine-month period ended 30 September 2024 that might have had material effect on the business of the Company or on its financial position.

Dr. Rasheed M. Al-Qenae
License No 130
of KPMG Al-Qenae & Partners
Member firm of KPMG International

Kuwait: 11 November 2024

Condensed Consolidated Interim Statement of Financial Position as at 30 September 2024 (Unaudited)

	Note	Unaudited	Audited	Unaudited
		30 September 2024	31 December 2023	30 September 2023
		KD '000	KD '000	Restated KD '000
ASSETS				
Current assets				
Cash and cash equivalents	3	213,044	313,547	282,439
Bank Balances held in customers' account	4	16,358	12,967	11,694
Trade and other receivables		1,012,965	893,252	965,692
Contract assets		81,843	76,094	71,974
Inventories		67,943	54,945	51,398
Investment securities at FVTPL		41,209	35,130	84,644
		1,433,362	1,385,935	1,467,841
Assets classified as held for sale	5	4,033	4,024	26,116
		1,437,395	1,389,959	1,493,957
Non-current assets				
Contract assets		58,897	54,017	49,754
Investment securities at FVOCI		15,876	11,698	19,401
Investments in associates and joint venture	6	207,589	206,472	206,436
Other non-current assets		105,418	59,685	75,180
Right of use of assets		150,379	128,191	129,803
Property and equipment	7	1,008,168	1,109,050	990,428
Intangible assets and goodwill	8	1,960,913	2,036,624	2,058,896
		3,507,240	3,605,737	3,529,898
Total Assets		4,944,635	4,995,696	5,023,855
LIABILITIES AND EQUITY				
Current liabilities				
Trade and other payables		1,102,041	1,089,330	1,029,450
Deferred revenue		53,988	63,383	67,317
Income tax payables		17,170	19,118	23,084
Bank borrowings	9	505,223	169,881	155,758
Lease liabilities		25,593	28,862	28,560
		1,704,015	1,370,574	1,304,169
Liabilities classified as held for sale	5	639	1,010	14,173
		1,704,654	1,371,584	1,318,342
Non-current liabilities				
Bank borrowings	9	890,717	1,141,657	1,195,422
Lease liabilities		168,391	147,039	146,166
Other non-current liabilities	10	323,581	375,181	381,781
		1,382,689	1,663,877	1,723,369
Equity				
Attributable to the Company's shareholders				
Share capital	11	432,706	432,706	432,706
Share premium		1,707,164	1,707,164	1,707,164
Legal reserve		216,354	216,354	216,354
Foreign currency translation reserve		(1,640,860)	(1,556,226)	(1,518,929)
Investment fair valuation reserve		(14,968)	(14,070)	(8,951)
Other reserves		2,460	2,998	4,495
Retained earnings		444,731	457,025	424,267
		1,147,587	1,245,951	1,257,106
Non-controlling interests		709,705	714,284	725,038
Total equity		1,857,292	1,960,235	1,982,144
Total Liabilities and Equity		4,944,635	4,995,696	5,023,855

The accompanying notes are an integral part of this condensed consolidated interim financial information.

This condensed consolidated interim financial information was approved and authorized for issue by the Board of Directors on 11 November 2024.

Osamah Othman Alfuraih
Chairman

Bader Nasser Al Kharafi
Vice Chairman & Chief Executive Officer

Condensed Consolidated Interim Statement of Profit or Loss – 30 September 2024 (Unaudited)

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2024	2023	2024	2023
			Restated		Restated
		KD'000	KD'000	KD'000	KD'000
Revenue		500,608	485,107	1,445,455	1,414,820
Cost of sales		(158,672)	(155,472)	(469,920)	(451,348)
Operating and administrative expenses		(146,309)	(144,957)	(436,018)	(414,853)
Expected credit loss on financial assets (ECL)		(15,892)	(2,643)	(34,351)	(19,984)
Depreciation, amortization and impairment		(85,665)	(82,552)	(261,657)	(247,030)
Interest income		1,797	2,751	6,853	9,778
Investment income / (loss)	12	4,041	(448)	6,613	530
Share of results of associates and joint venture		316	723	1,128	979
Other (expenses) / income		(348)	(847)	3,543	(7,722)
Gain / (loss) on sale and lease back transaction	5	1,727	(2,942)	1,727	90,559
Finance costs	13	(30,758)	(33,622)	(95,038)	(93,689)
Foreign exchange gain		3,593	1,876	14,132	1,442
Gain from disposal of Subsidiary		-	2,711	-	2,711
Net monetary gain	19	229	-	1,610	-
Profit before contribution to KFAS, NLST, ZAKAT, income taxes and Board of Directors' remuneration		74,667	69,685	184,077	286,193
Contribution to Kuwait foundation for Advancement of Sciences (KFAS)		(566)	(628)	(1,416)	(1,780)
National Labour Support Tax (NLST) and Zakat		(2,858)	(3,404)	(7,683)	(10,840)
Income tax expenses		(5,537)	(6,084)	(13,744)	(15,458)
Board of Directors' remuneration		(120)	(108)	(359)	(326)
Profit for the period		65,586	59,461	160,875	257,789
Attributable to:					
Shareholders of the Company		54,115	53,931	135,534	182,715
Non-controlling interests		11,471	5,530	25,341	75,074
		65,586	59,461	160,875	257,789
Earnings per share					
Basic and diluted – Fils	14	13	12	31	42

The accompanying notes are an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Interim Statement of Comprehensive Income – 30 September 2024 (Unaudited)

	Three months ended		Nine months ended	
	30 September		30 September	
	2024	2023	2024	2023
		Restated		Restated
	KD'000	KD'000	KD'000	KD'000
Profit for the period	65,586	59,461	160,875	257,789
Other comprehensive income				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Foreign exchange differences on translating foreign operations	(19,898)	1,453	(89,374)	7,774
Less: Gain reclassified to profit or loss on disposal of foreign operation	-	(5,067)	-	(5,067)
	(19,898)	(3,614)	(89,374)	2,707
Other reserves	(1,411)	(339)	(2,108)	102
	(21,309)	(3,953)	(91,482)	2,809
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Fair value gain on investments in equity instruments designated as at FVOCI	1,053	(43)	(898)	402
Other reserves	(1)	1,061	698	1,525
	1,052	1,018	(200)	1,927
Other comprehensive (loss)/ income for the period	(20,257)	(2,935)	(91,682)	4,736
Total comprehensive income for the period	45,329	56,526	69,193	262,525
Total comprehensive income attributable to:				
Shareholders of the Company	38,666	46,193	49,464	178,707
Non-controlling interests	6,663	10,333	19,729	83,818
	45,329	56,526	69,193	262,525

The accompanying notes are an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Interim Statement of Changes in Equity – Nine months ended 30 September 2024 (Unaudited)

	Equity attributable to Company's shareholders							Non - controlling interests	Total
	Share capital	Share premium	Legal reserve	Foreign currency translation reserve	Investment fair valuation reserve	Other reserves	Retained earnings		
	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000		
Balance at 1 January 2024	432,706	1,707,164	216,354	(1,556,226)	(14,070)	2,998	457,025	714,284	1,960,235
Profit for the period	-	-	-	-	-	-	135,534	25,341	160,875
Other comprehensive loss for the period	-	-	-	(84,634)	(898)	(538)	-	(5,612)	(91,682)
Total comprehensive income for the period	-	-	-	(84,634)	(898)	(538)	135,534	19,729	69,193
<i>Transactions with shareholders of the Company, recognized directly in equity:</i>									
Non-controlling interest arising on the acquisition (note 2.4)	-	-	-	-	-	-	-	310	310
Cash dividends (2023) and interim dividends (2024) (note 11)	-	-	-	-	-	-	(151,447)	-	(151,447)
Cash dividends to non-controlling interest of subsidiaries (2023)	-	-	-	-	-	-	-	(24,618)	(24,618)
Impact of application of IAS 29 (note 19)	-	-	-	-	-	-	3,619	-	3,619
Balance at 30 September 2024	<u>432,706</u>	<u>1,707,164</u>	<u>216,354</u>	<u>(1,640,860)</u>	<u>(14,968)</u>	<u>2,460</u>	<u>444,731</u>	<u>709,705</u>	<u>1,857,292</u>
Balance at 1 January 2023	432,706	1,707,164	216,354	(1,513,879)	(9,353)	3,855	392,999	666,014	1,895,860
Profit for the period (restated)	-	-	-	-	-	-	182,715	75,074	257,789
Other comprehensive income for the period	-	-	-	(5,050)	402	640	-	8,744	4,736
Total comprehensive income for the period (restated)	-	-	-	(5,050)	402	640	182,715	83,818	262,525
<i>Transactions with shareholders of the Company, recognized directly in equity:</i>									
Non-controlling interest arising on the acquisition	-	-	-	-	-	-	-	84	84
Cash dividends (2022) and interim dividends (2023) (note 11)	-	-	-	-	-	-	(151,447)	-	(151,447)
Cash dividends to non-controlling interest of subsidiaries (2022)	-	-	-	-	-	-	-	(24,878)	(24,878)
Balance at 30 September 2023 (restated)	<u>432,706</u>	<u>1,707,164</u>	<u>216,354</u>	<u>(1,518,929)</u>	<u>(8,951)</u>	<u>4,495</u>	<u>424,267</u>	<u>725,038</u>	<u>1,982,144</u>

The accompanying notes are an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Interim Statement of Cash Flows – Nine months ended 30 September 2024 (Unaudited)

	Note	Nine months ended 30 September	
		2024	2023
		Restated	
		KD'000	KD'000
Cash flows from operating activities			
Profit for the period before income tax, KFAS, NLST and Zakat		183,718	285,867
Adjustments for:			
Depreciation, amortization and impairment		261,657	247,030
ECL on financial assets		34,351	19,984
Interest income		(6,853)	(9,778)
Investment income	12	(6,613)	(530)
Share of results of associates and joint venture		(1,128)	(979)
Finance costs	13	95,038	93,689
Gain on sale and lease back transaction	5	(1,727)	(90,559)
Foreign currency gain		(14,132)	(1,442)
Gain from disposal of Subsidiary		-	(2,711)
Net monetary gain	19	(1,610)	-
Loss on sale of property and equipment		153	274
Operating cashflow before working capital changes		542,854	540,845
Increase bank balances held in customers' account		(3,479)	(3,425)
Increase in trade and other receivables and contract assets		(162,951)	(132,621)
Increase in inventories		(12,584)	(3,539)
Decrease in trade and other payables		(49,105)	(37,012)
Cash generated from operations		314,735	364,248
<i>Payments:</i>			
Income tax		(10,092)	(7,179)
KFAS		(2,232)	(2,027)
NLST and Zakat		(12,150)	(5,330)
<i>Net cash from operating activities</i>		290,261	349,712
Cash flows from investing activities			
Deposits maturing after three months, cash at bank under lien and government certificates of deposits	3	(1,571)	(10,776)
Investments in securities		(5,609)	(1,076)
Proceeds from sale of investment securities		761	197
Acquisition of subsidiaries, net of cash acquired	2.4	(3,645)	(10,942)
Investment in associates and joint control entity		-	(783)
Acquisition of property and equipment (net)		(106,590)	(127,074)
Acquisition of intangible assets (net)		(31,066)	(37,939)
Proceeds from sale of telecom assets (sale and lease back)		6,069	199,274
Interest received		2,836	2,949
Dividend received		108	135
<i>Net cash (used in) / from investing activities</i>		(138,707)	13,965
Cash flows from financing activities			
Proceeds from bank borrowings	9	200,450	131,018
Repayment of bank borrowings	9	(161,261)	(160,479)
Repayment of lease liabilities		(36,095)	(35,793)
Dividend paid to Company's shareholders		(115,159)	(151,031)
Dividend paid to minority shareholders of subsidiaries		(23,901)	(24,760)
Finance costs paid		(83,698)	(78,115)
<i>Net cash used in financing activities</i>		(219,664)	(319,160)
Net (decrease) / increase in cash and cash equivalents		(68,110)	44,517
Effect of foreign currency translation		(33,964)	(4,994)
Cash and cash equivalents at beginning of period		312,449	226,094
Cash and cash equivalents at end of period	3	210,375	265,617

The accompanying notes are an integral part of this condensed consolidated interim financial information.

1. Incorporation and activities

Mobile Telecommunications Company K.S.C.P (the “Company” or “MTC”) is a Kuwaiti shareholding company incorporated in 1983. Its shares are traded on the Kuwait Stock Exchange. The registered office of the Company is at P. O. Box 22244, 13083 Safat, State of Kuwait.

The Company and its subsidiaries (the “Group”) along with associates provide mobile telecommunication services in Kuwait and 7 other countries (31 December 2023 - Kuwait and 7 other countries; 30 September 2023 - Kuwait and 7 other countries) under licenses from the Governments of the countries in which they operate; purchase, deliver, install, manage and maintain mobile telephone and paging systems; and invest surplus funds in investment securities.

The Company is a subsidiary of Oman Telecommunications Company SAOG, Oman (the “Parent Company”).

2. Basis of preparation

This condensed consolidated interim financial information for nine months ended 30 September 2024 have been prepared in accordance with IAS 34: *Interim Financial Reporting* and should be read in conjunction with the Group’s last annual consolidated financial statements for the year ended 31 December 2023 (“last annual financial statements”). They do not include all of the information required for a complete set of financial statements prepared in accordance with IFRS Accounting Standards. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual financial statements.

The Group has prepared the condensed consolidated interim financial information on the basis that it will continue to operate as a going concern. The Directors consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

The economy of Republic of South Sudan became hyperinflationary in 2016. Accordingly, the results, financial position and cash flows of the Group’s subsidiary in South Sudan have been expressed in terms of the measuring unit current at the reporting date in accordance with IAS 29: *Financial Reporting in Hyperinflationary Economies*.

In 2015, the Group noted that the economy of the Republic of Sudan, where the Group has subsidiaries, may be hyperinflationary from the beginning of 2015. This was based on the general price index showing the cumulative three-year rate of inflation exceeding 100% at that time. However, International Accounting Standard, IAS 29: *Financial Reporting in Hyperinflationary Economies*, does not establish an absolute rate at which hyperinflation is deemed to arise and states that it is a matter of judgment when restatement of financial statements in accordance with this Standard becomes necessary. In addition, the Group noted that in the 2014 International Monetary Fund (IMF) Sudan country report, the cumulative projected three-year inflation rate outlook for Sudan in 2016 to be around 57% and thus, applying IAS 29 in 2015, could have entailed going in and out of hyperinflation within a short period which was confirmed when the Republic of Sudan went out of hyperinflation in 2016. The Republic of Sudan has been again declared as hyperinflationary in 2018. Based on the above matters, the Group believes that there is no definitive basis to apply IAS 29 at this stage. However, the Group will review it on an ongoing basis, accordingly it has not quantified the impact of applying IAS 29 in previous years and as of 30 September 2024.

This condensed consolidated interim financial information does not contain all of the information and disclosures required for complete financial statements prepared in accordance with IFRS Accounting Standards. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Results for the interim period are not necessarily indicative of the results that may be expected for the year ending 31 December 2024, including the impact of the matter stated above regarding application of IAS 29. For further information, refer to the audited consolidated financial statements and notes thereto for the year ended 31 December 2023.

2.1 Changes in accounting policy and disclosures

The accounting policies adopted in the preparation of the condensed consolidated interim financial information are consistent with those followed in the preparation of the Group's annual consolidated financial information for the year ended 31 December 2023, except for the amendment to IFRS Accounting Standards which are effective as of 1 January 2024 listed below. However, these amendments did not have any material impact on the accounting policies, financial position or performance of the Group.

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1);
- Disclosure Relating to Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7);
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16).

2.2 Significant judgments and estimates

The preparation of the condensed consolidated interim financial information requires management to make judgments, estimates and assumptions that affects the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's annual consolidated financial statements for the year ended 31 December 2023, except following:

Functional and presentation currency – Atheer Telecom Iraq Limited (“Atheer”)

The Government of Iraq passed a resolution in April 2023 that all monetary transactions within the country will be denominated and settled in Iraqi Dinar, with no effective date of implementation. The Central Bank of Iraq announced in October 2023 banning all cash withdrawals and transactions in US Dollars with effect from 1 January 2024. Accordingly, Atheer has started the process of revising its contracts with suppliers in line with this change and believes that the functional currency of Atheer has changed from US Dollar to Iraqi Dinar with effect from 1 January 2024. This is because the currency of the primary economic environment in which Atheer operates has changed from US Dollar to Iraqi Dinar. Therefore, from 1 January 2024 onwards, the functional currency of Atheer is Iraqi Dinar. In accordance with IAS 21: *the Effects of Changes in Foreign Exchange Rates* this change has been accounted for prospectively from this date.

2.3 Political uncertainty in Sudan

A violent power struggle erupted on 15 April 2023, in Khartoum, the capital of Republic of Sudan, involving the two primary factions of the ruling military regime. This conflict has directly affected the Group's operations and its telecommunication assets, as certain areas in Republic of Sudan continue to experience high levels of hostility or temporary control by opposing forces. Given the Group's extensive presence and service provision across Republic of Sudan, these events have had an adverse impact on the country's economy and consequently, on the Group's business and operational outcomes.

As of the issuance date of these condensed consolidated interim financial information, the Group has not incurred any significant damage to crucial assets that would hinder its ability to sustain operations.

Since 15 April 2023, continuous monitoring of network and base station equipment has been in place, particularly in areas experiencing significant downtime. Various actions, such as reallocation of network traffic, capacity expansion, and other measures aimed at restoring network coverage and ensuring satisfactory network performance, are being implemented. Zain Sudan is actively involved in performing essential network maintenance, repairs, and optimizations utilizing both its current equipment and external resources. Zain Sudan currently holds agreements with suppliers of network equipment, and transportation routes for its delivery that are accessible in all regions of Republic of Sudan, except for Darfur, Kordofan (only limited access in north), Wad-Madani, Khartoum and Sinnar (directly impacting White Nile & Blue Nile areas), which are facing the most significant impact from the ongoing hostilities.

Republic of Sudan experienced a network blackout starting from 7 February 2024 as all the three main internet operators in Sudan were either partially or completely offline and discussions to resolve this issue are in progress. Subsequently, in the first week of March 2024, Zain Sudan restored its services in Port Sudan and other neighboring states by setting up a new switch and data center in Port Sudan.

Notes to the Condensed Consolidated Interim Financial Information - 30 September 2024 (Unaudited)

The Group has taken appropriate actions to ensure the continuity of communication services and operations. The management has prepared and reviewed the updated financial forecasts for the year, taking into consideration most likely and possible downside scenarios for the ongoing business impacts of the war. These forecasts were based on the following key assumptions:

- there will be no substantial increase in the intensity of hostilities, thereby not adversely impacting the number of active sites, significantly.
- Zain Sudan will have the capability to conduct maintenance and repair tasks in the affected territories of Sudan, ensuring a satisfactory level of network performance in regions where it is feasible while considering the physical security of technical specialists;
- there will be no significant fluctuations in the fuel rate, foreign exchange rates and other major costs during the course of the conflict;
- Zain Sudan will be able to ensure the uninterrupted functioning of its crucial IT infrastructure, aligning with management's implemented measures and incident response and disaster recovery plans;
- the generated revenue from service and product sales will be sufficient for Zain Sudan to meet both operating expenses and essential capital investments.

Based on these forecasts, considering possible adverse scenarios, management reasonably expects that the Group possesses adequate resources to effectively handle its operations in Sudan. Management will maintain ongoing monitoring of the potential repercussions and will proactively implement all available measures to minimize any adverse consequences.

If a worst-case scenario unfolds with widespread hostilities across Republic of Sudan, it can be anticipated that the Group's operations in Sudan may encounter disruptions for an indeterminate duration. This represents an uncertainty that is beyond the control of the Group.

After evaluating the revised forecasts, management has examined Zain Sudan's capability to operate as a going concern at the time of releasing these condensed consolidated interim financial statements. As a result, it has determined that there are no significant specific uncertainties that could impede the Zain Sudan's infrastructure and operations, that cast significant doubt on its ability to continue as a going concern. Consequently, Zain Sudan is expected to be able to realize its assets and fulfill its obligations in the ordinary course of business.

The management of Zain Sudan has concluded that it is appropriate to prepare the condensed consolidated interim financial information on a going concern basis.

Because of the ongoing conflict in Republic of Sudan as described above, there have been some damages to network equipment, spares and inventories. Unfortunately, the current situation is not viable for the management of the Zain Sudan to access these areas and take stock of the actual damages and losses due to continuing hostilities in these regions. Based on an initial assessment of the damages due to the ongoing conflict mainly in the main warehouse in Khartoum, Zain Sudan has recorded an impairment loss of SDG 25.51 billion (KD 13.476 million) on its property and equipment and a provision for damage to its inventories amounting to SDG 2.31 billion (KD 1.222 million) respectively during the previous year.

Due to this unrest, Zain Sudan is not able to exercise control over some of its property and equipment with a net book value of SDG 29.53 billion (KD 5.46 million) representing 2,003 network sites as of 30 September 2024 due to security concerns in certain locations in Republic of Sudan. The management of Zain Sudan does not expect any significant damage to the Zain Sudan's network sites in the Sudanese regions of North Darfur, North Kordofan, Wad-Madani and Khartoum and has concluded that the affected sites have the ability to generate future economic benefits. However, Zain Sudan management has recognized an impairment loss of SDG 29.53 billion (KD 5.46 million) for network sites and related equipment and SDG 5.25 billion (KD 0.97 million) for network assets under Capital work in progress during the 9 months ended 30 September 2024.

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Zain Sudan's management estimates that the losses are fully covered under the Political Violence Insurance Policy, which is valid from 6 July 2022 to 5 July 2023. A claim totaling US\$ 47.98 million (KD 14.653 million) has been submitted to the insurer. This claim primarily relates to damage to equipment, spare parts, and commercial items in the main warehouse, which was mostly set on fire during the conflict. According to the Political Violence Insurance Policy, Zain Sudan is also eligible for 'Business Interruption' claim settlement covering a twelve-month indemnity period from the date of loss. In the opinion of Zain Sudan's management, losses, if any, will be fully recovered from the insurance company and based on the current assessment per available information, no significant financial impact is anticipated on the condensed consolidated interim financial information as the Group management consider this unrest to be temporary and expects it to be resolved on a priority basis.

2.4 Acquisition of Subsidiaries

Specialized Technical Services Company BVI

In March 2024, the Group acquired 100% equity interest of Specialized Technical Services Company BVI ("STS") for a purchase consideration of US\$ 25.759 million (KD 7.924 million) of which an amount of US\$ 16.697 million (KD 5.139 million) was paid during the period. The net cash outflow (net of cash and cash equivalents acquired) on acquisition amounts to US\$ 10.067 million (KD 3.095 million). The recognized amount of net assets of STS as at the date of acquisition was US\$ 12.264 million (KD 3.775 million), resulting in a provisional goodwill of US\$ 13.495 million (KD 4.151 million). The provisional values assigned to the identifiable assets and liabilities as at the date of acquisition, are subject to review within one year of acquisition on finalization of the Purchase Price Allocation (PPA). STS is a company incorporated in British Virgin Islands engaged in providing digital transformation solutions in Jordan, KSA and other countries.

Xenon Electronic Payment Company W.L.L

During 2023, the Group acquired 83.39% equity interest of Xenon Electronic Payment Company W.L.L ("Bookeey") for a purchase consideration of KD 2.437 million. The provisional values of recognized amounts of net assets of Bookeey as at the date of acquisition was KD 0.675 million, resulting in a goodwill of KD 1.874 million. During Q1 2024, the Group finalized the Purchase Price Allocation ("PPA") exercise of Bookeey, and accordingly the consolidated interim financial information have been adjusted to reflect the PPA adjustment to the provisional amounts. The adjustments resulted in an increase in 'License' by KD 1.866 million, increase in 'non-controlling interest' by KD 0.310 million and decrease in Goodwill by KD 1.556 million in the Group's consolidated interim financial information as at the acquisition date. The cumulative impact of these PPA related adjustments was passed in Q1 2024.

3. Cash and cash equivalents

	Unaudited	Audited	Unaudited
	30 September	31 December	30 September
	2024	2023	2023
	KD '000	KD '000	KD '000
Cash on hand and at banks	204,169	190,339	243,277
Short-term deposits with banks	35,266	150,365	67,499
Government certificates of deposits held by subsidiaries	3	6	8
	<u>239,438</u>	<u>340,710</u>	<u>310,784</u>
Expected credit loss	(26,394)	(27,163)	(28,345)
Cash and bank balances as per condensed consolidated interim statement of financial position	213,044	313,547	282,439
Cash at bank under lien	(236)	(1,092)	(1,364)
Time deposits with original maturity over 3 months	(2,430)	-	(15,450)
Government certificates of deposits with maturities exceeding three months held by subsidiaries	(3)	(6)	(8)
Cash and cash equivalent in the condensed consolidated interim statements of cash flows	<u>210,375</u>	<u>312,449</u>	<u>265,617</u>

Notes to the Condensed Consolidated Interim Financial Information - 30 September 2024 (Unaudited)

4. Bank balances held in customers' account

Bank balances held in customers' Account as part of electronic payment services provided by the Group are presented separately from cash and cash equivalents in the condensed consolidated interim statement of financial position of the Group. The regulations in respective locations require that these balances with banks are held in a manner to ensure that these balances are not co-mingled with the Group's cash and cash equivalents.

During the year 2023 Group management decided to present these Bank balances held in customers account separately from the other bank balances in order to achieve better presentation. The comparative amounts for 30 September 2023 have been reclassified from cash and cash equivalent to Bank balances held in customers' account (KD 11.694 million) in line with the current condensed consolidated interim financial information.

5. Assets and liabilities classified as held for sale.

The carrying value of disposal group held for sale comprises of remaining telecom tower assets and remaining right of use of assets and its related lease liabilities classified as held for sale in Kuwait (31 December 2023 – Kuwait, 30 September 2023 – Kuwait and KSA) as follows.

	Unaudited 30 September 2024	Audited 31 December 2023	Unaudited 30 September 2023 Restated
	KD '000	KD '000	KD '000
Telecom tower assets	855	855	855
Right of use of assets	3,178	3,169	25,261
	<u>4,033</u>	<u>4,024</u>	<u>26,116</u>
Lease liabilities	639	1,010	14,173

These are expected to be sold within one year.

KSA

During the nine months period ended on 30 September 2024, SMTC sold and leased back 199 sites, resulting in derecognition of net book value of assets amounting to SAR 49.6 million (KD 4.031 million) with a gain of SAR 19 million (KD 1.545 million). This also resulted in derecognition of right of use of assets and lease liabilities of SAR 37 million (KD 3.007 million) and SAR 39.3 million (KD 3.194 million) respectively with gain of SAR 2.2 million (KD 0.182 million).

Total gain realized for the transaction during the nine months period ended 30 September 2024 amounts to SAR 21.2 million (KD 1.727 million).

6. Investments in associates and joint venture

6.1 Investments in associates

	Unaudited 30 September 2024		Audited 31 December 2023		Unaudited 30 September 2023	
	%	KD '000	%	KD '000	%	KD '000
IHS Kuwait Limited ("IHS")	30	1,374	30	1,055	30	959
TASC Towers Holding Limited ("TASC")	92.87	115,818	92.87	117,912	92.87	118,782
Entertainment Content Trading Company WLL ("Playhera MENA")	30	418	30	554	30	677
Others		554		561		745
		<u>118,164</u>		<u>120,082</u>		<u>121,163</u>

Notes to the Condensed Consolidated Interim Financial Information - 30 September 2024 (Unaudited)

IHS

IHS became operational in February 2020 pursuant to the sale and lease back of telecommunication towers transaction with the Company.

TASC

The Group determines that it does not have the control over TASC on the basis that the Group does not have majority representation in the Board under the terms agreed in the agreement between TASC shareholders.

The carrying value of the associates and its results for the period are determined by Group management using the equity method based on management information provided by the associates.

In December 2023, the Group signed definitive agreements with Ooredoo Group Q.P.S.C (“Ooredoo”) for a merger transaction to combine both company’s passive infrastructures (towers) via a cash and share deal. The Group and Ooredoo will contribute assets and cash to the newly formed tower company to retain a 49.3% stake each in the newly formed tower company. The transaction (initial market closings) is in progress and is expected to be completed during the year.

6.2 Investments in joint venture

	Unaudited		Audited		Unaudited	
	30 September 2024		31 December 2023		30 September 2023	
	%	KD ‘000	%	KD ‘000	%	KD ‘000
Zain Al Ajjal S.A. (“Zain Ajjal”)	50	89,425	50	86,390	50	85,273
		<u>89,425</u>		<u>86,390</u>		<u>85,273</u>

This represents Group’s interest in the joint venture, Zain Al Ajjal S.A. that owns 31% of the equity shares and voting rights of Wana Corporate (a Moroccan joint stock company that is specialized in the telecom sector in that country). The carrying value of this joint venture and its results for the period are determined by Group management using equity method based on management information provided by Wana Corporate.

7. Property and equipment

	Unaudited		Audited		Unaudited	
	30 September 2024		31 December 2023		30 September 2023	
	KD ‘000		KD ‘000		KD ‘000	
Net fixed assets		861,342		889,290		876,479
Capital work in progress		146,826		219,760		113,949
		<u>1,008,168</u>		<u>1,109,050</u>		<u>990,428</u>

During the nine-months period ended 30 September 2024, the Group acquired property and equipment amounting to KD 82.946 million (30 September 2023: KD 70.213 million). Depreciation charged for the period amounted to KD 143.872 million (30 September 2023: KD 143.568 million).

The Group has recognized an impairment loss of KD 6.431 million (30 September 2023: Nil) for property and equipment during the period ended 30 September 2024 (note 2.3).

Notes to the Condensed Consolidated Interim Financial Information - 30 September 2024 (Unaudited)

8. Intangible assets and goodwill

	Unaudited 30 September 2024 KD '000	Audited 31 December 2023 KD '000	Unaudited 30 September 2023 KD '000
Intangible assets	1,417,937	1,492,790	1,512,513
Goodwill	533,011	533,808	540,028
Capital work in progress	9,965	10,026	6,355
	<u>1,960,913</u>	<u>2,036,624</u>	<u>2,058,896</u>

During the nine-months period ended 30 September 2024, the Group acquired intangible assets amounting to KD 21.184 million (30 September 2023: KD 14.285 million). Amortization charged for the period amounted to KD 81.686 million (30 September 2023: KD 78.082 million).

During the period the Group recognized additional goodwill of KD 4.336 million mainly due to acquisition of STS (note 2.4). This is provisional goodwill and subject to PPA.

9. Bank borrowings

	Unaudited 30 September 2024 KD '000	Audited 31 December 2023 KD '000	Unaudited 30 September 2023 KD '000
<i>Company</i>			
Short term loans	-	24,576	15,450
Long term loans	641,971	562,363	592,927
	<u>641,971</u>	<u>586,939</u>	<u>608,377</u>
<i>Mobile Telecommunications Company Saudi Arabia ("SMTC")</i>			
Short term loans	40,635	-	-
Long term loans	432,272	428,019	429,928
	<u>472,907</u>	<u>428,019</u>	<u>429,928</u>
<i>Pella Investment Company ("Pella")</i>			
Long term loans	79,395	79,875	80,354
	<u>79,395</u>	<u>79,875</u>	<u>80,354</u>
<i>Atheer Telecom Iraq Limited ("Atheer")</i>			
Bank overdrafts	-	514	-
Long term loans	200,037	216,191	232,521
	<u>200,037</u>	<u>216,705</u>	<u>232,521</u>
<i>Others</i>			
Short term loans	779	-	-
Long term loans	851	-	-
	<u>1,630</u>	<u>-</u>	<u>-</u>
	<u>1,395,940</u>	<u>1,311,538</u>	<u>1,351,180</u>

Reconciliation of movements of amounts due to banks to cash flows from financing activities:

	Unaudited 30 September 2024 KD '000	Audited 31 December 2023 KD '000	Unaudited 30 September 2023 KD '000
Opening balance	1,311,538	1,366,558	1,366,558
Proceeds from bank borrowings	200,450	142,860	131,018
Repayment of bank borrowings	(161,261)	(207,361)	(160,479)
Increase in bank borrowings due to vendor financing arrangement (non- cash item)	45,903	-	-
On acquisition of a subsidiary	2,314	-	-
Effect of change in foreign exchange rates	(3,004)	9,481	14,083
	<u>1,395,940</u>	<u>1,311,538</u>	<u>1,351,180</u>

Notes to the Condensed Consolidated Interim Financial Information - 30 September 2024 (Unaudited)

The current and non-current amounts are as follows:

	<u>Unaudited</u> <u>30 September</u> <u>2024</u> <u>KD '000</u>	<u>Audited</u> <u>31 December</u> <u>2023</u> <u>KD '000</u>	<u>Unaudited</u> <u>30 September</u> <u>2023</u> <u>KD '000</u>
Current liabilities	505,223	169,881	155,758
Non-current liabilities	890,717	1,141,657	1,195,422
	<u>1,395,940</u>	<u>1,311,538</u>	<u>1,351,180</u>

The carrying amounts of the Group's bank borrowings are denominated in the following currencies equivalent to Kuwaiti Dinar:

	<u>Unaudited</u> <u>30 September</u> <u>2024</u> <u>KD '000</u>	<u>Audited</u> <u>31 December</u> <u>2023</u> <u>KD '000</u>	<u>Unaudited</u> <u>30 September</u> <u>2023</u> <u>KD '000</u>
US Dollar	450,164	550,097	589,239
Kuwaiti Dinar	542,065	413,294	412,241
Saudi Riyals	402,464	348,147	349,700
Jordanian Dinar	1,247	-	-
	<u>1,395,940</u>	<u>1,311,538</u>	<u>1,351,180</u>

The average effective interest rate as at 30 September 2024 was 6.66% (31 December 2023 – 6.52%; 30 September 2023 – 6.35%) per annum.

The Group is compliant with the principal covenant ratios, which include:

- consolidated net borrowings to adjusted consolidated Earnings Before Interest Tax Depreciation and Amortization (EBITDA);
- adjusted consolidated EBITDA to adjusted consolidated net interest payable;
- consolidated net borrowings to consolidated net worth (equity).

Company

During the period ended 30 September 2024, the Company has:

- 1) drawn down loans amounting to KD 145 million from existing and new facilities (31 December 2023 - KD 150.607 million, 30 September 2023: KD 141.340 million). This includes:
 - KD 100 million of long-term facility amounting to KD 100 million.
 - KD 30 million of long-term facility amounting to KD 30 million.
 - KD 15 million of long-term facility amounting to KD 93 million.
- 2) repaid loans amounting to KD 89.774 million (31 December 2023 – KD 125.484 million, 30 September 2023: KD 95.681 million). This includes:
 - US\$ 80 million (KD 24.608 million) of a revolving credit facility amounting to US\$ 130 million.
 - US\$ 145 million (KD 44.602 million) of a term loan facility amounting to US\$ 200 million.
 - KD 15 million of a revolving credit facility amounting to KD 100 million.

The above facilities carry a fixed margin over three-month CME term Secured Overnight Financing Rate (CME term SOFR) or over the Central Bank Discount rate.

SMTC

Long-term loans include:

- 1) SAR 4,765 million (KD 387.252 million) (31 December 2023: SAR 5,233 million equivalent to KD 428.059 million, 30 September 2023: SAR 5,218 million equivalent to KD 429.963 million) syndicated murabaha facility availed from a consortium of banks. As on 30 September 2024, the outstanding hedge balance of the syndicated loan through a profit rate swap contract is SAR 1,920 million (KD 156.038 million).

In September 2020, SMTC signed an Amendment Agreement (the Agreement) with the consortium of lenders to refinance the Murabaha facilities that existed as of that date and to secure additional funding for future capital investment.

The Agreement:

- a. Includes a Total Term Murabaha Facility of SAR 6,000 million (KD 487.620 million), consisting of SAR 4,880 million (KD 396.598 million) and US\$ portion of SAR 1,120 million (KD 91.022 million) for refinancing of the existing Term Murabaha Facility amounting to SAR 3,480 million (KD 282.820 million) and balance for future specified business purposes. SAR 2,560 million (KD 208.051 million) of the syndicated loan has been hedged through a profit rate swap contract.
- b. Includes a revolving working capital facility of SAR 1,000 million (KD 81.270 million) consisting of SAR 813.393 million (KD 66.104 million) and a US\$ portion totaling to SAR 186.607 million (KD 15.166 million).

The Murabaha Facility continues to be secured partially by a guarantee from the Company and a pledge of the Company's and some of the founding shareholders' shares in SMTC and assignment of certain contracts and receivables. Under the Murabaha Financing Agreement, SMTC can declare dividend or other distribution in cash or in kind to shareholders, provided SMTC is in compliance with all its obligations under the agreement.

- 2) During the period, SMTC signed with Al Rajhi bank in KSA for SAR 1,125 million (KD 91.429 million) facility to fund for the CAPEX payment against several projects and receivables discounting banking facility up to SAR 500 million (KD 40.635 million). SMTC have availed SAR 565 million (KD 45.903 million) of the CAPEX facility and SAR 500 million (KD 40.635 million) of the account receivable factoring facility as at the reporting period. The interest amounting to SAR 12.69 million (KD 1.032 million) has been capitalized by SMTC during nine months ended 30 September 2024, based on effective interest rate of the loan.

Pella

Long term loans include:

- 1) US\$ 160 million (KD 48.864 million) (31 December 2023 – US\$ 160 million equivalent to KD 49.152 million, 30 September 2023 – US\$ 160 million equivalent to KD 49.440 million) term loan from a commercial bank which is repayable by 11 October 2025.
- 2) US\$ 100 million (KD 30.540 million) (31 December 2023 – US\$ 100 million equivalent to KD 30.720 million, 30 September 2023 – US\$ 100 million equivalent to KD 30.900 million) term loan from a commercial bank which is repayable by 30 April 2027.

Atheer

Long term loans include:

- 1) US\$ 50 million (KD 15.270 million) (31 December 2023 – US\$ 50 million equivalent to KD 15.360 million, 30 September 2023 – US\$ 70 million equivalent to KD 21.630 million) term loan from a commercial bank which is repayable by 17 December 2024.
- 2) US\$ 105 million (KD 32.067 million) (31 December 2023 – US\$ 105 million equivalent to KD 32.256 million, 30 September 2023 – US\$ 105 million equivalent to KD 32.445 million) term loan from a commercial bank which is repayable by 30 June 2026.

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- 3) US\$ 125 million (KD 38.175 million) (31 December 2023 – US\$ 125 million equivalent to KD 38.400 million, 30 September 2023 – US\$ 150 million equivalent to KD 46.350 million) revolving credit facilities from a commercial bank which is repayable by 17 December 2025.
- 4) US\$ 100 million (KD 30.540 million) (31 December 2023 – US\$ 100 million equivalent to KD 30.720 million, 30 September 2023 – US\$ 100 million equivalent to KD 30.900 million) term loan from a commercial bank which is repayable by 30 July 2026.
- 5) US\$ 50 million (KD 15.270 million) (31 December 2023 – US\$ 50 million equivalent to KD 15.360 million, 30 September 2023 – US\$ 50 million equivalent to KD 15.450 million) term loan from a commercial bank which is repayable by 24 April 2027. In April 2024, this was rescheduled to a revolving credit facility which is repayable by 24 April 2027.
- 6) US\$ 125 million (KD 38.175 million) (31 December 2023 – US\$ 125 million equivalent to KD 38.400 million, 30 September 2023 – US\$ 125 million equivalent to KD 38.625 million) term loan from a commercial bank which is repayable by 03 May 2025.
- 7) US\$ 100 million (KD 30.540 million) (31 December 2023 – US\$ 100 million equivalent to KD 30.720 million, 30 September 2023 – US\$ 100 million equivalent to KD 30.900 million) term loan from a commercial bank which is repayable by 19 August 2027.

These facilities are guaranteed by the Company and carry a floating interest rate of a fixed margin over three-month SOFR.

10. Other non-current liabilities

	Unaudited	Audited	Unaudited
	30 September	31 December	30 September
	2024	2023	2023
	KD '000	KD '000	KD '000
Payable to Ministry of Finance – Saudi Arabia (refer below)	121,723	158,207	159,367
Due on acquisition of spectrum	140,288	157,206	164,125
Customer deposits	4,435	4,519	4,778
Post-employment benefits	55,658	51,466	49,435
Others	1,477	3,783	4,076
	323,581	375,181	381,781

During 2013, SMTC signed an agreement with the Ministry of Finance – KSA to defer payments that were due until 2021. The amounts are repayable in seven years starting from June 2021.

In February 2023, SMTC signed a revised agreement with the Ministry of Finance (“MOF”), Kingdom of Saudi Arabia under which the existing deferral of payment to MOF along with commercial commission payable was converted into a Murabaha facility with MOF and Al Rajhi Banking & Investment Corporation has been appointed as the Murabaha Facility Agent. The liability matures on June 2027 with yearly scheduled repayment on 1 June every year till maturity, starting from June 2023.

The current portion of these payables, including finance cost amounts to, SAR 448.194 million (KD 36.424 million) is recorded under trade and other payables (31 December 2023 – SAR 657.328 million (KD 53.769 million), 30 September 2023 – SAR 612.551 million (KD 50.474 million)).

11. Share capital

The authorized, issued and fully paid-up share capital of the Company (in cash and bonus shares) as of 30 September 2024 is 4,327,058,909 shares (31 December 2023 – 4,327,058,909; 30 September 2023 - 4,327,058,909) of 100 fils each.

Dividend

The annual general meeting of shareholders for the year ended 31 December 2023 held on 6 May 2024 approved distribution of a cash dividend of 25 fils per share to the registered shareholders, for the second half of the year 2023, after obtaining necessary regulatory approvals. This is in addition to the interim dividend of 10 fils distributed earlier in 2023 totaling 35 fils per share for the year 2023 (31 December 2022 – 35 fils per share).

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Interim dividend

The Board of Directors in their meeting held on 07 August 2024, declared distribution of 10 fils per share of interim dividend in cash.

12. Investment income

	Three months ended 30 September (Unaudited)		Nine months ended 30 September (Unaudited)	
	2024	2023	2024	2023
	KD'000	KD'000	KD'000	KD'000
Gain / (loss) from investment securities at fair value through profit or loss (FVTPL)	4,041	(548)	6,505	395
Dividend income	-	100	108	135
	4,041	(448)	6,613	530

13. Finance costs

	Three months ended 30 September (Unaudited)		Nine months ended 30 September (Unaudited)	
	2024	2023	2024	2023
	KD'000	Restated KD'000	KD'000	Restated KD'000
Interest on bank borrowings	20,294	21,277	63,547	62,956
Finance cost on lease liabilities	3,438	3,527	10,535	10,217
Interest relating to license and spectrum payable	2,380	1,767	7,130	6,330
Interest on amount payable to Ministry of Finance (KSA)	3,002	4,102	10,083	9,603
Others	1,644	2,949	3,743	4,583
	30,758	33,622	95,038	93,689

14. Earnings per share

Basic and diluted earnings per share based on the weighted average number of shares outstanding during the period are as follows:

	Three months ended 30 September (Unaudited)		Nine months ended 30 September (Unaudited)	
	2024	2023	2024	2023
	KD'000	Restated KD'000	KD'000	Restated KD'000
Profit for the period attributable to shareholders of the Company	54,115	53,931	135,534	182,715
	Shares	Shares	Shares	Shares
Weighted average number of shares in issue outstanding during the period	4,327,058,909	4,327,058,909	4,327,058,909	4,327,058,909
	Fils	Fils	Fils	Fils
Earnings per share – basic and diluted	13	12	31	42

15. Segmental information

The Company and its subsidiaries operate in a single business segment, telecommunications and related services in Kuwait and other countries. This forms the basis of the geographical segments.

Based on the quantitative thresholds, the Group has identified its operations in Kuwait, Jordan, Sudan, Iraq, Bahrain and KSA as the basis for disclosing the segment information.

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	30 September 2024							Total KD '000
	Kuwait	Jordan	Sudan	Iraq	Bahrain	KSA	Others	
	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000	
Segment revenues – airtime, data, subscriptions and other services (Point over time)	184,643	118,943	53,208	244,340	37,584	559,141	64,788	1,262,647
Segment revenues - trading income (Point in time)	95,273	7,122	1,863	1,306	9,150	68,028	66	182,808
Net profit before interest and tax	63,414	31,324	29,753	50,411	3,797	67,637	(8,201)	238,135
Interest income	2,214	283	936	619	230	2,171	144	6,597
Gain on sale and lease back transaction	-	-	-	-	-	1,727	-	1,727
Finance costs	(774)	(8,796)	(870)	(18,187)	(739)	(45,258)	(580)	(75,204)
Income tax expenses	-	(5,753)	(2,406)	(4,266)	-	-	(267)	(12,692)
	<u>64,854</u>	<u>17,058</u>	<u>27,413</u>	<u>28,577</u>	<u>3,288</u>	<u>26,277</u>	<u>(8,904)</u>	<u>158,563</u>
<i>Unallocated items:</i>								
Investment income								6,613
Share of results of associates and joint venture								759
Others (including unallocated interest income, income tax and finance costs net of eliminations)								(5,060)
Profit for the period								<u>160,875</u>
Segment assets including allocated goodwill	431,250	395,793	92,231	1,009,891	91,567	2,155,008	197,531	4,373,271
ROU assets	17,195	10,327	1,069	20,815	14,210	84,479	2,284	150,379
<i>Unallocated items:</i>								
Investment securities at FVTPL								41,209
Investment securities at FVOCI								14,986
Investment in associates and joint venture								205,475
Others (net of eliminations)								159,315
Consolidated assets								<u>4,944,635</u>
Segment liabilities	168,923	135,842	26,536	152,131	21,429	769,748	211,934	1,486,543
Lease liabilities (current and non-current)	21,537	12,595	1,156	28,961	14,450	113,158	2,127	193,984
Bank borrowings	-	79,395	-	200,037	-	472,907	1,631	753,970
	<u>190,460</u>	<u>227,832</u>	<u>27,692</u>	<u>381,129</u>	<u>35,879</u>	<u>1,355,813</u>	<u>215,692</u>	<u>2,434,497</u>
<i>Unallocated items:</i>								
Bank borrowings								641,970
Others (net of eliminations)								10,876
Consolidated liabilities								<u>3,087,343</u>
Net consolidated assets								<u>1,857,292</u>
Capital expenditure incurred during the period	21,866	3,864	21,244	11,622	1,435	33,565	9,750	103,346
Unallocated (net of eliminations)								784
Total capital expenditure								<u>104,130</u>
Depreciation, amortization and impairment	32,797	18,890	8,279	45,472	8,406	113,972	4,805	232,621
Amortization of ROU assets	5,605	1,054	551	2,518	2,727	16,818	394	29,667
Unallocated (net of elimination)								(631)
Total depreciation, amortization and impairment								<u>261,657</u>

Notes to the Condensed Consolidated Interim Financial Information - 30 September 2024 (Unaudited)

	30 September 2023							Total KD '000 Restated
	Kuwait	Jordan	Sudan	Iraq	Bahrain	KSA	Others	
	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000 Restated	KD '000	
Segment revenues – airtime, data, subscriptions and other services (Point over time)	192,354	115,062	131,883	217,192	35,381	530,119	34,696	1,256,687
Segment revenues - trading income (Point in time)	71,444	5,718	1,587	1,683	8,465	68,644	592	158,133
Net profit before interest and tax	82,062	32,928	61,711	31,803	3,904	62,850	(7,870)	267,388
Interest income	1,984	534	2,694	431	233	3,702	150	9,728
Gain on sale and lease back transaction	1,073	-	-	9,905*	-	89,486	-	100,464
Finance costs	(583)	(9,594)	(1,080)	(20,057)	(587)	(43,867)	(181)	(75,949)
Income tax expenses	-	(6,022)	(5,365)	(2,357)	-	-	(129)	(13,873)
	<u>84,536</u>	<u>17,846</u>	<u>57,960</u>	<u>19,725</u>	<u>3,550</u>	<u>112,171</u>	<u>(8,030)</u>	<u>287,758</u>
<i>Unallocated items:</i>								
Investment income								530
Share of results of associates and joint venture								1,407
Others (including unallocated interest income, income tax and finance costs net of eliminations)								(31,906)
Profit for the period								<u>257,789</u>
Segment assets including allocated goodwill	453,873	383,814	203,417	1,019,250	96,658	2,210,747	144,728	4,512,487
ROU assets	11,582	9,409	2,791	19,685	13,197	71,540	1,599	129,803
<i>Unallocated items:</i>								
Investment securities at FVTPL								34,771
Investment securities at FVOCI								7,860
Investment in associates and joint venture								204,440
Others (net of eliminations)								134,494
Consolidated assets								<u>5,023,855</u>
Segment liabilities	163,784	132,903	75,527	147,461	27,524	833,312	147,440	1,527,951
Lease liabilities (current and non-current)	17,868	11,606	1,876	27,377	13,286	101,245	1,468	174,726
Bank borrowings	-	80,354	-	232,522	-	429,928	-	742,804
	<u>181,652</u>	<u>224,863</u>	<u>77,403</u>	<u>407,360</u>	<u>40,810</u>	<u>1,364,485</u>	<u>148,908</u>	<u>2,445,481</u>
<i>Unallocated items:</i>								
Bank borrowings								608,376
Others (net of eliminations)								(12,146)
Consolidated liabilities								<u>3,041,711</u>
Net consolidated assets								<u>1,982,144</u>
Capital expenditure incurred during the period	21,938	4,885	17,403	10,349	992	15,699	12,932	84,198
Unallocated (net of eliminations)								300
Total capital expenditure								<u>84,498</u>
Depreciation, amortization and impairment	32,457	16,225	3,238	44,797	7,299	113,789	4,659	222,464
Amortization of ROU assets	5,271	1,090	580	2,063	2,505	14,442	261	26,212
Unallocated (net of elimination)								(1,646)
Total depreciation, amortization and impairment								<u>247,030</u>

*Eliminated at Group level.

Notes to the Condensed Consolidated Interim Financial Information – 30 September 2024 (Unaudited)

16. Related party transactions

The Group has entered into transactions with related parties on terms approved by management. Transactions and balances with related parties (in addition to those disclosed in other notes) are as follows:

Transactions

	Three months ended 30 September (Unaudited)		Nine months ended 30 September (Unaudited)	
	2024	2023	2024	2023
	KD'000	KD'000	KD'000	KD'000
Revenue from Parent Company	3,041	1,954	7,339	6,986
Cost of sales from Parent Company	12,233	2,468	16,382	9,972
Operating expenses from Parent Company	1,032	-	2,329	-

Key management compensation

	Three months ended 30 September (Unaudited)		Nine months ended 30 September (Unaudited)	
	2024	2023	2024	2023
	KD'000	KD'000	KD'000	KD'000
Salaries and other short term employee benefits	715	739	2,215	2,058
Post-employment benefits	99	92	640	343

Balances

	Unaudited	Audited	Unaudited
	30 September 2024	31 December 2023	30 September 2023
	KD '000	KD '000	KD '000
Trade receivables (from parent company)	2,704	8,791	7,001
Trade and other receivables (from associates)	2,969	2,775	10,123
Trade payables (to parent company)	6,574	12,172	10,037

17. Commitments and contingencies

	Unaudited	Audited	Unaudited
	30 September 2024	31 December 2023	30 September 2023
	KD '000	KD '000	KD '000
Capital commitments	384,483	87,371	222,327
Uncalled capital of investee companies	683	366	375
Letters of guarantee and credit	58,420	58,015	53,633

Atheer - Iraq

- a. On 10 September 2023, the Communication and Media Commission of Iraq (“CMC”) imposed a fine of US\$ 75 million (KD 22.905 million) on Atheer for failing to meet 4G QoS (‘Quality of Service’) KPIs for the year 2022. Atheer’s believes that there is an error in the fine calculation regarding coverage obligation. On 9 October 2023, Atheer challenged the decision before the Appeals Board. On 13 June 2024, the Appeals Board issued a decision in favor of CMC. On 7th July 2024, Atheer submitted a petition to the Board of Commissioners (the legislative body of the CMC), articulating that the petition stems from a fundamental error, requesting them to cancel the fine. On 19 August 2024, the CMC rejected the petition and issued a demand to pay the fine amount. On 27 August 2024, the Atheer’s attorneys filed another appeal, urging the Appeals Board to correct its decision on the grounds that it is fundamentally flawed as explained above.

In August 2024, a new fine amounting to US\$ 1 million (KD 0.305 million) was imposed by CMC for failing to meet 4G QoS KPIs for the second half of year 2023. This amount is significantly lower as compared to the fine levied for year 2022 and first half of year 2023. Furthermore, a new QoS regulation is expected to be issued, which may support Atheer’s case in challenging the fine. Based on these factors and based on the report from Atheer’s attorneys, the Group believes that the matter will be resolved in favor of Atheer.

- b. Newroz Telecom, based in the Kurdistan region, has initiated a preliminary lawsuit in the first instance court against Atheer and Huawei. The claim is predicated on allegations that the unlicensed installation of 4G equipment has caused harm to Newroz Telecom’s infrastructure requesting US\$ 50 million (KD 15.270 million) from Atheer and Huawei jointly. Atheer operates under a national license issued by the CMC, the competent federal authority. The CMC is anticipated to issue a statement to the court affirming Atheer’s lawful nationwide authorization to provide 4G services, as well as confirming that Huawei holds the necessary credentials as an authorized vendor for the equipment supplied. Atheer has submitted both formal and substantive defenses and is currently awaiting the plaintiff’s responses. The court has notified the plaintiff to reply to Atheer’s statements. Based on the attorney’s report, the Group believes that it has strong legal grounds and compelling arguments to successfully challenge and revoke the opposing claim.

Pella - Jordan

Pella is a defendant in multiple lawsuits amounting to KD 22.166 million (31 December 2023 – KD 22.613 million, 30 September 2023 – KD 22.588 million). Based on the report of its attorneys, the Group is of the view that the outcome of these proceedings will be favorable.

SMTC

- a. SMTC received withholding tax (“WHT”) assessments from Zakat, Tax and Customs Authority (“ZATCA”) for an additional amount of SAR 100 million (KD 8.127 million) for certain withholding tax items for the years from 2015 to 2021. SMTC has appealed these assessments against the relevant committees. SMTC believes that the outcome of those appeals will be in its favor with no material financial impact as SMTC has sufficient provisions to cover these amounts.
- b. SMTC was also subjected to WHT, for the years from 2012 to 2021, on International Interconnect traffic from ZATCA for payments made to International Operators and SMTC has received WHT assessment from ZATCA with respect to this. For the assessments received from ZATCA, SMTC has rejected these claims and appealed at various judiciary bodies against these assessments. In the process of appealing against these claims, SMTC had paid an amount of SAR 8.37 million (KD 0.680 million) and created a provision of SAR 148.18 million (KD 12.043 million).

However, during the period ended 30 September 2024, SMTC received communication from ZATCA that the dues for WHT on International traffic will be borne by the Government. Accordingly, SMTC has reversed a provision of SR 148.18 million (KD 12.043 million) during the current three-month period ended 30 September 2024. The amount paid of SR 8.37 million (KD 0.680 million) will be settled by SMTC with dues payable to ZATCA for other ongoing assessments.

- c. In accordance with the Net Telecommunications Revenue Base Regulations for Licensed Service Providers (the regulation) as issued by Communications, Space and Technology Commission in KSA (CST), SMTC is required to submit quarterly Net Telecom Revenue forms (NTR forms) including NTR base.

Notes to the Condensed Consolidated Interim Financial Information – 30 September 2024 (Unaudited)

Due to absence of reasonable assurance report on the submitted NTR forms for the period ended 31 March 2023, during 3rd quarter of 2023, SMTC has received an invoice from CST amounting to SAR 266 million (KD 21.618 million) which was calculated based on the revenue as reported in the condensed consolidated interim financial information for the period ended 31 March 2023 instead of NTR base for the respective period which resulted in SAR 97 million (KD 7.884 million) being additional amount. The reasonable assurance report was subsequently submitted. Till the quarter ended 30 September 2024 the Group has adjusted SAR 89.2 million (KD 7.249 million) amount against above advance payments to CST.

In addition, legal proceedings have been initiated by and against the Group in some jurisdictions. On the basis of information currently available and the advice of the legal advisors, Group management is of the opinion that the outcome of these proceedings is unlikely to have a material adverse effect on the consolidated financial position or the consolidated performance of the Group.

18. Financial instruments

18.1 Categories of financial assets and liabilities

The carrying amounts of the Group's financial assets and liabilities as stated in the condensed consolidated interim statement of financial position are categorized as follows:

	Unaudited	Audited	Unaudited
	30 September	31 December	30 September
	2024	2023	2023
	KD '000	KD '000	KD '000
Amortized costs:			
Cash and bank balances	213,044	313,547	282,439
Trade and other receivables	858,648	778,585	832,365
Other assets	12,197	14,326	17,443
Investment securities at FVTPL	41,209	35,130	84,644
Investment securities at FVOCI	15,876	11,698	19,401

All financial liabilities are categorized at amortized cost.

18.2 Fair value hierarchy for financial instruments measured at fair value

The following table presents the financial assets which are measured at fair value in the condensed consolidated interim statement of financial position in accordance with the fair value hierarchy.

This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

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); and

Level 3: Inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

30 September 2024

	Level 1	Level 2	Level 3	Total
	KD'000	KD'000	KD'000	KD'000
Financial assets at fair value:				
Investment securities at FVTPL	-	9,431	31,778	41,209
Investment securities at FVOCI	2,930	2,877	10,069	15,876
Total assets	2,930	12,308	41,847	57,085

Notes to the Condensed Consolidated Interim Financial Information – 30 September 2024 (Unaudited)

31 December 2023

	Level 1	Level 2	Level 3	Total
	KD '000	KD '000	KD '000	KD '000
Financial assets at fair value:				
Investment securities at FVTPL	-	11,054	24,076	35,130
Investment securities at FVOCI	2,204	2,911	6,583	11,698
Total assets	2,204	13,965	30,659	46,828

30 September 2023

	Level 1	Level 2	Level 3	Total
	KD'000	KD'000	KD'000	KD'000
Financial assets at fair value:				
Investment securities at FVTPL	-	11,405	73,239	84,644
Investment securities at FVOCI	1,975	2,362	15,064	19,401
Total assets	1,975	13,767	88,303	104,045

During the period, there were no transfers between any of the fair value hierarchy levels.

Fair values of financial assets and liabilities are not materially different from their carrying values. For financial assets and financial liabilities that are liquid or having a short-term maturity (less than 12-months), it is assumed that the carrying amounts approximate to their fair value.

Measurement at fair value

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the year ended 31 December 2023 and 30 September 2023.

19. Hyperinflation – Zain South Sudan

Net monetary gain

The Republic of South Sudan economy had become hyperinflationary in 2016. Accordingly, the results, cash flows and financial position of the Group's subsidiary in South Sudan had been expressed in terms of the measuring unit current at the reporting date in accordance with IAS 29 Financial Reporting. The effect on the net monetary position is included in the condensed consolidated interim statement of profit or loss as 'net monetary gain'.

20. Derivative financial instruments

On 22 September 2020, SMTC 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. The average contracted fixed interest rate ranges from 2% to 3%. 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.

The table below shows the positive and negative fair values of derivative financial instruments, together with the notional amounts analysed by the term to maturity. The notional amount is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the period-end and are not indicative of either market or credit risk. All derivative contracts are fair valued based on observable market data.

Notes to the Condensed Consolidated Interim Financial Information – 30 September 2024 (Unaudited)

At 30 September 2024	Notional amounts by term to maturity		
	Positive fair value	Negative fair value	Notional amount
	KD '000	KD '000	KD '000
<i>Derivatives held for hedging:</i>			
<i>Cash flow hedges - Receive 3-month SIBOR/SOFR, Pay fixed profit rate</i>			
Profit rate swaps (maturing after one year)	4,052	-	156,038
At 31 December 2023	Notional amounts by term to maturity		
	Positive fair value	Negative fair value	Notional amount
	KD '000	KD '000	KD '000
<i>Derivatives held for hedging:</i>			
<i>Cash flow hedges – Receive 3-month SIBOR/SOFR, Pay fixed profit rate</i>			
Profit rate swaps (maturing after one year)	6,187	-	209,408
At 30 September 2023	Notional amounts by term to maturity		
	Positive fair value	Negative fair value	Notional amount
	KD '000	KD '000	KD '000
<i>Derivatives held for hedging:</i>			
<i>Cash flow hedges - Receive 3-month SIBOR, Pay fixed profit rate</i>			
Profit rate swaps (maturing after one year)	9,239	-	238,960

The derivative contracts are fair valued based on observable market inputs and are classified as level 2.

21. Effect of prior period restatement

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 condensed consolidated interim statement of profit or loss and condensed consolidated interim statement of 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 condensed consolidated interim statement of profit or loss and condensed consolidated interim statement of comprehensive income. Accordingly, the previously reported amounts on condensed consolidated interim statement of profit or loss and condensed consolidated interim statement of comprehensive income for the 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 condensed consolidated interim statement of profit or loss and condensed consolidated interim statement of 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 condensed consolidated interim statement of profit or loss and condensed consolidated interim statement of comprehensive income.

A summary of the effect of the above restatements on the condensed consolidated interim financial information is as follows:

Notes to the Condensed Consolidated Interim Financial Information – 30 September 2024 (Unaudited)

Condensed Consolidated Interim Statement of Profit or Loss and Condensed Consolidated Interim Statement of Comprehensive Income:

For the three months ended 30 September 2023	As previously reported	Restatement	As restated
	KD '000	KD '000	KD '000
Operating and administrative expenses	(144,120)	(837)	(144,957)
Depreciation and amortization	(82,379)	(173)	(82,552)
Other (expenses) / income	(5,182)	4,335	(847)
Gain /(loss) on sale and lease back transaction	17,650	(20,592)	(2,942)
Finance costs	(33,181)	(441)	(33,622)
Profit before contribution to KFAS, NLST, ZAKAT, income taxes and Board of Directors' remuneration	87,393	(17,708)	69,685
Profit for the period	77,169	(17,708)	59,461
Profit attributable to:			
Shareholders of the Company	60,491	(6,560)	53,931
Non-controlling interests	16,678	(11,148)	5,530
Earnings per share			
Basic and diluted – Fils	14	(2)	12
Total comprehensive income attributable to:			
Shareholders of the Company	52,753	(6,560)	46,193
Non-controlling interests	21,481	(11,148)	10,333
For the nine months ended 30 September 2023	As previously reported	Restatement	As restated
	KD '000	KD '000	KD '000
Operating and administrative expenses	(413,044)	(1,809)	(414,853)
Depreciation and amortization	(246,382)	(648)	(247,030)
Other (expenses) / income	(13,614)	5,892	(7,722)
Gain /(loss) on sale and lease back transaction	63,922	26,637	90,559
Finance costs	(92,061)	(1,628)	(93,689)
Profit before contribution to KFAS, NLST, ZAKAT, income taxes and Board of Directors' remuneration	257,749	28,444	286,193
Profit for the period	229,345	28,444	257,789
Profit attributable to:			
Shareholders of the Company	172,178	10,537	182,715
Non-controlling interests	57,167	17,907	75,074
Earnings per share			
Basic and diluted – Fils	40	2	42
Total comprehensive income attributable to:			
Shareholders of the Company	168,170	10,537	178,707
Non-controlling interests	65,911	17,907	83,818

Notes to the Condensed Consolidated Interim Financial Information – 30 September 2024 (Unaudited)

Condensed Consolidated Interim Statement of Financial Position

As at 30 September 2023	As previously reported	Restatement	As restated
	KD '000	KD '000	KD '000
Assets of disposal group classified as held for sale	101,964	(75,848)	26,116
Right of use of assets	116,825	12,978	129,803
Trade and other payables	1,125,883	(96,433)	1,029,450
Liabilities of disposal group classified as held for sale	35,017	(20,844)	14,173
Lease liabilities (non-current)	120,203	25,963	146,166
Retained earnings	413,730	10,537	424,267
Non-controlling interests	707,131	17,907	725,038

Condensed Consolidated Interim Statement of Cash Flows

As at 30 September 2023	As previously reported	Restatement	As restated
	KD '000	KD '000	KD '000
Profit for the period before income tax, KFAS, NLST and Zakat	257,423	28,444	285,867
Depreciation and amortization	246,382	648	247,030
Finance costs	92,061	1,628	93,689
Gain on sale and lease back transaction	(63,922)	(26,637)	(90,559)
Operating cashflow before working capital changes	536,762	4,083	540,845
Decrease in trade and other payables	(32,929)	(4,083)	(37,012)