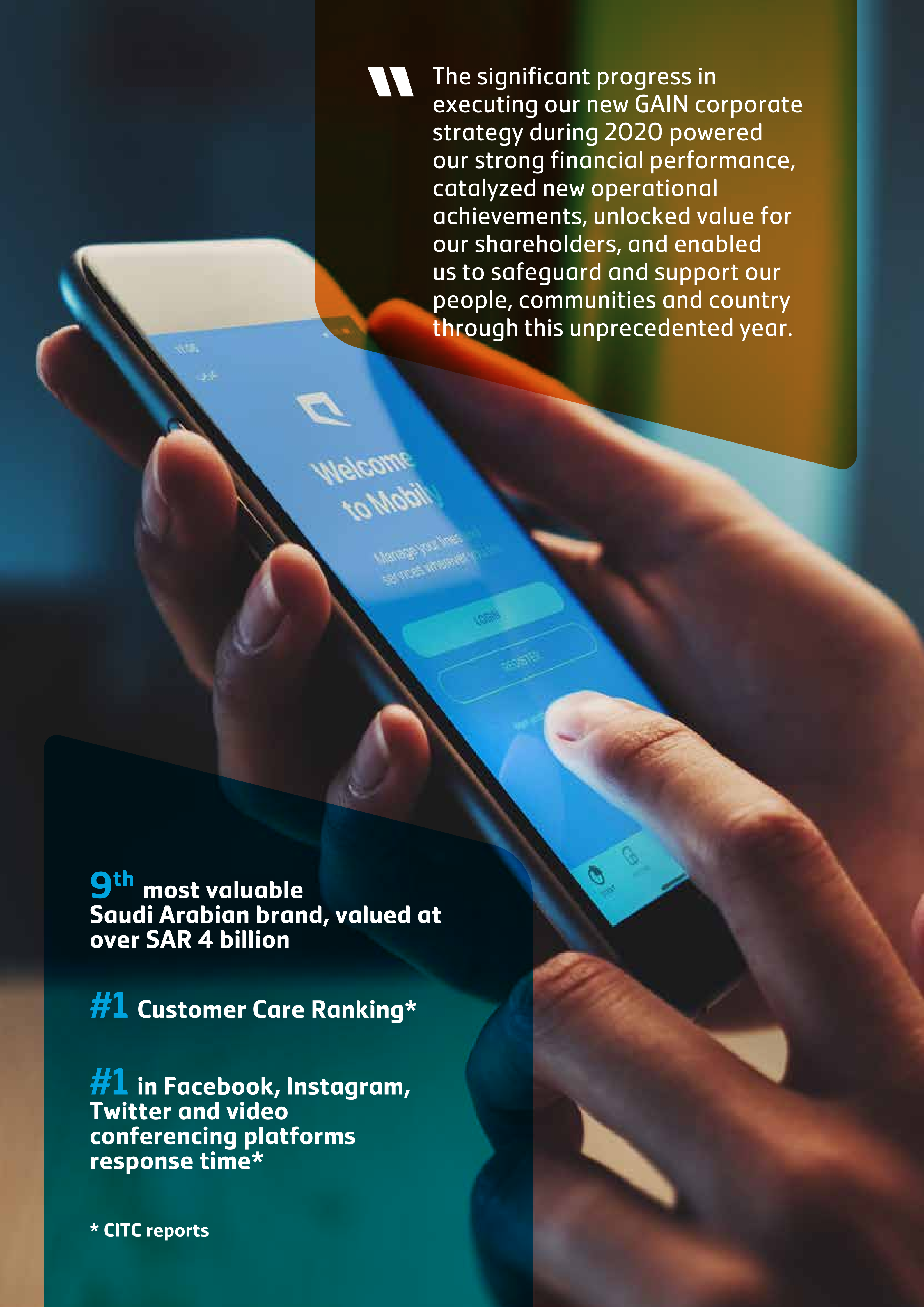
Gaining strength **Delivering results**

Annual Report
2020

موبايلي
Mobily



> The significant progress in executing our new GAIN corporate strategy during 2020 powered our strong financial performance, catalyzed new operational achievements, unlocked value for our shareholders, and enabled us to safeguard and support our people, communities and country through this unprecedented year.

9th most valuable Saudi Arabian brand, valued at over SAR 4 billion

#1 Customer Care Ranking*

#1 in Facebook, Instagram, Twitter and video conferencing platforms response time*

* CITC reports

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Mobily has turned obstacles into opportunities during 2020.

Overview

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2020 AT A GLANCE

Mobily has delivered significant financial and operational achievements during 2020, as we executed our GAIN strategy to drive transformation and growth.

Awards AND RECOGNITION

First Place Award for Best Annual Report in the Middle East – Digital Category

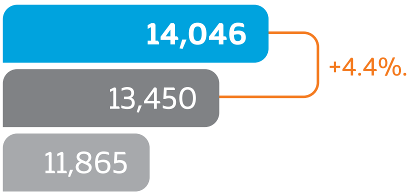
Saudi Arabia Data Center Service Provider of the Year

MarCom Gold Award 2020

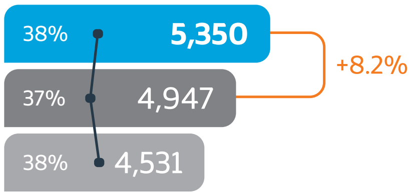
MarCom Platinum Award 2020

Financial HIGHLIGHTS

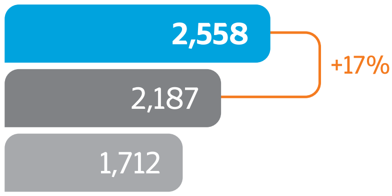
Revenues



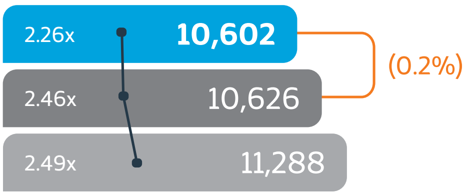
EBITDA and EBITDA Margin



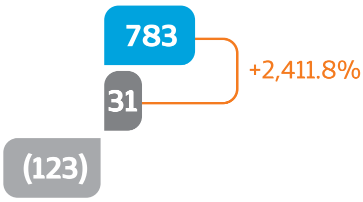
Operational Cash Flow
(EBITDA-CAPEX)



Deleveraging
(Net Debt and Net Debt/EBITDA)



Net profit/ (Loss)



Dividend Distributions

SAR 0.5 per Share

(SAR million) 2020 | (SAR million) 2019 | (SAR million) 2018 | Margin

HIGHEST ANNUAL REVENUES IN THE LAST **5 years**

HIGHEST ANNUAL EBITDA IN THE LAST **7 years**

NET DEBT TO EBITDA RATIO AT **2.26x**

MULTIPLIED OUR NET PROFIT BY MORE THAN **24x VS 2019**

Operating HIGHLIGHTS

Execution of new corporate strategy
GAIN

5G

5G Network
coverage extends to 50 cities

Completed 1st
5G voice call (VoNR) in the Middle East

+73%
mobile internet average download speeds*

Winner
of Saudi Arabia Data Center Service Provider of the Year**

* CITC report Q4 2020 vs Q4 2019
** Frost & Sullivan Best Practices Awards 2020

About
MOBILY

Etihad Etisalat (Mobily) was established in 2004 by a consortium led by Etisalat, the UAE-based telecommunications conglomerate, as the winning bidder for Saudi Arabia's second Global System for Mobile communications (GSM) license. The Company's major shareholders are Etisalat Emirates Group (27.99%) and the General Organization for Social Insurance (6.90%), with the remaining shares owned by institutional and retail investors.

The launch of Mobily provided choice in national mobile telecommunications services to the Saudi population for the first time. It attracted over one million subscribers in its first 90 days of operation in 2005, having ended a monopoly in the wireless industry. It continued its rapid rise in 2006, the same year it launched 3.5G services, being named the Middle East and North Africa's fastest growing mobile operator. 4G services were launched in 2011 and 5G services in 2019.

Mobily has grown both organically and through strategic acquisitions over the years. In 2008, it acquired Bayanat al-Oula, a licensed data service provider, and later that year it acquired an absolute majority stake in Zajil, the leading Saudi internet service provider. It now owns 66% of the Saudi National Fiber Network (SNFN), one of the world's largest fiber-optic networks, which enables Mobily to rely on strong backhauling capacity to offer its customers comprehensive communication, mobile and broadband services.

The Company serves its diverse customer base across the Kingdom – made up of individuals, business and carriers – with integrated telecommunications services. It does so by leveraging its modern wireless network, which is among the largest by coverage in Saudi Arabia and the Middle East, as well as through one of the region's widest fiber-to-the-home (FTTH) networks and one of the largest data center systems worldwide.

Mobily's network comprises its own infrastructure, complemented by those of Bayanat al-Oula and SNFN. This is Saudi Arabia's newest fiber-optic network, with access to all major cities and more than 58,060 km. The network has been expanded to connect to neighboring countries including Yemen, the United Arab Emirates, Bahrain, Qatar, Kuwait and Jordan.

Mobily has been listed on Saudi Arabia's Tadawul stock exchange since it went public in 2004. It has a share capital of SAR 7,700 million, comprising 770 million shares of SAR 10.00 each, paid in full as of 31 December 2020.

VALUES

AGILE
We are open, flexible, and make every second count.

COURAGEOUS
We are brave enough to take bold steps and determined to see them through.

CLEAR
We keep things black and white.

CARING
We treat you as an individual and value diversity in thought and perspective.

> Mobily has grown both organically and through strategic acquisitions over the years.

VISION

Empower the Digital Economy to Unlock Possibilities.

Empower:
our winning role in the envisioned future

The Digital Economy:
the long-term future that we envision

To Unlock Possibilities:
the value we add to this envisioned future

Year
IN REVIEW

01 JANUARY

Implementation of new corporate strategy to accelerate sustainable growth

Mobily unveiled and began to implement GAIN, its new corporate strategy designed to propel the Company to faster, more profitable growth over the coming years by 'Empowering the digital economy to unlock possibilities'.

05 JANUARY

Partnering with Ericsson for advanced IoT solutions and new generation networks

In line with Mobily's strategy to support digital transformation initiatives to achieve the Kingdom's Vision 2030 aspirations, Mobily and Ericsson signed an agreement to empower digital transformation and IoT across the Kingdom's public and private sectors.

11 FEBRUARY

Joining SAMENA Telecommunication Council's Board of Directors

Mobily, represented by CEO Eng. Salman bin Abdulaziz Al Badran, became a Member of the Board of Directors of the SAMENA Telecommunication Council, a tri-regional, non-profit industry association spanning more than 25 countries, for the period 2020-2022.

28 FEBRUARY

First 5G voice call in the Middle East

Mobily has successfully made the first 5G voice call (VoNR) in the Middle East, using 5G standalone (SA) network, as well as 5G (SA) network capability for data services, which offers independent 5G technology without any reliance on a 4G network.

31 MARCH

Raising awareness about COVID-19 across Saudi Arabia

The Saudi Red Crescent Authority thanked Mobily for its contribution in broadcasting awareness messages to all subscribers to raise awareness and prevent the spread of the COVID-19 pandemic, in line with Mobily's concern for the health of the Kingdom's citizens and residents.

01 APRIL

One of the most valuable Saudi brands

Mobily's brand value rose 31% to more than SAR 4 billion, making it the 9th most valuable Saudi Arabian brand, and placing it for the first time among the top 10, according to London-based Brand Finance, a leading independent brand valuation and strategy consultancy.

13 APRIL

Rollout of eSIM services in Saudi Arabia

Mobily announced the activation and launch of Mobily eSIM for customers across the Kingdom for the latest smart devices through the Mobily e-Store.

13 MAY

Support the Local Content Initiative to enhance the Saudi Economy

The Saudi Arabian Local Content and Government Procurement Authority and Mobily signed a cooperation agreement with the aim of increasing the percentage of local content, localizing industries and shifting technologies in the telecommunications sector, and supporting the Saudi economy.

Year IN REVIEW
(continued)

05 JULY

Maximizing the efficiency of existing tower infrastructure

With the support and supervision of CITC, Mobily signed a non-binding memorandum of understanding (MoU) with ZAIN KSA to form a joint committee to prepare and offer a request for proposal (RFP) with the options of purchasing the telecommunications towers owned by the 2 companies, merging them into one company with other investors or operating them on their behalf.

27 AUGUST

Supporting students' education and safety

Mobily stepped up to support the health and safety of students and teachers across the Kingdom when going back to school by providing discounted packages for distance learning in coordination with the Saudi Government.

22 SEPTEMBER

'Green is Go' on Saudi Arabia's 90th National Day

In celebration of the 90th Saudi National Day, Mobily launched its "Green is Go" campaign, which celebrated the unity of the Kingdom and its people during this challenging year, with an original song composed and performed by a talented group of inspiring Saudis.

23 SEPTEMBER

Winner of Best Annual Report in the Middle East

Mobily won the first place for the 'Best Annual Report Award – Digital Category in the Middle East' by the Middle East Investor Relations Association (MEIRA), and was also nominated for 'Best Annual Report Award – Print Category in the Middle East' and 'Best Investor Relations professional' in Saudi Arabia.

01 OCTOBER

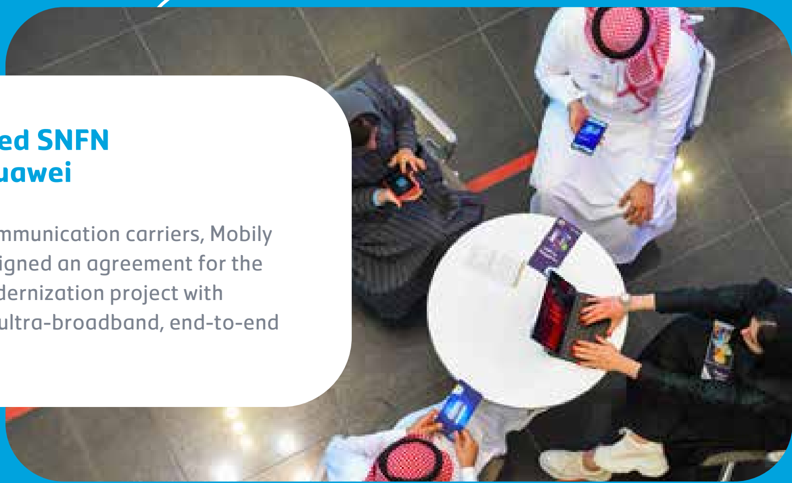
First telecommmunication operator in MENA to receive ISO certification for Business Continuity Management Systems

Mobily became the first telecommunication operator in the MENA region to receive the ISO 22301:2019 certification for the new international standard for Business Continuity Management Systems from the British Standards Institution (BSI), the world's leading standard making and certification body.

11 OCTOBER

Launch of 2030 Vision-oriented SNFN Modernization Project with Huawei

A consortium of the leading Saudi telecommunication carriers, Mobily and Integrated Telecom Company (ITC), signed an agreement for the Saudi National Fiber Network (SNFN) modernization project with Huawei to develop the first 120-channel, ultra-broadband, end-to-end optical backbone network in the region.



9 DECEMBER

First 5G Test with TDD-DSS in Saudi Arabia

Mobily became the first Saudi telecommunications carrier to successfully test the TDD dynamic spectrum sharing (TDD-DSS) feature between 4G and 5G technologies in the 2600 MHz band, a significant technical achievement and another step towards better experience for its customers.

22 DECEMBER

Extension and expansion of Ericsson managed services partnership

Mobily signed a five-year extension to its managed services partnership with Ericsson, which covers fully managed end-to-end operations and optimization services with Ericsson Operations Engine in Saudi Arabia's Western region, in addition to Ericsson Charging System, PS Core and Intelligent Network (IN).

COVID-19 RESPONSE

Supporting our stakeholders. Safeguarding our business.

Mobily reaffirmed its critical role in connecting the people, companies and government of Saudi Arabia during this turbulent year. As COVID-19 transformed the social and economic landscape of the Kingdom and forced a shift from physical to digital across all industries and sectors, we gained strength and accelerated our digital transformation, proving the resilience of our culture and demonstrating the flexibility of our network to ensure that life and business could continue and help put the country on a path to recovery.

The rapid and decisive range of actions we took to support and secure our valued stakeholders included:

OUR COMMUNITIES

- Free access to critical Saudi Government educational platforms, National Education Portal (IEN) and the Unified Education System
- Free access to Saudi Government Sehha app for health awareness and consultation
- Supported Attaa Digital initiative through distribution of 40,000 free data SIM cards
- Supported students with discounted packages for remote learning on the Madrasati platform

OUR PEOPLE

- Full compliance with all government health and safety guidelines and procedures
- All employees rapidly shifted to temporarily work from home, except for critical onsite roles
- Diverse precautionary measures in HQ and offices, including regular health checks, temperature reading and sanitization
- Promoting increased health and safety awareness through mass employee communications and training

OUR SHAREHOLDERS

- Held first virtual AGM
- Participated in 9 virtual conferences and over 150 virtual meetings with investors and analysts
- Increased frequency of investor communications
- Enhanced virtual engagement channels and ensured up-to-date information

OUR CUSTOMERS

- Exempting customers under MoH quarantine from paying their April postpaid package bill
- Extra 20% free data on postpaid packages
- Changed network name to "Stay Home – Mobily"
- Increased the number of delivery representatives by 300% across more than 100 cities
- Transparent and frequent communications

Geographic
FOOTPRINT

Mobily is headquartered in Riyadh, with an industry leading network that serves subscribers across the Kingdom of Saudi Arabia. It provides 99.4% of the population with access to 2G, 97.0% to 3G and 87.2% to 4G, as well as the launch of its next generation 5G network in 2019, while its Metropolitan and FTTH network extends for 58,060 km across all major Saudi cities.

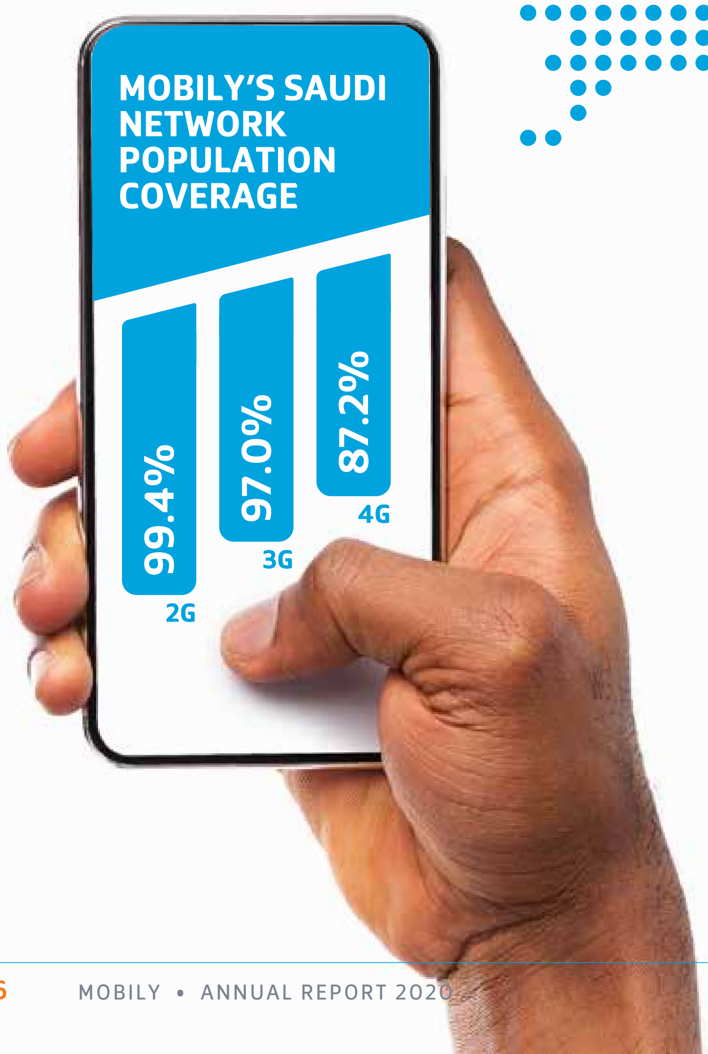
It supports its customers with state-of-the-art data centers located in the Kingdom's major centers – Riyadh, Dammam and Jeddah – and is the only Hosted Managed Services Provider in the Middle East to achieve Tier IV Certification for a Constructed Facility. This cutting-edge facility, located at Malga 2 in Riyadh, is one of only 9 in this class globally, and the only such facility anywhere in Asia, Africa or the Middle East.

The Company's total retail footprint of 582 outlets, which is comprised of 80 flagship stores, 364 fully branded outlets and 138 modern trade outlets, is complemented by a robust distribution network that includes over 3,100 third-party retailers across the Kingdom.

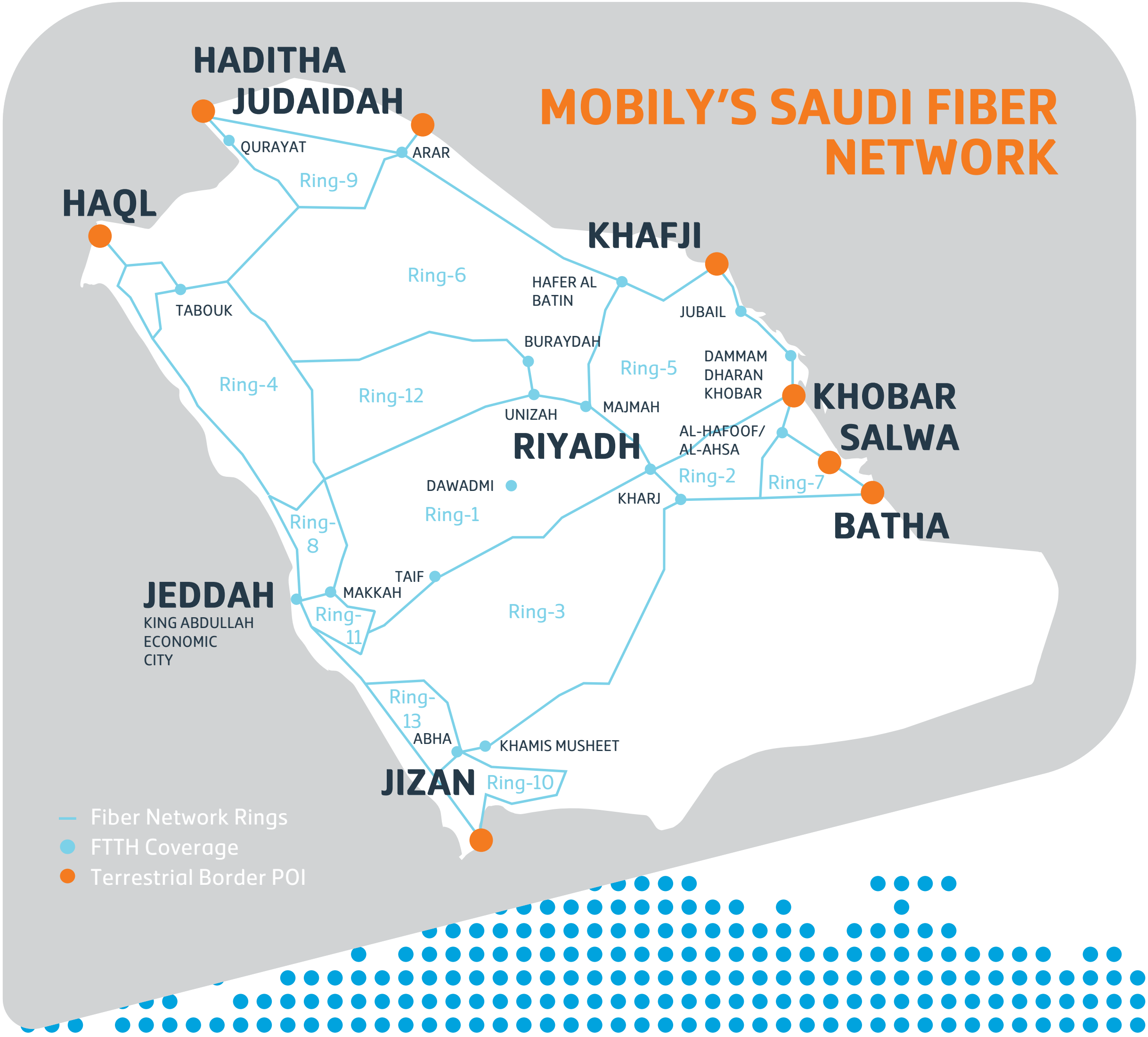
Mobily's International Gateway, operated in partnership with a range of global partners, is supported by overland, submarine and terrestrial cables. International Gateway destinations include Egypt, Jordan, Iraq, Kuwait, Bahrain, Qatar, Yemen, India, Singapore, the wider Asia Pacific region, USA and Europe.

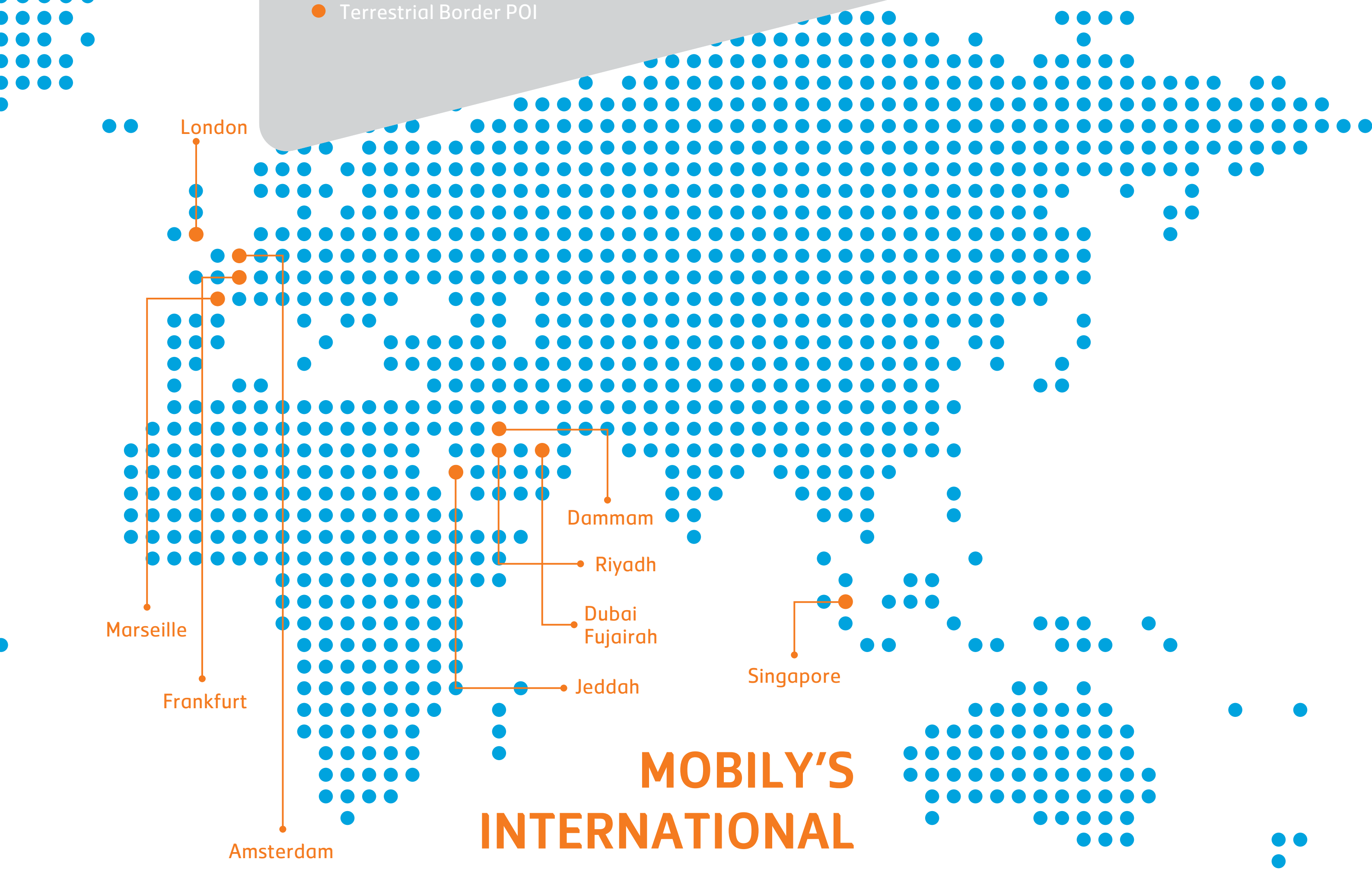
3,100+ RETAILERS

582 OUTLETS



MOBILY'S SAUDI FIBER NETWORK

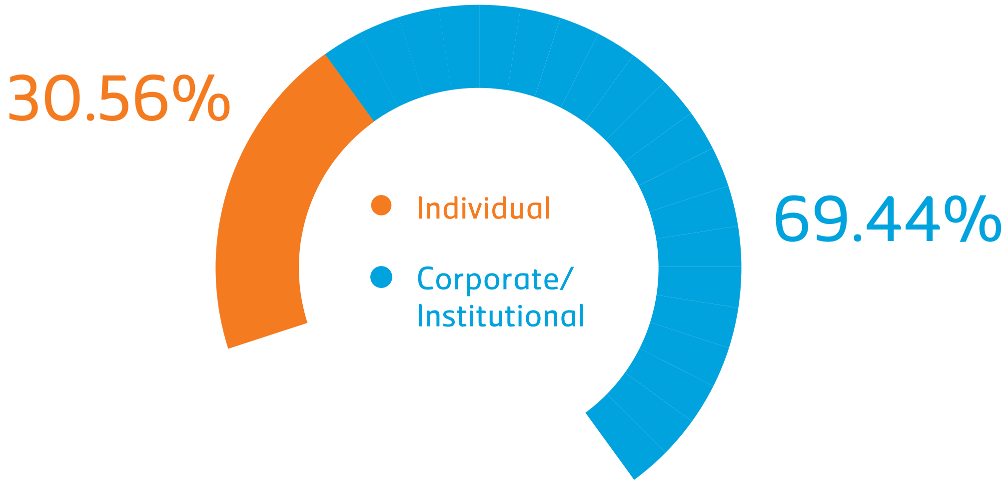




MOBILY'S INTERNATIONAL GATEWAY

Shareholders
INFORMATION

Mobily shareholders by type



Major investors	No. of shares held	Ownership percentage
Emirates Telecom Corporation	215,541,832	27.99%
General Organization for Social Insurance	53,203,058	6.91%

Mobily shareholders by type	No. of investors	No. of shares held	Ownership percentage
Corporate/Institutional	550	534,702,512	69.44%
Individual/Retail	143,620	235,297,488	30.56%
Total	**144,170**	**770,000,000**	**100%**

Nationality	No. of investors	No. of shares held	Ownership percentage
Saudi	142,984	457,987,846	59.48%
GCC	141	227,210,176	29.51%
Other	1,045	84,801,978	11.01%
Total	**144,170**	**770,000,000**	**100%**

Top 5 international shareholders	No. of shares held
Vanguard Total International Stock Index Fund	5,397,543
Vanguard Emerging Markets Stock Index Fund	5,208,258
iShare Core MSCI Emerging Markets ETF	3,028,653
California Public Employees Retirement System	3,006,052
iShares Edge MSCI Minimum Volatility Emerging Markets ETF	2,982,636

Size of ownership (no. of shares held)	No. of investors	Ownership percentage	No. of shares held
More than 1,000,000	69	74.50%	573,663,892
500,000 – 999,999	56	5.13%	39,467,813
100,000 – 499,999	312	8.19%	63,092,367
50,000 – 99,999	284	2.48%	19,066,813
10,000 – 49,999	1,792	4.74%	36,513,016
5,000 – 9,999	1,568	1.36%	10,459,318
1,000 – 4,999	6,731	1.82%	13,976,787
Fewer than 1,000	133,358	1.79%	13,759,994
Total	**144,170**	**100%**	**770,000,000**


كلنا
مسؤول

We seek to fulfill our Vision through the diligent execution of our new growth strategy, GAIN.

Strategic
REVIEW

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Chairman's
STATEMENT

While 2020 has been marked by considerable disruption, Mobily has succeeded in gaining strength and fulfilling our promises to our stakeholders by delivering exceptional results and sustainable growth. We continue to play our part in transforming the Kingdom's telecommunications sector, positioning our country for the technological advancement and growth envisaged by Saudi Vision 2030 and the ICT Strategy 2023.

1st dividend distribution
after six years

Despite the disruptive effects of COVID-19 in 2020, we began to realize the first rewards of our GAIN strategy, which supersedes the RISE strategy delivered in 2019 and was designed to propel the Company toward faster, more profitable and sustainable growth.

GAIN focuses on identifying growth opportunities and creating the capabilities to capitalize on them effectively. It is the success of this forward-looking strategy, combined with our carefully applied response to COVID-19, that has enabled us to resume, after six years, with a dividend distribution to shareholders for the fiscal year 2020.

Under this overarching strategic mandate, we have maintained our focus on accelerating digital revenue streams while improving customer services. In both of these critical areas, we achieved major advances in 2020, despite intense market competition and other prevailing challenges within the Saudi telecommunications environment.

Putting our people, customers and communities first

The precautionary measures taken locally and internationally to prevent the spread of COVID-19 had an impact on the telecommunications industry. However, by remaining proactive in these circumstances, we were able to ensure business continuity plans were in place to achieve our main objective of preserving the safety of our employees and customers, and the continuity of our services.

Furthermore, as part of our social responsibilities to the Kingdom and its people, Mobily has led a number of initiatives to benefit Saudi Arabia's communities at a time when digital infrastructure has become vital both to doing business and to day-to-day personal interaction.

For all Mobily customers, we offered free browsing and usage of health and education e-platforms, such as the National Education Portal (iEN), the Unified Education System and the National Health (Sehha) application, in addition to other government services such as Absher. Meanwhile, to support home-learning arrangements, we distributed 40,000 free data SIMs to students to facilitate their remote education.

We also hosted the free and continuous daily broadcast of millions of awareness messages from government agencies to raise COVID-19 awareness, and supported the Ministry of Health by deploying a data control center of unprecedented scale to manage and coordinate the COVID-19 response.

Industry-leading performance

While COVID-19 has undermined aspects of our business – most notably physical sales of plans and handsets, and global roaming services – we have both preserved our growth trajectory and achieved excellent financial results in 2020.

After a six-year dividend payment suspension, it is a true pleasure to see our Board of Directors approve the resumption of dividend payments, with a recommendation to the AGM for a SAR 0.5 per share dividend for the year 2020 to our loyal and valuable investors. This recommendation is a testament to the success of our current strategic direction and deep commitment to creating significant and sustainable value for our shareholders.

Supporting the Kingdom's socio-economic development

Mobily is dedicated to the goals of Saudi Vision 2030 and to driving forward Saudi Arabia's ICT Sector Strategy 2023 – a five-year plan designed to build the digital foundations for a connected and innovative Saudi Arabia. We take pride in the role we play in supporting this Strategy and the plans of the Saudi Arabian Communications and Information Technology Commission (CITC) to bring about a new era of digitization in the Kingdom.

Furthermore, we remain committed to increasing the contribution of the IT industry to non-oil GDP, thereby diversifying the Kingdom's economy in keeping with its economic vision. In 2020, we have increased fiber-to-the-home (FTTH) coverage in densely populated urban areas, expanded wireless broadband network coverage and extended speeds of more than 10 Mbps to remote areas, and facilitated an increase in the number of internet users in the Kingdom.

Mobily has also been chosen as a partner by Saudi Electricity Company (SEC) for their national project to install and commission 10 million smart meters for consumers across the Kingdom, thereby leveraging the latest Internet of Things (IOT) technology to advance the development of the consumer power industry in the Kingdom.

We were an enthusiastic participant in the launch of the Open Access Agreement for all Saudi telecommunications companies, which guarantees the provision of broadband services through any subscriber-selected service provider, independent of infrastructure ownership. It provides scope for the provision of Mobily Fiber broadband services to a market of 3.5 million homes.

Mobily in 2021 and beyond

Given the importance of the digital transformation to the Kingdom's socio-economic goals, and the objectives of Vision 2030, we remain wholly confident that the major projects in the pipeline will offer exceptional opportunities for mobile operators, as envisaged by our GAIN strategy going forward.

Furthermore, we aim to continue to transform by integrating a greater share of digital services, whilst simplifying our internal structures and processes through cost optimization and automation, and expanding our external partnerships.

Acknowledgements

My colleagues on the Board, our executive management and our dedicated employees are to be highly commended for their astute responses to the unprecedented events of 2020. Through perceptive decision-making and the implementation of well-planned measures, we have succeeded not only in protecting our people and preserving our growth, but have also thrived as the successful results of our GAIN strategy have become apparent. None of this would have been possible without the combined efforts of all our people.

I would also like to thank our government, our strategic partners and our shareholders for the trust they place in us and the support they provide, as we begin to realize the benefits of a new period of growth and success for Mobily.

Suliman Al Gwaiz
Chairman of the Board

Theme of
THE YEAR

Gaining strength Delivering results

The strength of Mobily shone through during this year of exceptional disruption and volatility to the lives of our people, the markets of our customers, and the countless communities across the Kingdom of Saudi Arabia that we connect and serve.

The launch of our new Purpose and GAIN strategy in 2019 provided a path for positive performance and progress through this turbulent environment, unlocking clear opportunities for growth and sustainable value creation across our business, which only expanded and accelerated as the needs of industries and individuals shifted from physical to digital.

The stability and flexibility of our network allowed us to rapidly adapt to increasing and changing demands in traffic and volume, empowering us to serve our customers without disruption and fulfil our mandate of enabling connectivity and communication in our communities and country, even as we continued to invest in expanding and accelerating our next generation 5G network across the Kingdom.

The dynamic and resilient corporate culture that has been fostered over the years, bolstered by our long-standing commitment to corporate governance and risk management, gave our people the stability and confidence to adapt to the changing work environment, to innovate and drive digital transformation, and to once again post market-leading customer satisfaction scores by ensuring that the evolving needs of our customers remained at the heart of everything we do.

The close partnership we have established with the Saudi Government continued to expand and deepen, as we were awarded various commercial and social mandates to raise the standards of connectivity and corporate responsibility for the corporations and citizens of Saudi Arabia, which was recognized when Mobily was named one of the top 10 most valuable Saudi brands.

Mobily has therefore turned obstacles into opportunities during 2020, gaining strength through the execution of our strategy, taking action to deliver results for our shareholders and all our stakeholders, and setting a new standard for even brighter days ahead for our Company and our country.

CEO's
MESSAGE

2020 has been a highly disruptive year, with no country, community or industry left untouched by COVID-19. Mobily is proud to have stood alongside the Kingdom's leadership and institutions in facing this unprecedented challenge, while maintaining our focus on the wellbeing of our staff and customers and ensuring the delivery of exceptional services to the people of the Kingdom. By remaining true to our strategy, we have continued to gain strength over 2020 and delivered outstanding results for our customers, investors and stakeholders.

79%
Increase in fixed internet average download speed

73%
Increase in Mobile internet average download speed

With the onset of COVID-19, we immediately moved to establish a crisis response team to develop full contingency plans in order to minimize the impacts on our people and our business and ensure our readiness on multiple fronts. Having developed full guidelines for employees to ensure their health, safety and wellbeing, we circulated daily updates and implemented working from home arrangements in mid-March.

Thanks to our swift actions, we were able to build Mobily's resilience throughout 2020, keeping cases below the national corporate average before pushing the incidence to zero by year-end. Therefore, we were able to successfully preserve the health and wellbeing of our people while also maintaining our growth trajectory, even amid the lockdown period.

As well as our responsibilities toward our people and customers, we contributed to the wider efforts of the Saudi telecommunication sector to ensure stable, unhindered digital access for government, businesses and consumers despite a 40% increase in digital traffic during 2020. By committing to zero outages during this period, we were able to ensure the seamless flow of communication during COVID-19 lockdowns, supported by internet speeds that placed the Kingdom in the top 10 worldwide during the crisis.

Standing by our strategy

Despite the challenging environment, we remained wholly committed to deliver our GAIN strategy, to Grow core revenues; Accelerate digital revenue streams; Implement and optimize efficient delivery of services; and Nurture a positive experience for all.

In 2020, this has involved executing our cost-optimization program while continuing to pursue the digital transformation and automation of our services. We also optimized our organizational structure to promote business growth in line with our efficiency program.

Mobily's 5G program saw the roll-out of services to the majority of target cities during 2020, bringing our coverage to 50 in total. Served by more than 3,700 separate sites, the 5G network is a key enabler of the Internet of Things (IoT) that is driving automation and transforming every aspect of our personal and professional lives.

In February, Mobily conducted the first successful five-hour voice call over 5G New Radio (VoNR) in the Middle East using a 5G standalone (SA) network and, in September, Mobily partnered with Ericsson to trial 5G on the 800/1800 MHz band using Ericsson Spectrum Sharing technology.

We remain confident that our investment in 5G, as an evolutionary technology, will result in significant long-term returns for our business, as companies across the Kingdom continue to implement their strategies to leverage 5G for the growth of their businesses. We will therefore continue to take strategic steps to expand our 5G coverage in line with our GAIN strategy to ensure Saudi Arabia is positioned firmly at the forefront of this technological leap forward.
Other key aspects of our strategy delivered in 2020 include the completion of upgrading our 4G network and continuation of our expansion targets, the launch of our new Enterprise Business Intelligence (BI) tool and the revamp of our online portal.

Outstanding performance in critical times

The high quality and reliability of our services during 2020 have served to propel our financial performance and growth. Mobily achieved an overall growth in revenue of 4.4% to reach SAR 14 billion by year-end, representing a rise of SAR 596 million over that achieved in 2019.

Despite the negative effects of COVID-19 on our physical stores, handset sales, roaming revenues, and Hajj and Umrah usage, Mobily recorded a rise in profitability to SAR 783 million in 2020, compared to SAR 31 million in 2019, and achieved the highest EBITDA in seven years at SAR 5,350 million. These strong results were primarily driven by revenue expansion and cost efficiencies secured throughout the year.

Given the sudden transition to remote working and schooling, data consumption rose significantly. Mobily sought to meet this demand not only by providing the necessary capacity to manage increased traffic, but also by delivering even faster service speeds. Over the course of 2020, Mobily's mobile internet average download speed increased by 73% to reach 78.10 Mbps, while our fixed internet average download speed improved by 79% to reach 76.25 Mbps, in line with the average speed of fixed internet services in Saudi Arabia. In April, we also became the first to roll-out an eSIM service in the Kingdom, removing the requirement to obtain a physical SIM.

In its Q4 report on internet and digital content access speeds, the Saudi Arabian Communications and Information Technology Commission (CITC) ranked Mobily as providing the fastest access (lowest latency) of all operators for 3 of the Kingdom's 4 most popular social networking platforms. An important consideration during remote working, Mobily also provided the fastest access (lowest latency) to Zoom, Microsoft Teams, Cisco WebEx and Google Meet in the Kingdom, according to the report.

As a result of this focus on service quality and capacity, customer satisfaction reached an all-time high, with Mobily recording the lowest number of complaints among the 3 mobile operators in 2020, while we also saw customer increases across the board – including in our B2B and B2C clients, service subscribers and Mobily App users. Parallel increases in e-sales and improvements in Business Continuity plans were also notable.

Our greatest assets

The past year has seen an unparalleled threat to the health and wellbeing of our people. Our instinctive response – to place the safety of our employees and customers first – speaks to the value we place on our human resources and the broader communities of which we are also a part.

Likewise, our enduring commitment to attracting, developing and empowering our people is felt across our organization, as is our dedication to the goals and objectives of Saudization and female empowerment in the Kingdom.

Award-winning services and global standards

Our 2020 performance was recognized by the industry in a variety of different segments. Brand Finance, a leading independent brand valuation and strategy consultancy, named Mobily the 9th most valuable brand in Saudi Arabia in its annual ranking, representing an increase in value of 31% to reach more than SAR 4 billion.

Mobily was also named "Saudi Arabian Data Center Services Provider Company of the Year" at the 2020 Frost & Sullivan Best Practices Virtual Awards and received the award for Best Annual Report (Digital Category) from the Middle East Investor Relations Association (MEIRA) for its 2019 report.

We also achieved ISO 22301:2019 certification for our Business Continuity Management System from the British Standards Institution (BSI) and became the first telecommunications company in the Kingdom to be recognized as an Authorized Training Employer of the Institute of Chartered Accountants in England and Wales (ICAEW).

Looking ahead to 2021

In what has been a difficult year for the world, our Kingdom and our people, Mobily has stood firm – protecting our employees, while supporting the country in its fight against COVID-19 and the consequent economic disruption.

We will remain at the forefront of efforts to maintain exceptional communication capacities to ensure continuity for businesses, educators and individuals in these unprecedented circumstances, and will continue to support our country in its responses and initiatives related to COVID-19.

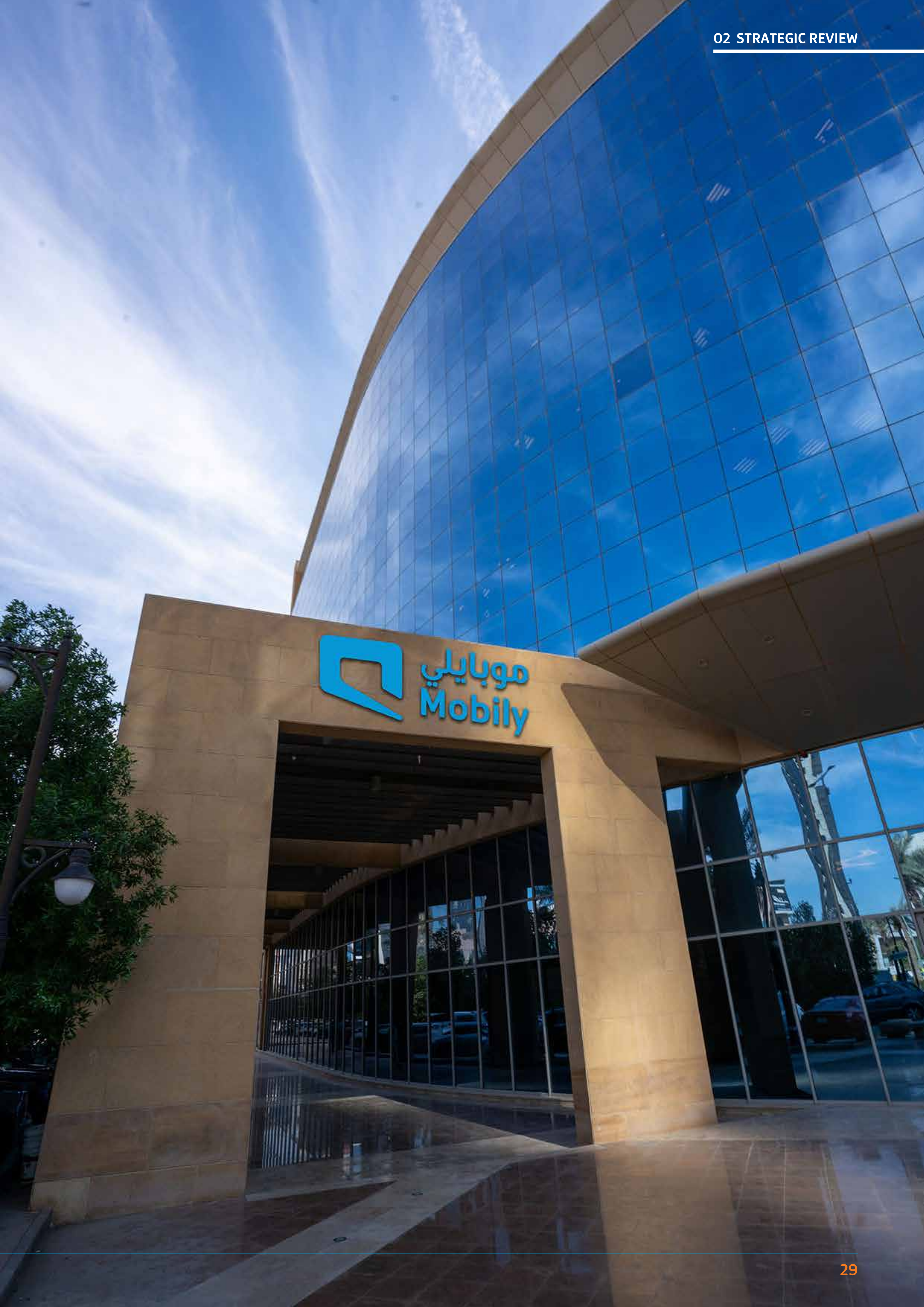
The progress and performance achieved in 2020 will serve as a foundation for our plans to expand our market share in the coming year and secure further sustainable growth. As we enter 2021, we will build on the success of our GAIN strategy by implementing further steps in our progressive digitization and continue expanding our services and roll-out of 5G coverage across the Kingdom to support its people and businesses. The delivery of our efficiency program will move forward, too, touching every element of the Company to streamline our services and costs.

Acknowledgements

It is in times such as these that our faith in the abilities of our people is richly rewarded. I am humbled by the guidance of our Board, the steadfast leadership of our executive management, and the unwavering commitment of Mobily's employees throughout the year.

Despite facing extraordinary circumstances, each one of our people has remained entirely focused on our strategic goals, delivering exceptional services and support to our customers across Saudi Arabia, and I thank them all for their efforts in powering our successful ongoing transformation.

Salman bin Abdulaziz Al Badran
Chief Executive Officer


موبايلي
Mobily

Investment
CASE

An attractive investment proposition supported by strong fundamentals and strategic momentum.

Be part of the sustainable growth journey of one of the Middle East's leading telecommunications companies, as we gain strategic momentum, deliver profitable growth and transform into a digital telecommunications company fit for the future.

1
Comprehensive corporate strategy that delivers results

- Return to dividend payments in 2020
- Rising revenues trend over last five years
- Rising EBITDA trend over last seven years
- Robust local, regional and international shareholder mix

2
Leading Saudi company and brand

- 9th most valuable Saudi Arabian brand, valued at over SAR 4 billion
- Experienced Saudi leadership team
- #1 Saudi telecommunications company in customer care by fewest complaints*
- Member of the Board of Directors of the SAMENA Telecommunication Council
- First telecommunications company in MENA to receive ISO certification for Business Continuity Management Systems

3 Technological trailblazer investing in the future

- Winner of Saudi Arabia Data Center Service Provider of the Year**
- #1 in Facebook, Instagram, Twitter and video conferencing platforms response time*
- Completed 1st 5G voice call (VoNR) in the Middle East
- 5G network coverage in 50 cities across the Kingdom

4 Trusted strategic partner of Saudi government and corporates

- Full strategic alignment with themes of Saudi ICT Strategy 2023
- Supported government initiatives, raised health awareness and provided free or reduced-cost services in response to the COVID-19 pandemic
- Comprehensive local content strategy and agreement with Local Content and Government Procurement Authority
- Launched Saudi National Fiber Network (SNFN) modernization project with Huawei
- Partnered with Ericsson for advanced IoT solutions and new generation networks
- First Saudi telecommunication company to become Authorized Training Employer of ICAEW in order to offer prestigious ACA qualification to Saudi nationals***
- Agreement to create first Joint ICT Academy in the Kingdom with Huawei

* CITC Q4 2020 Report
** Frost & Sullivan Best Practices Awards 2020
*** Institute of Chartered Accountants in England & Wales

Market
REVIEW

The Saudi economy and telecommunications sector demonstrated its resilience in 2020

Despite the unprecedented health and economic challenges resulting from the COVID-19 pandemic and drop in global oil prices, the Saudi Arabian economy recovered towards the end of 2020, as the vaccine rollout began. Continued economic transformation and modernization of the Kingdom has positioned it for an expected return to growth in 2021.

Saudi Arabia stood strong in the face of unprecedented economic challenges

- COVID-19 impact felt across all areas of the economy
- Projected GDP contraction of 3.8% for 2020, before projected return to growth in 2021
- Decrease in global oil prices in early 2020 which rebounded in Q4
- Low interest rate environment globally and nationally
- Increase in VAT from 5% to 15%
- Drop in tourism
- Decrease in Hajj and Umrah pilgrims
- Shift to working from home

A robust and competitive telecommunications sector

Regulatory and Industry

- Five-year ICT Sector Strategy 2023
- CITC launched strategy to enter a new era of digital regulation
- Reduction of wholesale termination rates on local mobile and fixed calls
- Introduction of Open Access Agreement among all Saudi telecommunications companies
- Additional spectrum for Saudi telecommunication companies to boost mobile network performance
- Launch of regulatory framework on national roaming

Fixed internet average download speed
KSA AVERAGE
76.85 Mbps
+9.21%

Fixed internet average upload speed
KSA AVERAGE
26.89 Mbps
+9.17%

Mobile internet average download speed
KSA AVERAGE
97.54 Mbps
+32.85%

Mobile internet average upload speed
KSA AVERAGE
19.98 Mbps
+9.84%

Mobile 5G average download speed
KSA AVERAGE
315.55 Mbps

Number of governorates with 5G
KSA TOTAL
51
GOVERNORATES

Mobily remains a key enabler for Saudi Vision 2030 and ICT Strategy 2023

In its capacity as a key digital enabler for the Kingdom, through continuous innovation and ensuring that government, businesses and consumers across Saudi Arabia have access to the latest ICT technologies, Mobily plays a critical role in supporting the government to deliver on its ambitious goals for the future of the Kingdom.

Mobily supports Saudi Vision 2030

- Developing the ICT sector in the Kingdom
- Empowering small and medium businesses and end users
- Supporting the level of government integration

Mobily's GAIN corporate strategy is aligned with the sector's ICT Strategy 2023

Launched in 2019, the Saudi ICT Strategy 2023 is focused on "Building tomorrow's digital foundations for a connected and innovative Saudi Arabia", supporting Saudi Vision 2030. It aims to achieve this through:

- 3 Strategic Themes
- 13 Strategic Priorities
- 24 Strategic Objectives

Saudi ICT Sector Strategy 2023 Highlights	Mobily's Commitment
Create more than 25,000 quality jobs in the Telecommunication/ ICT sector	GAIN was designed as a growth-oriented strategy, so when Mobily grows through existing and new revenue streams, it will require a bigger team thus creating new employment opportunities.
Increase female participation in the Telecommunication/ICT sector by 50%	One of the focal points of GAIN is to attract and retain world class talent, particularly top female talent across all levels, including management.
Increase the size of ICT and Emerging Technologies market by 50%	As part of GAIN, Mobily will increase focus on innovative digital solutions for both consumers and businesses, improving their efficiency and productivity while creating new revenue streams for the Company, resulting in a bigger overall ICT sector in KSA.
Increase the level of Saudization in the Telecommunication/ICT sector to 50%	Mobily proudly stands in the platinum category for overall nationalization and at higher than the mandated level for management nationalization, and will continue to promote nationalization across all levels of the organization.
Increase the Telecommunication/ ICT sector's contribution to GDP by SAR 50 billion	Through the growth-oriented GAIN strategy, Mobily expects to grow at a faster pace than before, thus increasing its top line as well as the ICT sector's contribution to GDP.

CFO's
REVIEW

Mobily showed its financial resilience in overcoming the widespread health and economic impact of COVID-19 to continue to deliver strategic and profitable growth in 2020. Through the focus and execution of our GAIN corporate strategy, we posted growth across core and digital revenue streams, significant cost savings through our ongoing efficiency program, and a jump in net income of 2,412% for the year.

I am pleased to report that through the dedication and diligence of Mobily's team during this challenging year, building on the financial results and momentum established in 2019, the Company achieved its targets in terms of revenue growth and profitability.

This year, Mobily achieved net income amounting to SAR 783 million for 2020 based on 4.4% growth in revenues and lower financing costs. By executing our GAIN strategy, we remained committed to delivering sustainable growth while continuing our cost optimization, operational efficiency and process automation efforts. We also played a critical role in supporting our government and community, while ensuring the health and safety of our team and customers during this unprecedented year.

SAR 783 million
Net income

4.4%
Revenue growth

Highlights (SAR '000,000s)	2020	2019	% change
Revenues	14,046	13,450	4.4%
EBITDA	5,350	4,947	8.2%
CAPEX	2,792	2,760	1.2%
Operational cash flow (EBITDA – CAPEX)	2,558	2,187	17.0%
Net debt	10,602	10,626	(0.2%)
Net profit	783	31	2,411.8%

Top line results jumped 4.4% from SAR 13.45 billion in 2019 to reach SAR 14.05 billion this year. This was driven by solid performance across all revenue streams, driven by an improvement of subscriber mix, FTTH active base, wholesale, data centers, cloud, IoT, and other managed services revenues. Our Consumer Unit and Business Unit delivered revenue growth, despite the impact of precautionary measures taken to prevent the spread of COVID-19 on roaming, visitor and Hajj and Umrah related income, and the reduction of mobile termination rates.

EBITDA for 2020 increased by 8.2%, at a margin of 38% – the highest since 2014. This result was driven primarily by healthy top line performance and continuous improvements in operational efficiency and cost optimization. As a result of this and a reduction in financing charges, our net debt to EBITDA ratio continued its downward trajectory to reach 2.26x – its lowest level since 2016.

Investment in 5G infrastructure began in 2019 and continued in 2020, with CAPEX increasing by 1.2% to reach SAR 2,792 million versus SAR 2,760 million in 2019. Excluding the spectrum fees, CAPEX intensity reflects our commitment to improve our infrastructure, and the continuous deployment of the network modernization project to improve overall quality of service for our customers, including increasing capacity (data centers, cloud, etc.) to support our strategic growth across our revenue streams (business, consumer and wholesale).

Continuing the momentum established in 2019, this year saw a big jump in profitability, with full-year net profit of SAR 783 million and gross profit of SAR 8.15 billion, compared to last year's net profit of SAR 31 million and gross profit of SAR 7.80 billion. This is equivalent to earnings per share of SAR 1.02 versus SAR 0.04 in 2019. This resilient outcome, the result of strong and healthy EBITDA and reduced financing charges for the year, highlights the effectiveness of our new GAIN strategy to deliver both financial and operational results.

Looking forward, we will continue to invest in modernization and digitization, transforming our business to better serve our country, our partners and our customers throughout the Kingdom. Our strong brand and financial performance for the year are a testament to our strategic direction and dedication of our entire workforce, who have pulled together in an unprecedented year to support the country socially and economically, and continue to grow the value of our company and seek sustainable profitability for our valued shareholders.

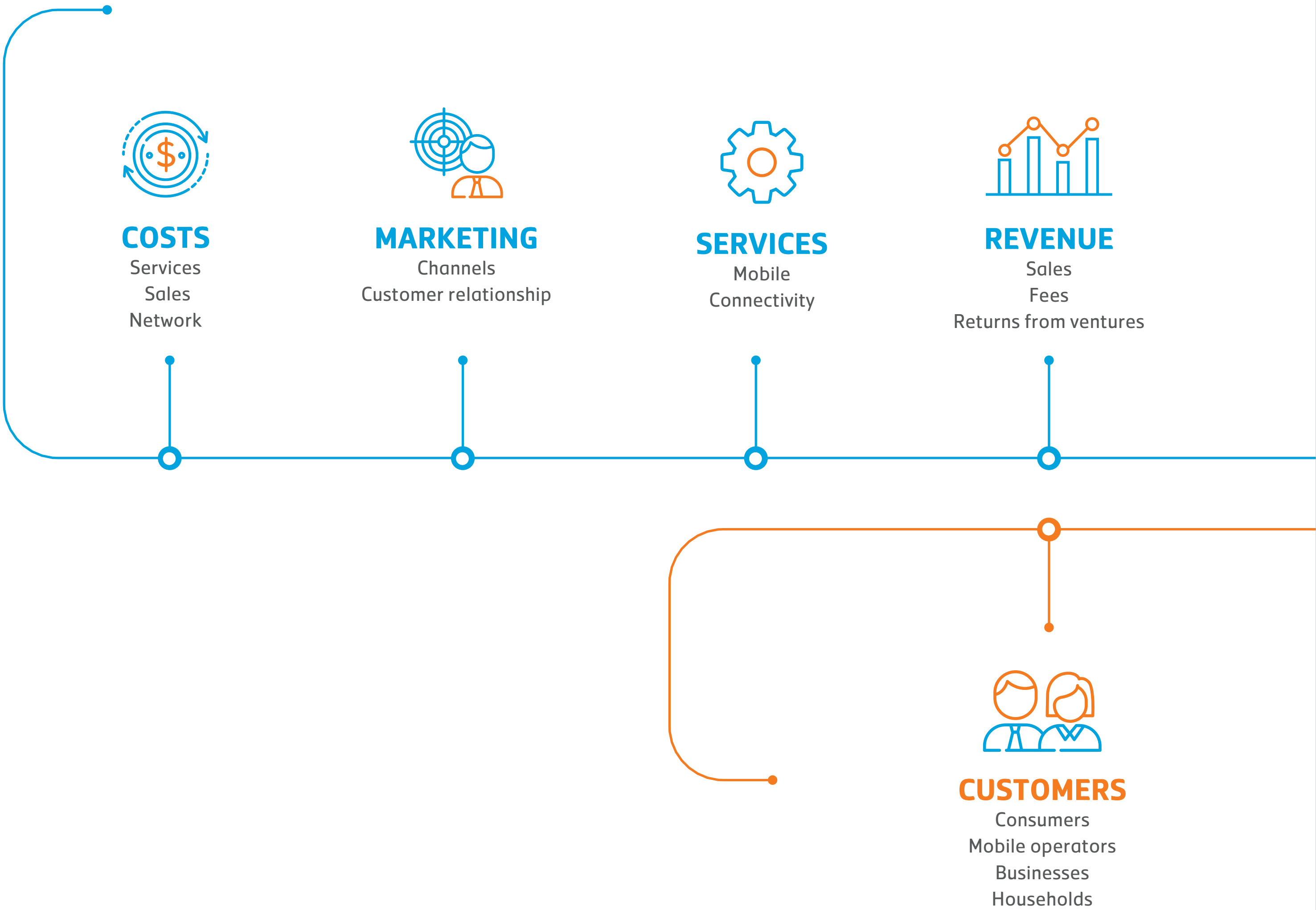
Mr. Khaled Abanami
Chief Financial Officer

Balance Sheet Highlights (SAR '000s)	2020	2019	% change
Total assets	38,415,896	39,216,149	(2.0%)
Total liabilities	23,970,669	25,464,799	(5.9%)
Total equity	14,445,227	13,751,350	5.0%

Income Statement Highlights (SAR '000s)	2020	2019	% change
Gross profit	8,152,408	7,799,987	4.5%
Operating profit	1,366,517	967,013	41.3%
Net income	783,254	31,183	2,411.8%

Cash Flow Statement Highlights (SAR '000s)	2020	2019	% change
Net cash generated from operating activities	4,169,800	3,509,106	18.8%
Net cash used in investing activities	(2,866,272)	(1,891,911)	51.5%
Net cash used in financing activities	(1,625,710)	(1,398,365)	16.3%
Cash and cash equivalents	929,498	1,251,680	(25.7%)

Business
MODEL



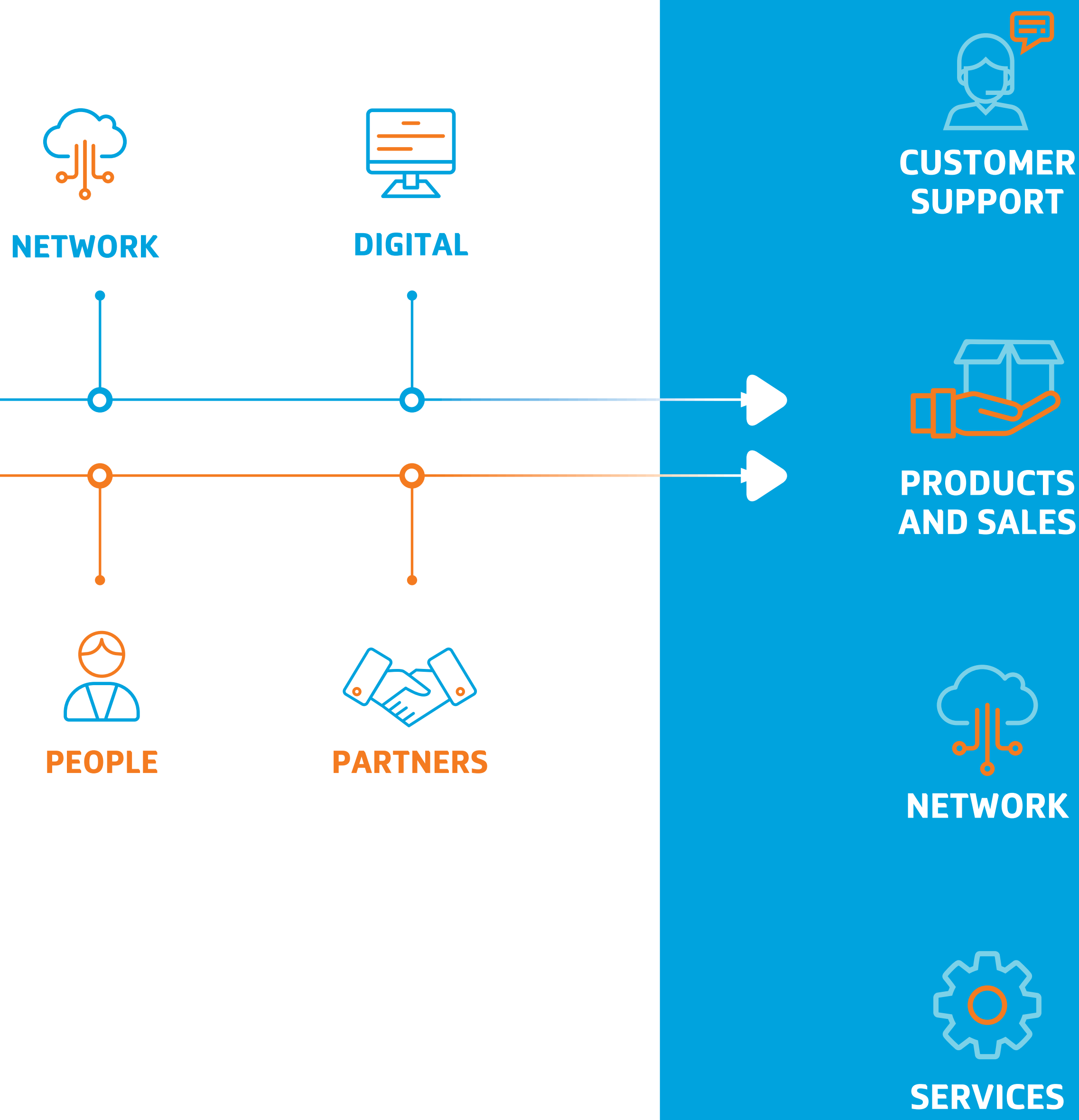
Mobily creates value by providing our customers a one-stop-shop of best in-class telecommunication services, driven by innovative product development and supported by effective sales and optimal customer care.

Our customers fall into 6 distinct groups – prepaid (mobile), postpaid (mobile), mobile operators, businesses, small-to-medium enterprises (SMEs), and households – and we tailor a variety of bundled services to meet each group's unique requirements, including partnering with selected suppliers to complement and support the delivery of our services.

Our revenue streams come primarily from interconnection charges, as well as returns from ventures, device and accessory sales, and usage and subscription fees. We also generate revenue from a number of digital services, tailored to our business customers and consumers.

Meanwhile, our costs are comprised of sales and distribution costs, service delivery and network development, and operational expenditures.

THE VALUE WE CREATE



Strategy
AND KPIs

Empowering the Digital Economy to Unlock Possibilities

We seek to fulfill our Vision through the diligent execution of our new growth strategy, GAIN, which is comprised of 4 strategic pillars:

G — **GROW** core revenues

A — **ACCELERATE** digital revenue streams

I — **IMPLEMENT** and optimize efficient delivery

N — **NURTURE** a positive experience for all

PURPOSE
To be the Better Choice to Unlock Possibilities

HOW
By Empowering the Digital Economy

BY BEING
The Everyday Hero

We are focused and determined to achieve significant and sustainable progress in executing our GAIN strategy, energized by our commitment to 'Being the Everyday Hero' for our customers and employees, which is brought to life across our organization each day through our dynamic corporate culture and shared core values:

AGILE
We are open, flexible, and make every second count.

COURAGEOUS
We are brave enough to take bold steps and determined to see them through.

CLEAR
We keep things black and white.

CARING
We treat you as an individual and value diversity in thought and perspective.

GAIN STRATEGY 2020+
Focus on growth and transformation

- Grow the core by focusing more on high value segment
- Engage with customers in a digital way
- Enter into new business areas (e.g. Fintech)
- Increase B2B share by focusing on prioritized verticals

Advanced Analytics	Improve decision making based on near real-time insights
Platform Play and Agile IT	Enable a large ecosystem of partners across the value chain
Integrated Gigabit Network	Provide seamless access with more focus on virtualization and network slicing
Digital Operating Model	Asset monetization, governance, culture, capability development etc.

Business
REVIEW

Mobily has achieved excellent results in 2020 across all units, driven by our new GAIN strategy and the dedication of our employees during this exceptional year. Not only have we evolved digitally, implementing fresh services and automated procedures, but we have also reduced costs and optimized our organizational structure to achieve growth.

As we enter 2021, Mobily will continue to outperform our market by growing our core revenues, accelerating digital revenue streams, implementing and optimizing the efficient delivery of our services, and nurturing positive experiences for our customers. Our goals remain unchanged, as we strive to deliver excellence in every area of our business, generating ever greater returns for our shareholders and stakeholders across the Kingdom.

Business Unit

2020 has been a highly successful year for the Mobily Business Unit, despite the turbulence caused by the COVID-19 pandemic. Having secured our highest ever full-year revenue and significantly expanded our customer footprint through the acquisition of major new clients spanning multiple sectors, we continue to expand our market strength and deliver strong results.

Throughout 2020, the Mobily Business Unit continued to play a critical role in supporting our government, corporate clients and SME customers. Our focus was on maintaining our position in core services through tactical offerings and direct account management, and by implementing various refinements to the sales cycle and our sales force.

We sought to drive enhanced efficiency and customer experience through improvements in our internal value chain, implementing a host of new digitization initiatives that have resulted in marked improvements in internal business processes, as well as greater agility in our service delivery. This was supported by maintaining our commitment to the growth of our local talent, supporting the Company's strategy and the Kingdom's Saudization aspirations.

To assist the government in facing the spread of COVID-19, we extended our support by hosting the COVID-19 map for the National Health Information Centre, which provided real-time updates and statistics on the spread of the virus. Additionally, Mobily assisted hospitals and healthcare facilities by enabling the automation of their systems.

Teams from our Business Unit, working with our vendors and partners, developed contingency plans to speed up service support and identified alternate sources in supply chain with vendors to overcome delays.

Given the difficult circumstances, and sensing the requirements of our customers during this crisis, we also introduced a number of promotions designed to support new and existing customers in maintaining the continuity of their operations via work-from-home initiatives, as well as supporting the education sector through the introduction of distance learning features.

Strength through Strategy

Although the COVID-19 pandemic sent significant economic shockwaves across the globe – negatively influencing our new sales, obstructing collection activity, and impacting on supply chains and service delivery – we maintained our approach under Mobily's GAIN strategy and acted with agility to realize the opportunities that emerged in this unprecedented environment.

Our strategic direction guided our approach throughout the year, with our sales and presales teams targeting the Key and Government client segments, while at the same time striving to improve the customer experience for all of our customers through further digitization.

This push for digitization resulted in the introduction of new, highly efficient customer care solutions to enhance the overall customer experience. This included a mobile app for business customers to manage their services, and further progress in our prevision of Internet of Things (IoT) solutions, leading to a considerable increase in revenue.

We also expanded our fixed line infrastructure and coverage during 2020, while adding new solutions to our managed network service portfolio, thus expanding our footprint in the SME segment and further increasing our position in this critical segment of the Saudi economy.

As we look forward, we will continue to drive growth through innovation and service excellence for our diverse customers. Our business priorities are now focused on maintaining our position as the leading cloud services provider in the Kingdom by extending our offering in this sphere, while continuing to enhance our core and digital infrastructure through strategic and tactical investments. Ultimately, we remain committed to improving the experience for our clients by digitizing key elements of our customer journey.

Consumer Unit

Mobily's rapid response capitalized on the changing and challenging environment to increase year-on-year revenue and growth while achieving an evolutionary leap forward in the provision of digital services to our customers across the Kingdom.

The COVID-19 pandemic disrupted the market in an unprecedented way. The introduction of an additional 10% VAT in July also posed a significant purchasing power challenge among end-users, while the 98.5% reduction in our Hajj and Umrah base – owing to the measures implemented to combat COVID-19 – led to a decrease in Hajj and Umrah-related revenue, given our considerable market share in this segment. Also, roaming revenues in general fell by around 50% owing to the general lack of customer movement. Mobile Termination Rates (MTR) were also reduced in July by the Communications and Information Technology Commission (CITC), leading to a further negative impact on revenues – although the impact of this change was effectively neutralized.

The Mobily Consumer Unit immediately adapted to the new environment by shifting our sales from traditional channels to digital means. Despite these significant negative pressures, data traffic on our network grew by almost 50%, while fiber-to-the-home (FTTH) service demand increased dramatically. Thanks to these measures, and the strength of our new GAIN strategy, Mobily was able to successfully realign our approach to capitalize on the opportunities presented and expand our customer base during 2020.

A Digital Leap Forward

To meet the sudden increase in network traffic as a result of the national COVID-19 lockdown, our digitization program accelerated in 2020. Consequently, most of the telecommunication products that were sold physically in 2019 are now available for customers through our digital channels.

Given the increasing pressure on our customer base – in terms of travel restrictions and pricing – we concentrated on customer retention and acquisition. By diverting resources from our roaming and Hajj and Umrah sales to our digital channels, we were able to quickly implement a digital realignment of sales to provide convenient and efficient alternatives to our customers, enhancing the customer experience and boosting revenues.

By ensuring faster, more streamlined and efficient digital services for our customers, we were able to dramatically reduce customer churn in 2020, while maintaining our market share.

Mobily launched in excess of 70 products in 2020 to fulfil rapidly evolving customer needs in the context of COVID-19, such as the requirement for higher data volumes. We also reoriented our communication strategy to focus more on online and social media channels over physical touchpoints.

Incentives launched included a variety of deals for pre- and post-paid customers, including extra mobile data allowances and discounted sign-up fees, new over-the-top (OTT/internet) Mobily TV packages, discounts on post-paid FTTH packages, the roll-out of VoLTE (voice over LTE/4G) services, and the launch of our PlayStation PS5 and XBOX X/S Gaming Console packages.

Mobily's mobile internet download speed rose to an average of 78.10 Mbps, while our average fixed internet download speed reached 76.25 Mbps. We were also recognized for providing very high fixed internet video streaming quality (99.76% for 4K UHD) and achieved the lowest latency for 3 of the 4 most popular social media platforms in the Kingdom.

Latency for Most Used Social Media Platforms in the Kingdom*

Twitter
69 ms

Instagram
3 ms

Facebook
3 ms

Latency for Most Common Video Conferencing Platforms in the Kingdom*

Cisco webex
86 ms

Zoom
208 ms

Microsoft Teams
186 ms

Google Meet
37 ms

* CITC report Q4 2020

Fiber-to-the-Home for the Entire Kingdom

Having successfully signed the new Open Access Agreement for all Saudi telecommunications companies, Mobily's market for FTTH services through fixed line networks rose to 3.5 million households across the Kingdom, effectively quadrupling our footprint in the space of one year and increasing FTTH revenues.

Mobily was ranked among the best operators in CITC's interim reports in terms of its low number of complaints regarding FTTH across the Kingdom, after revamping our FTTH portfolio to offer new speeds to support e-learning and working from home performance through our network.

We also decreased our churn rate, supporting our customers during the hard times of the pandemic with FTTH promotions, whilst protecting them and our staff during home installations by implementing sanitization and distancing protocols.

By bundling Mobily TV with certain FTTH packages, we also provided outstanding entertainment content for families across the Kingdom during the national lockdown, increasing customer satisfaction with Mobily FTTH. Thereafter, we launched a back-to-school promotion to support the national e-learning strategy.

Building on this highly successful roll-out of services across the country, 2021 will be the year of FTTH Plus, which will open up a host of new tailored services for gaming, downloading, 3P/4P, entertainment, and fixed voice.

Technology and Innovation

Technological development continues to be the driving force behind our delivery of exceptional and continually improving customer experiences. Through the increasing innovation and digitization of our services, Mobily is forever changing the standards of connectivity across the Kingdom.

The sudden and unexpected increase in demand for digital services and connectivity brought about by the COVID-19 pandemic necessitated swift and concerted action to handle the volume of traffic across our network.

Mobily immediately rose to the challenge. Completing the scope of our 5G services, we have activated 3,700 towers in the Mobily network for 5G coverage, which now covers 50 cities across the Kingdom. This expanding coverage was also complemented by the initiation of our voice over Wi-Fi (VoWIFI) and 5G (VoLTE) services to further enhance the efficiency of the network in 2020.

In parallel with these leading-edge technology rollouts, we also enhanced the security of our network by achieving ISO27001, 27017, 27018 and PCI-DSS certifications to provide complete customer confidence in our services.

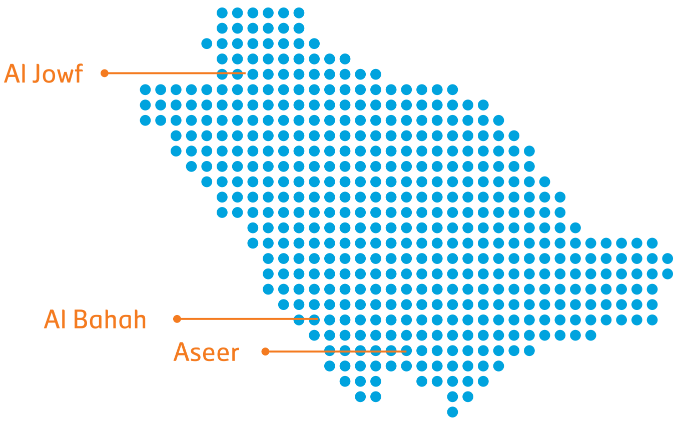
Meanwhile, in terms of our internal technological advances, we completed the process of becoming a paperless company by finalizing end-to-end digital processes for all functions.

Accelerating Momentum in 2020

Our extensive technological advances are driven by a key component of our GAIN strategy, which calls for a complete transformation of our IT infrastructure to facilitate Mobily's network expansion and customer service revolution.

Progress under this new strategy is focused on delivering technological advances to improve consumer engagement and drive core business segment growth. To this end, we continue to deliver superior network quality standards to ensure digital experiences to delight our many customers.

Service Provider
Regional Perfromance



Despite the dramatic increase in traffic caused by the measures to contain COVID-19, in 2020 we delivered extra speed to our customers, to achieve an average mobile internet download speed of 78.10 Mbps, with a 73% improvement in network performance over 2019.

Delivering Greater Speed and Bandwidth in 2021

In the coming year, we will continue to expand and accelerate our 5G network across the Kingdom, while also concentrating our efforts on improving our existing 4G penetration, as well as our overall network penetration through the introduction of new physical sites.

As we continue to modernize and transform our IT infrastructure to better serve our customers, we will increasingly shift resources and repurpose them to mission-critical applications under our GAIN strategy.

As we roll-out faster, more efficient services to more locations and at higher penetrations throughout the country, we will also expand the reach and resilience of our cybersecurity protection to strengthen our support to Mobily's critical enterprise and telecommunication components.

Above all, we are committed to providing Mobily's customers with seamless, increasingly reliable services that exceed their expectations, wherever they are in the Kingdom.

Customer Care

Mobily Customer Care responded to the challenging operating environment with speed and agility, achieving a transition of our operations to remote working that ensured our uninterrupted provision of services and a seamless experience for our customers.

With the onset of the pandemic, Mobily Customer Care began working from home quickly and efficiently, establishing full operational functionality in just 48 hours. Our contact centers remained fully operational from home during the entire period, with contact center agents quickly adjusting to home working. Likewise, in order to promote the safety of our customers across the country and in view of the national call to action to limit the spread of the virus by staying at home, we changed our network name to "Stay Home – Mobily."

Our transition to remote working was facilitated by the swift deployment of technological and logistic support mechanisms that helped our agents to take customer calls and handle transactions through social media instantly from their homes. Also, to maintain the high standards of our operators, we continued to grow our service provision for our staff during 2020 by delivering all operational training through our virtual e-learning platform launched in 2020, including training on how to work from home and effectively use digital communication and collaboration tools.

This new working arrangement, and the shift in transactions towards digital and social media channels, provided a unique opportunity to deploy various initiatives to interact with our customers more successfully in the virtual world. These Customer Care initiatives included the establishment of a new digital community on our website in 2020, as well as enhancements to the Mobily App and our Instant Voice Recognition (IVR) services.

Delivering Excellence under the GAIN Strategy

As a pillar of Mobily's GAIN strategy, Customer Care is committed to nurturing positive customer experiences by delivering service excellence. Despite the significant challenges faced in 2020, we maintained our high standards and performance across core indicators such as Customer Experience, Complaint Management and Service Delivery.

Mobily customers once again showed their satisfaction with our Customer Care services, having recorded the lowest number of complaints among telecommunications providers in the Kingdom in 2020, according to CITC data.

During the year, we became the first telecommunication operator in the Middle East and North Africa region to receive ISO22301:2019 certification for our Business Continuity Management Systems from the British Standards Institution (BSI), the world's leading standards and certification body. ISO 22301 primarily covers technical and commercial services and operations offered to customers, and recognizes the continued efforts put forward by all departments to ensure business continuity and organizational resilience.

Mobily was also named among the top 10 most valuable Saudi Arabian brands for the first time in 2020 in the annual brand valuation ranking released by London-based Brand Finance, a leading independent brand valuation and strategy consultancy. As the 9th most valuable brand in Saudi Arabia, Mobily gained 3 places over its rank in 2019, increasing in value by 31% to reach more than SAR 4 billion.

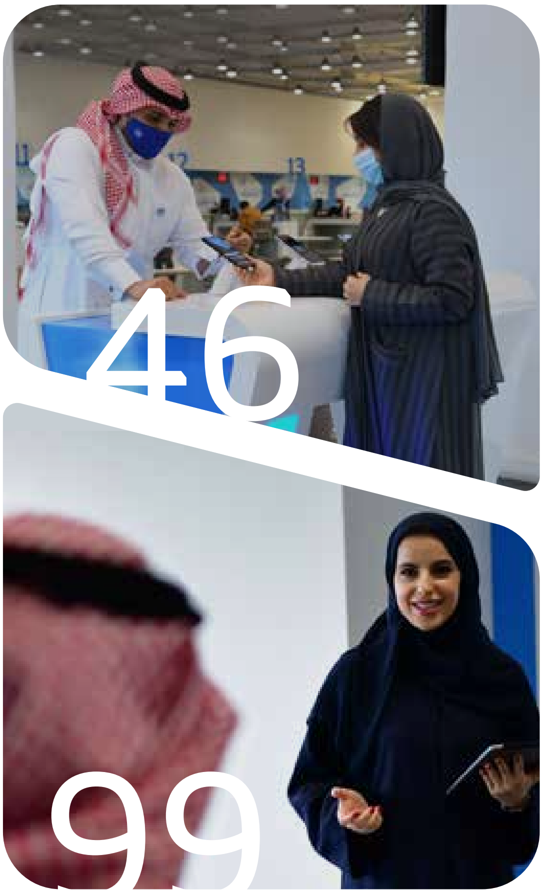
Caring for our Customers in 2021

Throughout 2021, we will continue to meet the customer care objectives of Mobily's GAIN strategy by delivering increasing client satisfaction whilst also supporting other areas of the business to drive value creation for the Company.

Other complementary focus areas and goals include the delivery of a unified experience across all of our customer channels through the introduction of new technologies and solutions. We aim to initiate the deployment of a new chatbot to increase the efficiency of our digital customer interactions, and to integrate Apple Business Chat to allow for instant customer communication from a variety of day-to-day apps on iOS devices.

> We continue to strengthen our corporate social responsibility practices.

Environmental, Social
AND GOVERNANCE



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ESG

At Mobily, our commitments to the health and wellbeing of our people, our environment and the communities we serve run deeper than simple compliance with external mandates. Rather, they are embedded in our corporate culture, our business strategy and in each one of our employees, and expressed in countless ways each day across our business and operations.

As we deliver on the objectives of our new GAIN strategy, we continue to strengthen our corporate social responsibility practices, maximizing our efforts to preserve the natural world and support the socio-economic development of the communities we serve across the Kingdom.

Mobily is proud to contribute not only to the economic development and progress of the Kingdom, but also to the broader goals of the international community to reduce harmful effects on the natural world and nurture positive experiences for all.

ENVIRONMENTAL

Safeguarding our Environment

In 2020, we continued to deliver a range of initiatives to benefit the environment across our operating footprint. These included various efforts to drive down our energy consumption through efficiency gains and rationalized consumption of resources, as well as to enhance awareness of environmental issues and best practices throughout our organization.

Energy Savings

Phase 1 of our ongoing project to replace conventional lighting with LED bulbs in flagship Mobily locations has achieved a 16% reduction in electricity consumption and significantly reduced associated carbon emissions. The LED lighting solution reduces the need for frequent maintenance and brings down ambient indoor temperatures, thereby also minimizing air conditioning demand.

Similarly, our efforts to install air containment systems in our data centers have achieved significant energy and cost savings. The project aims to reduce the temperature of these spaces by separating cold supply airflow from hot air coming out of equipment exhausts, saving on costs by reducing energy consumption by as much as 30-40%, whilst improving overall equipment performance and efficiency.

Cultivating Awareness and Engagement

Ultimately, the success of environmental initiatives and efforts to bring down carbon emission to sustainable levels requires employee engagement to illustrate both the need for, and the various benefits of, environmental best practices.

We clearly identify Mobily operations and activities that affect the environment in our Hazard Identification and Risk Assessment (HIRA) materials, and seek to foster environmental awareness both through engagement campaigns and our Yammer platform, as well as through Safety Surveys completed by our employees.

Creating a More Sustainable Mobily in 2021

In 2021, Mobily will continue to implement more efficient patterns and methods of power consumption, as part of its ongoing low-energy lighting and heat separation solutions. We also aim to deliver new, more environmentally conscious waste management policies and procedures, including the recycling of scrap materials through certified third parties and further process digitization and automation to progress toward a paperless environment.

Mobily is exploring the potential implementation of a smart meter system to measure power consumption and identify opportunities for further cost savings and rationalization. We also intend to begin recycling discharged wastewater, adopt a refined waste disposal approach and roll-out a no-smoking policy across all Mobily buildings. Plans are also being finalized to introduce Building Management Systems (BMS) at some of our key sites and to explore the possibility of installing roof-top solar photovoltaic power infrastructure.

SOCIAL

Supporting our People

The health and wellbeing of our people has long been one of Mobily's foremost priorities. This responsibility to our people was of particular significance during 2020, given the effects of the COVID-19 pandemic on communities where we live and work across Saudi Arabia.

In responding to the difficult market conditions brought about by the COVID-19 pandemic, Mobily chose to adopt an approach focusing first and foremost on the health of our employees, while also supporting them to maintain operational productivity and launching a range of cost optimization initiatives. Collectively, these measures ensured minimal impact on our people and operations, as well as preserving Mobily's financial performance for the year.

We proved to be highly resilient in managing our workforce and meeting operational challenges in this changing landscape, running all systems entirely remotely, implementing an advanced level of automation, and successfully transitioning our employees to home working.

Mobily's new Corporate Citizenship Department immediately developed an engagement plan to maintain an open dialogue with employees while working remotely. Executed throughout the year, its related initiatives resulted in a 31% increase in Mobily's Employer Brand Rate.

Whilst working from home, the health of our employees across the Company was a major priority for Mobily. We therefore sought to provide full support to safeguard both their physical and mental wellbeing, and that of their families, during this period of unprecedented stress.

We launched multiple programs to assist our employees in any way necessary while maintaining a certain degree of normalcy. These included e-learning programs for leadership or technical training and professional development; online fitness classes designed to encourage family participation; and mind, body and soul sessions to help employees manage stress and anxiety.

Human Resource Initiatives and Achievements in 2020

2020 saw the completion of various Human Resource projects designed to improve our services and efficiency. These included the reissue of all of our HR policies and procedures to ensure they are up to date and define a single source for all policies, procedures and processes for easy access by all our employees, as well as the complete restructuring of our workforce and the introduction of a new, revamped Performance Management System.

We also re-focused our attention on providing outstanding learning and development support to our people, addressing the newfound synergies driven by the repositioning of functions, and the new activities and growth of existing activities that required targeted upskilling and capability building.

In addition, in line with the Board and Management's direction, a workforce analysis exercise was performed to ensure Mobily's workforce requirements are being met across all areas of growth and need, as the business continuously adapts to become a more agile, efficient and effective organization.

Furthermore, reflecting our dedication to maintaining the highest standards of workplace health and safety, our facilities and administration department received ISO 45001:2018 certification in 2020.

Driving Strategic Progress through Human Resources

In order to successfully execute Mobily's GAIN strategy, the Human Capital arena must contribute to all the strategic focus areas

HC contribution to GAIN focus areas

G **GROW** core revenues	Sustainable Growth CX and Differentiation	Learning and developement
A **ACCELERATE** digital revenue streams	Capabilities Digitalization	Build-Buy-Borrow Talent
I **IMPLEMENT** and optimize efficient delivery	Effectiveness Agility	Performance driven Organization
N **NURTURE** a positive experience for all	Culture Brand Equity	Employer Branding

SOCIAL

Supporting our People (continued)

Listening to our People

We gather extensive feedback from our workforce throughout the year to determine their engagement and the success of our various HR programs. This process is instrumental in providing insights into the most pressing needs of Mobily employees. It sheds light on areas of positive progress and areas where there is room for improvement. The results of our annual global employee engagement survey this year yielded a strong overall score of 89%.

We also convened a number of employee focus groups throughout the year, which complemented one-to-one conversations with employees and leaders within Mobily, to gain further insights regarding potential improvements in all areas.

Furthermore, we established a new Corporate Culture email contact platform to receive feedback, suggestions and questions from employees. Based on the feedback received via these various channels, we aim to enhance and improve our overarching employee value proposition.

Meaningful Work	Hands-on Management	Productive Environment	Growth Opportunity	Trust in Leadership	Health and Wellbeing
Autonomy	Clear goal setting	Flexible work environment	Facilitated talent mobility	Mission and purpose	Safety and security
Selection to fit	Coaching and feedback	Recognition rich culture	Career growth in many paths	Investment in people, trust	Fitness and health
Small teams	Leadership development	Open flexible work spaces	Self and formal development	Transparency and communication	Financial wellbeing
Time for slack	Modern performance management	Inclusive, diverse culture	High impact learning culture	Inspiration	Psychological wellness and support

Sound Strategy and Values

As of end-2020, Mobily employed 4,306 people and we have achieved an overall Saudization rate of 84%, an increase on 2019 that demonstrates our commitment to the goals of Saudi Vision 2030 for increased engagement of Saudi nationals in the Kingdom's workforce.

Our commitment remains to ensure the wellbeing of our people and to provide them with a safe and secure working environment. This is also reflected in the strength of our Passionate, Caring, Agile and Progressive core values.

Mobily's new GAIN strategy, which complements our strong corporate values, fostered a deep sense of accountability, loyalty and responsibility among our people in their day-to-day business activities throughout the crisis. This resilience was supported by an astute business continuity plan, and a culture of continuous learning that was maintained via multiple new channels and platforms.

AGILE

We are open, flexible, and make every second count.

COURAGEOUS

We are brave enough to take bold steps and determined to see them through.

CLEAR

We keep things black and white.

CARING

We treat you as an individual and value diversity in thought and perspective.

Continuing to Prioritize our People in 2021

In the coming year, Mobily will continue to prioritize the health and safety of our people, ensuring their physical, mental and emotional wellbeing, as the COVID-19 pandemic continues to disrupt our daily lives.

To enhance our performance in 2021, we intend to finalize our restructuring activities and initiate a new holistic HR automation plan to maximize the efficiency of our HR processes. We will also activate the role of Mobily's employees in building and designing an action plan based on the results and feedback from the global employee engagement survey conducted in 2020.

We also intend to establish a Change Agents Network to help to facilitate organization-wide change initiatives and support the execution of our employee engagement survey action plan for each unit; launch an employee value proposition initiative that aligns with our GAIN corporate strategy and lays out our commitments towards all our employees to support the attraction, retention and engagement of our talent; and enhance our Mobily Alumni Club to elevate our employee experience journey, so that it begins before their joining date and doesn't end when they leave the organization.

SOCIAL

Caring for our Community and Country

In view of the challenging environment imposed across the world by COVID-19, Mobily redoubled its efforts to support the Kingdom and its people in 2020. Our newly created Corporate Citizenship Department took the lead in putting our CSR strategy and program into action through numerous activities to ensure significant and sustainable positive impact for our communities and country.

The Mobily Corporate Citizenship, CSR and Sustainability Program aims to develop, deliver and sustain a number of initiatives and a portfolio of effective and impactful partnerships between Mobily and the community in a way that benefits all stakeholders.

To this end, and in a process hastened by the onset of the global pandemic and its significant impacts on society, we initiated talks with a number of leading public, semi-government and non-profit organizations, establishing the basis for more formal cooperative partnerships. These potential collaborations span a variety of areas in which we feel we can make a positive contribution to the development of the Kingdom and its people, in alignment with Saudi Arabia's 2030 Vision.

Responding to COVID-19

During these uncertain times, Mobily has sought to proactively and effectively support our communities. In cooperation with the Saudi Ministry of Health, we launched multiple COVID-19 awareness campaigns, both internally for our employees and across the Kingdom. By utilizing the full extent and reach of the Company's social media presence, we ensured these important campaigns reached the most people possible across the country.

This allowed us to circulate consumer support, advice, safety instructions and other messages and information to address all sections of society, from the victims of the virus and their families through to the front-line heroes working to stem the spread of the virus and treat the sick.

One ground-breaking initiative that set Mobily apart was the heartfelt message we displayed on the King Fahad Road billboard, thanking our frontline workers publicly upon their return to work at the office. This high-profile campaign was seen by millions of people, and the exceptional impact of this simple act was felt nationwide.

Personal Wellbeing and Professional Development

We established a virtual training program to allow employees to focus on their professional development during the COVID-19 lockdown, delivered through partnerships with well-known electronic training providers. This program was complemented by numerous communications, announcements and recognition programs for the top learners, further motivating our people to participate.

We partnered with the Sports for All (SFA) foundation, which is committed to achieving the Ministry of Sports' goals for physical health and wellbeing in the Kingdom, in line with Saudi Vision 2030, to increase physical activity of Mobily employees. It also served to empower our employees to have an impact in their own communities by endorsing, enabling, activating and promoting sports and healthy living.

Supporting the Kingdom's Diverse Communities

Throughout 2020, we maintained our social impact partnership with the Ministry of Housing's Jood Eskan platform, which aims to involve the broader Saudi community in Kingdom-wide efforts to provide housing support to those in need.

We also launched a partnership with the Ministry of Human Resources and Social Development (MHRSD) to design customized initiatives that contribute to society by utilizing Mobily's telecommunications network, and came together with the Ministry of Municipal and Rural Affairs (MOMRA) to explore how to encourage physical activities in government-owned parks by promoting a broad range of sports.

Since the outbreak of the pandemic, Mobily has redoubled its efforts to support a range of national educational initiatives, such as the Saudi Human Resources Development Fund's (HRDF) Tamheer on-the-job training initiative and the College Cooperative Programs and Internships, helping to provide Saudi graduates from local and international universities with the expertise and skills to contribute meaningfully to the labor market. We consequently hired more than 132 trainees to become full-time Mobily employees in 2020, all of whom have contributed to the Company's success and will continue to do so in the years ahead.

Enhancing our Social Responsibility in 2021

In the year ahead, we will continue to grow our commitments and programs with the community, building on the early momentum of the Mobily Corporate Citizenship, CSR and Sustainability Program to further develop and launch key initiatives for lasting social impact, including:

ORGANIZE AND ENCOURAGE CHARITY, DONATIONS, AND PHILANTHROPY IN MOBILY AND THE TELECOMMUNICATION INDUSTRY AS A WHOLE.

ENCOURAGE AND INFLUENCE INDIVIDUAL SOCIAL RESPONSIBILITY IN THE TELECOMMUNICATION SECTOR.

DEVELOP A VOLUNTEERING SYSTEM FOR MOBILY EMPLOYEES.

BUILD, ELEVATE AND SUPPORT THE CAPABILITIES OF THE PUBLIC, PRIVATE AND NON-PROFIT SECTORS AND ENCOURAGE THEIR GROWTH THROUGH:

- Injecting Mobily talents in these entities as trainers, or as beneficiaries
- Support and enable business incubator

Board of Directors

Mr. Suliman Abdulrahman Al Gwaiz
Chairman, Non-Executive Member

Mr. Al Gwaiz has been the Governor of the General Organization for Social Insurance (GOSI) since 2013. He has previously held various positions at Riyad Bank since 1992, and held the Deputy CEO position from 2002 to 2013. Prior to that, he held various positions at the Saudi American Bank (the current SAMBA Bank) from 1981 to 1992, and was one of the Corporate Banking Group's Division Heads from 1989 to 1992. Mr. Al Gwaiz has specific experience in the areas of banking operations, finance, credit, and general business management.

He holds a Bachelor's degree in Business Administration from the University of Portland, USA. He has also completed the two Citibank advanced programs in Banking Operations Management (1982) and Corporate Finance (1990).

Current Board memberships

Within Saudi Arabia:

- Saudi Industrial Investment Group – Listed Joint Stock Company
- Saudi Arabian Mining Company (Maaden) – Listed Joint Stock Company
- Hassana Investment Company (HIC) – Closed Joint Stock Company – affiliated to the General Organization for Social Insurance
- SMCG – Closed Joint Stock Company – affiliated to the General Organization for Social Insurance
- Mudad – Closed Joint Stock Company – affiliated to the General Organization for Social Insurance
- Future Business Company – Closed Joint Stock Company – affiliated to the General Organization for Social Insurance

Previous Board memberships

Within Saudi Arabia:

- National Company for Glass Industries (ZOUJAJ) – Listed Joint Stock Company
- National Industries Company (NIC) – Listed Joint Stock Company
- Banque Saudi Fransi – Listed Joint Stock Company
- Ajil Financial Services – Closed Joint Stock Company

Outside Saudi Arabia:

- Royal and Sun Alliance Insurance (Middle East) – Closed Joint Stock Company
- MasterCard International (Africa and South Asia) – Limited Liability Company

Eng. Abdullah Mohammed Al Issa

Vice Chairman, Independent Member

Eng. Al Issa is the Chairman of Assila Investments Company. He is also Chairman of Abdullah Mohammed Al Issa Consulting Engineers Company and of Amias Holding Company. He was previously the CEO of Assila Investment Company and President of the Saudi Construction Company. He has extensive experience in engineering and investment. Eng. Al Issa holds a Master's degree in Engineering Management and a Bachelor's degree in Industrial Engineering from Southern Methodist University, USA.

Current Board memberships

Within Saudi Arabia:

- Riyad Bank – Chairman of Board - Listed Joint Stock Company
- Dur Hospitality – Chairman of Board – Listed Joint Stock Company
- SABIC – Listed Joint Stock Company
- Assila Investment Company – Chairman of Board – Closed Joint Stock Company
- Amias Holding Company – Limited Liability Company

Outside Saudi Arabia:

- Clarinet Company – Listed Joint Stock Company

Previous Board memberships

Within Saudi Arabia:

- Arabian Cement Co. – Listed Joint Stock Company
- Saudi Arabian Mining Company (Maaden) – Listed Joint Stock Company
- National Medical Care Co. (Care) – Listed Joint Stock Company
- Cement Products Company – Limited Liability Company
- Jadwa Investment – Unlisted Joint Stock Company
- National Chemical Carriers Company – Unlisted Joint Stock Company
- National Shipping Company of Saudi Arabia (Bahri) – Listed Joint Stock Company

Outside Saudi Arabia:

- SABIC Capital – Limited Liability Company

Eng. Khalifa Hassan Al Shamsi

Non-Executive Member

Eng. Al Shamsi is the Chief Corporate Strategy and Governance Officer at Etisalat Group. He previously held the position of Chief Digital Services Officer at Etisalat, UAE, before which he was the Chief Marketing Officer and Head of Mobile Networks. Al Shamsi has 27 years of experience in digital transformation, marketing, strategy, engineering and telecommunications. He holds a Bachelor's degree in Electrical Engineering from the University of Kentucky, USA.

Current Board memberships

Outside Saudi Arabia:

- Etisalat Afghanistan – Limited Liability Company
- PTCL – Listed Joint Stock Company
- Ufone – Limited Liability Company
- E-Vision – Limited Liability Company
- Etisalat Technology Services (ETS) – Limited Liability Company
- UAE International Investors Council

Board of Directors (Continued)

Eng. Homood Abdullah Al Tuwaijri
Independent Member

Eng. Al Tuwaijri joined Mobily's Board of Directors in December 2015. He has 30 years of notable experience in the petrochemicals industry, engineering, strategic management, economy, management and financial services, IT, legal affairs, compliance and governance. Previously, Mr. Al Tuwaijri was Saudi Basic Industry Corp.'s (SABIC) Executive Vice President for Strategic Planning, Finance for Petrochemicals Strategic Business Units Coordination, and Supply Chain Management, Corporate Governance and Control.

Eng. Al Tuwaijri has previously held Board memberships in manufacturing, utilities, banking and insurance sectors. He is currently a member of the Board of Directors of the Company for Cooperative Insurance (Tawuniya).

He holds a Bachelor's degree in Business and Engineering from the University of Washington in 1980, and a Master's degree in Engineering from Georgia Institute of Technology in 1983.

Current Board memberships

Within Saudi Arabia:

- The Company for Cooperative Insurance (Tawuniya) – Listed Joint Stock Company

Previous Board memberships

Within Saudi Arabia:

- Alinma Bank – Listed Joint Stock Company
- The Company for Cooperative Insurance (Tawuniya) – Listed Joint Stock Company
- Tabuk Cement – Listed Joint Stock Company

Outside Saudi Arabia:

- Aluminum Bahrain (Alba) – Listed Joint Stock Company

Mr. Serkan Sabri Okandan
Non-Executive Member

Mr. Okandan is the CFO of VEON Group headquartered in Amsterdam, the Netherlands, since May 2020. He was Group CFO of Etisalat Group from January 2012 to April 2020 and previously Deputy CEO of Mobily from 2014 to 2015. He also served as CFO of Turkcell Group from 2006 until 2011. Mr. Okandan is a finance executive with international telecom and finance management experience in Eastern Europe, Middle East, Asia and Africa. He holds a Bachelor's degree in Economics and Administration Science from the Bogaziçi University in Istanbul, Turkey.

Current Board memberships

Outside Saudi Arabia:

- Beeline Russia – Limited Liability Company
- Kyivstar Ukraine – Limited Liability Company
- Jazz Pakistan – Listed Joint Stock Company
- Banglalink Bangladesh – Limited Liability Company

Previous Board memberships

Outside Saudi Arabia

- PTCL – Limited Liability Company
- Ufone – Limited Liability Company
- Maroc Telecom – Listed Joint Stock Company
- Etisalat Services Holding – Limited Liability Company
- Etisalat Nigeria – Limited Liability Company

Eng. Saleh Abdullah Al Abdooli

Non-Executive Member

Eng. Al Abdooli is the former CEO of Etisalat Group and previously served as CEO of Etisalat UAE and Etisalat Egypt. Eng. Al Abdooli has experience in engineering, telecommunications and planning. He is a telecom expert, an entrepreneur and a well-seasoned CEO with over 28 years of experience in multiple markets in the MENA region in greenfield and legacy operations. He has a proven record in group and portfolio management, operations management, turnaround and transformation, technology evolution and digitization.

His accomplishments include successfully transforming Etisalat UAE from a traditional telecom company into a digital telecom company, and reshaping the Company's vision, strategy, talent and operating model in order to lead in the digital space.

Eng. Al Abdooli holds a Master's degree in Telecommunications and a Bachelor's degree in Electrical Engineering from the University of Colorado Boulder, USA.

Current Board memberships

Outside Saudi Arabia:

- Etisalat Egypt – Unlisted Joint Stock Company
- Maroc Telecom – Listed Joint Stock Company
- Khalifa University – Government

Eng. Ali Abdulrahman Al Subaihin

Independent Member

Eng. Al Subaihin is a Founding Partner of Chedid Reinsurance Brokerage Ltd and a member of the Business Advisory Council at the College of Business Administration, Al Faisal University. He was previously the CEO at Tawuniya for Cooperative Insurance and General Manager of Finance and Information Services at Saudi Petrochemical Company. Eng. Al Subaihin has experience in insurance, control engineering and IT, financial management, treasury management, marketing and sales.

He holds a Bachelor's degree in Systems Engineering from King Fahd University of Petroleum and Minerals, Saudi Arabia. He completed the Executive Program in Management and Cost Accounting at the University of Houston, USA, as well as a number of courses at Northwestern, Harvard, INSEAD and the International Institute for Management Development (IMD).

Current Board memberships

Within Saudi Arabia:

- Astra Industrial Group – Listed Joint Stock Company
- Middle East Financial Investment Company (MIFC Capital) – Unlisted Joint Stock Company

Previous Board memberships

Within Saudi Arabia

- The Company for Cooperative Insurance (Tawuniya) – Listed Joint Stock Company
- Cooperative Real Estate Investment Company (CREIC) – Government
- WASEEL – Unlisted Joint Stock Company
- Najm for Insurance Services – Unlisted Joint Stock Company
- Council of Cooperative Health Insurance – Government
- Alyusr Leasing and Financing Company – Unlisted Joint Stock Company
- Best Rent A Car Company – Unlisted Joint Stock Company

Outside Saudi Arabia

- United Insurance Company (Bahrain) – Unlisted Joint Stock Company

Board of Directors (Continued)

Mr. Mohammed Hadi Al Hussaini
Independent Member

Mr. Al Hussaini has extensive professional experience in the banking, finance, real estate, telecommunications and investment sectors. He is now an administrative partner at H&H Investment and Development. Previously, he was Chief Executive Officer of Bright Start, and was Managing Director for one of Emirates NBD's branches.

He holds a Bachelor's degree in International Management from Franklin College, Switzerland, and an MBA in International Business from Webster University, Switzerland.

Current Board memberships

Outside Saudi Arabia:

- Emirates Integrated Telecommunications Company – Listed Joint Stock Company
- Emirates NBD – Listed Joint Stock Company
- Emirates Islamic Bank– Listed Joint Stock Company
- Dubai Refreshments– Listed Joint Stock Company
- Emaar Malls– Listed Joint Stock Company
- Investment Corporation of Dubai
- Emirates Investment Authority

Mr. Hussein Ali Al Asmari
Independent Member

Mr. Al Asmari is acting Governor's Assistant for Information Technology at the Public Pension Agency. He previously served as General Manager of Digital Channels, Distribution and Retail Solutions at STC Channels and General Manager of IT Governance and Strategy at Saudi Arabian Mining Company (Maaden). Mr. Al Asmari has over 20 years of experience in IT, sales and governance. He holds a Bachelor's degree in Computer Science from King Abdulaziz University, KSA.

Eng. Moataz Qusai Al Azzawi
Independent Member

Eng. Al Azzawi is the Executive Director of Saudi Industrial Construction and Engineering Projects Company. Eng. Al Azzawi has experience in engineering, telecommunications and strategic planning. He holds a Bachelor's degree in Computer Engineering from King Saud University, KSA.

Current Board memberships

Within Saudi Arabia:
- Riyad Bank – Listed Joint Stock Company
- Savola Group – Listed Joint Stock Company
- Arabian Cement Company – Listed Joint Stock Company
- Herfy Food Services – Listed Joint Stock Company
- Savola Foods – Unlisted Joint Stock Company
- United Sugar Company – Unlisted Joint Stock Company
- Saudi Industrial Constructions & Engineering Project Company – Limited Liability Company
- Saudi Technology and Trade Company – Limited Liability Company
- Al Wosata Development Company – Limited Liability Company

Outside Saudi Arabia:
- Afia International Company – Unlisted Joint Stock Company
- United Sugar Company (Egypt) – Unlisted Joint Stock Company
- Alexandria Sugar Company – Unlisted Joint Stock Company
- Queen Foods – Unlisted Joint Stock Company
- El Farasha Food Industries – Unlisted Joint Stock Company
- Qatrana Cement – Unlisted Joint Stock Company
- Ready Mix Concrete and Construction Supplies Company – Listed Joint Stock Company

Previous Board memberships

Within Saudi Arabia
- Merrill Lynch Saudi Arabia – Unlisted Joint Stock Company

Board of Directors (Continued)

Board of Directors' meetings and attendance

The Board of Directors held 6 meetings during 2020, as shown in the table below. The Board dedicated the time required to perform its duties and responsibilities, including preparation for Board meetings and the meetings of the Company's Committees, and ensuring members' attendance at meetings.

It is worth noting that the current Board's session started on 1 December 2018 and will continue for 3 years. The following table illustrates the Board's meetings throughout 2020, as well as the attendance of the Board members:

No.	Name	Position/Membership type	3 February	13 April	29 June	4 October	20 October	17 December
1	Suliman Al Gwaiz	Chairman – Non-Executive Member	Present	Present**	Present**	Present**	Present**	Present**
2	Abdullah Al Issa	Vice Chairman – Independent Member	Present	Present**	Present**	Present**	Present**	Present**
3	Khalifa Al Shamsi	Non-Executive Member	Present	Present**	Present**	Present**	Present**	Present**
4	Mohammed Al Hussaini	Independent Member	Present	Present**	Present**	Present**	Present**	Present**
5	Homood Al Tuwaijri	Independent Member	Present	Present**	Present**	Present**	Present**	Present**
6	Ali Al Subaihin	Independent Member	Present	Present**	Present**	Present**	Present**	Present**
7	Serkan Okandan	Non-Executive Member	Present	Present**	Present**	Present**	Present**	Present**
8	Saleh Al Abdooli	Non-Executive Member	Present	Present**	Present**	Present**	Present**	Present**
9	Hussein Al Asmari	Independent Member	Present	Present**	Present**	Present**	Present**	Present**
10	Moataz Al Azzawi	Independent Member	Present*	Present**	Present**	Present**	Present**	Present**

* Joined via phone call
** Joined via video call

The Company's Committees

In accordance with the Articles of Association of the Company and the Corporate Governance Regulations issued by the CMA, the following Committees are formed:

Audit Committee

The Audit Committee was formed by a resolution of the General Assembly of the Company held on 28 November 2018, for the current session commencing 1 December 2018 and will last until 30 November 2021.

The following are members of the Committee who are not members of the Board of Directors:

Mr. Jameel Abdullah Almulhem

Non-Board Member serving as a member of the Committee (Chairman of the Audit Committee)

Mr. Almulhem previously held several positions at Saudi British Bank before being appointed as COO of Saudi Telecom Company in Saudi Arabia. He then served as Managing Director of Shaker Group. He currently serves as the Managing Director of Takween Group as well as a member of many boards and board committees of joint stock and private companies within and outside Saudi Arabia. Mr. Almulhem has experience in banking, marketing, business, strategic and financial planning, governance and telecommunication; he holds a Bachelor's degree in Marketing from King Fahd University of Petroleum and Minerals (Saudi Arabia). He has completed several training courses at a number of specialized institutes in the USA and Europe.

Dr. Abdulrahman Mohammed Al Barrak

Non-Board Member serving as a member of the Committee (Audit Committee)

Dr. Al Barrak is the President of THARA Consultants. He has extensive experience in financial markets, finance and corporate governance, and internal audit and control systems. Dr. Al Barrak has served as a member and then Vice President of the Capital Market Authority (CMA) Board of Commissioners for nine years. He also chaired the Audit Committee of the Capital Market Authority (CMA), the Saudi Organization for Certified Public Accountants (SOCPA) and a number of Executive Committees and Strategic Committees overseeing projects related to the development of the Saudi financial market. In addition, he has previously served as Head of Finance and Dean of Faculty Affairs at King Faisal University. Currently, Dr. Al Barrak is a board member for a number of joint stock companies and Chairman and member of a number of their committees. He holds a Bachelor's degree in Accounting and a Master's and PhD in Finance.

During 2020, the Audit Committee held 5 meetings. The meetings of the Audit Committee and the attendance of members are shown below:

Name	Position/Membership Type	17 February	20 April	20 July	18 October	10 December
Jameel Almulhem	Chairman of the Committee (non-Board member)	Present	Present**	Present**	Present**	Present**
Mohammed Al Hussaini	Independent Member	Present*	Present**	Present**	Present**	Present**
Serkan Okandan	Non-Executive Member	Present**	Present**	Present**	Present**	Present**
Homood Al Tuwaijri	Independent Member	Present	Present**	Present**	Present**	Present**
Abdulrahman Al Barrak	Non-Board Member	Present	Present**	Present**	Present**	Present**

* Joined via phone call
** Joined via video call

The Audit Committee is responsible for monitoring the Company's business and verifying the integrity of its financial statements and reports and internal control systems. The duties and responsibilities of the Committee include:

1. External Auditor and financial reports

- Reviewing, assessing and verifying the qualifications, performance, objectivity and independence of the External Auditor, including the main Shareholder and other senior members of the independent audit team on an annual basis and obtaining an annual acknowledgment of that independence and verifying the effectiveness of the audit work, considering relevant rules and standards
- Reviewing the External Auditor's audit plan, scope, approach and his work
- Ensuring that the External Auditor does not provide any technical or administrative services that are beyond the scope of the Audit works, while offering the Committee's insights in this regard
- Reviewing the External Auditor's report and comments on the financial statements and monitoring the actions taken in this regard
- Reviewing the interim and annual financial statements before their submission to the Board of Directors and providing feedback and recommendations regarding their fairness, integrity and transparency
- At the request of the Board of Directors, the Committee shall provide its technical opinion on whether or not the Annual Report of the Board of Directors and the financial statements are fairly, consistently and understandably presented and contain appropriate information to enable Shareholders and investors to assess Mobily's financial position, results of operations, performance, business models and strategies
- Reviewing with the External Auditor the extent to which the changes or improvements to financial or accounting practices have been implemented
- Regularly reviewing with the External Auditor any problems or difficulties they face during the audit work, including any restrictions on the External Auditor's scope of work or obtaining the required information and management's response to the same
- Examining the current accounting policies and providing feedback and recommendations to the Board in this regard
- Examining any abnormal or serious matters found in the financial reports or such matters as may be raised by the CFO, any person assuming the CFO's duties, or the Company's Compliance Officer or Auditor
- Examining the accounting estimates in respect of significant matters that are contained in the financial reports
- Responding to the External Auditor's inquiries
- Reviewing and discussing the quarterly and annual press releases

2. Internal Audit

- Examining and reviewing the Company's internal and financial control systems and risk management system
- Reviewing the Internal Audit reports and monitoring the modification and corrections in regard to the Audit observations in these reports
- Monitoring and overseeing the activities and performance of the Company's Internal Auditor and Internal Audit department to ensure the availability of necessary resources and the department's efficiency in carrying out its responsibilities and duties
- Reviewing and submitting written recommendations on such regular internal reports (or their summaries) as may be prepared by Internal Audit, as well as management responses, and monitoring the implementation of the Committee's recommendations and agreed action steps in this regard

Board of Directors (Continued)

3. Ensuring compliance

- Reviewing the results of any reports or examinations made by regulatory bodies and ensuring that the Company has taken the necessary actions in this regard
- Ensuring that the Company has taken appropriate measures to comply with the relevant laws, regulations, policies and procedures
- Reviewing the contracts and proposed Related Party transactions, and providing its recommendations to the Board in connection therewith
- Reporting to the Board any issues in connection with what it deems necessary to take action on, and providing recommendations as to the steps that should be taken

4. Ethics and anti-fraud

- The Committee shall make arrangements to enable the Company's employees to provide anonymous reports about their concerns and comments regarding financial and other matters. The Committee shall also ensure the effective implementation of measures through appropriate independent investigations into the size of reported irregularities, errors, infringements, inaccuracies or irregularities and take appropriate follow-up actions
- Ensuring that appropriate measures are taken to respond to any reported allegations or concerns, including obtaining external legal or technical advice where appropriate
- Reviewing and evaluating Mobily's management of the Code of Conduct

5. Reporting to the Board of Directors

- Preparing a report on the opinion and recommendation of the Committee on the adequacy of the internal control systems, the financial controls and risk management and the extent to which the Committee has discharged its responsibilities. The report shall be printed and made available to Shareholders in the head quarter of the Company by the Board of Directors at least 21 days prior to the General Assembly meeting. The summary of the report shall also be read out at the General Assembly meeting. The report shall also be made available on the Company's and Stock Exchange's websites when the call to convene the General Assembly is published
- Reporting on issues requiring action with the Committee's recommendations on actions to be taken to the Board of Directors, whenever necessary

6. Coordinating with the Board of Directors' Risk Management Committee

- The Committee shall coordinate with the Risk Management Committee to use the risk assessment outputs and risk management evaluations and to take them into consideration in the Internal Audit plan

7. Other responsibilities

- Reviewing its charter periodically, at least annually, and making recommendations to the Board of Directors of any necessary amendments.
- At least three months before the end of the year, the Committee shall develop its annual action plan and schedule for the coming year. This shall include the Committee's regular meetings, meetings with Management, external and Internal Auditors, and such other activities in the light of its duties and responsibilities set out in its charter
- Carrying out any other activities in accordance with its charter, Mobily's Articles of Association, the applicable laws and as may be deemed necessary by the Board

Executive Committee

The Executive Committee was formed by the Board of Directors for the current session, commencing 1 December 2018 and will last until 30 November 2021.

Over the course of 2020, the Committee held 1 meeting. The meeting of the Executive Committee and the attendance of members are shown below:

Name	Position/Membership Type	17 November
Suliman Al Gwaiz	Chairman of the Committee – Non-Executive Member	Present*
Abdullah Al Issa	Independent Member	Present*
Khalifa Al Shamsi	Non-Executive Member	Present*
Saleh Al Abdooli	Non-Executive Member	Present*
Moataz Al Azzawi	Independent Member	Present*

* Joined via video call

The duties and responsibilities of the Committee include:

1. Exercising the powers entrusted by the Board to manage and direct the business of the Company, with the exception of:

- Amending the Company's Articles of Association
- Electing or dismissing members of the Board
- Approving or amending the budget, except in accordance with the Company's delegation of authority
- Making substantial structural changes, such as changing the Company's capital, mergers and acquisitions, sale of assets, joint ventures or other similar arrangements, liquidating or suspending the Company's business or dissolving the Company.
- Borrowing any amounts
- Any powers and responsibilities expressly delegated to other Board Committees
- Any other matters that cannot be delegated by the Board under the applicable regulations or the Company's Articles of Association

2. Following up on the Company's strategic plans for the long, medium and short-term and revising them from time to time and recommending to the Board of Directors any update or modification when deemed necessary.
3. Acting as a guide for the Company's Management on emerging issues and investment opportunities.
4. Reviewing fundamental legal issues and emerging lawsuits.
5. Approving the appointment of advisory bodies in case the appointment exceeds Management's authority in approving such bodies.
6. Filing reports to the Board of Directors regarding decisions or procedures taken by the Committee or that require the approval of the Board.
7. Such other matter as assigned by the Company's Board of Directors.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee was formed by the Board of Directors, for the current session commencing 1 December 2018 and will last until 30 November 2021.

Over the course of 2020, the Committee held 6 meetings. The meetings of the Nomination and Remuneration Committee and the attendance of members are shown below:

Name	Position/Membership Type	17 February	8 March	5 April	14 May	10 September	26 November
Ali Al Subaihin	Chairman of the Committee - Independent Member	Present	Present	Present*	Present*	Present*	Present*
Moataz Al Azzawi	Independent Member	Present	Present	Present*	Present*	Present*	Present*
Serkan Okandan**	Non-Executive Member	Present*	Present*	Present*	Absent	-	-
Khalifa Al Shamsi**	Non-Executive Member	-	-	-	-	Present*	Present*

*Joined via video call
** Member/ Eng. Khalifa Al Shamsi was appointed to take the place of Member/ Mr. Serkan Okandan as of 29 June 2020

The duties and responsibilities of the Committee include:

1. Giving recommendations to the Board of Directors regarding nominated members in accordance with the approved policies and criteria, ensuring that nominees have not been charged with any crimes against honor and integrity.
2. Recommend to the Board of Directors to nominate and re-nominate members of the Audit Committee.
3. Proposing a new member to the Board after consulting with the Audit Committee to appoint him temporarily as a member when the position of the Audit Committee member becomes vacant.
4. Proposing clear policies and conditions for the membership of the Board of Directors and Executive Management and developing special procedures to deal with situations when a position of a member of the Board of Directors or Executive Management becomes vacant.
5. Annually reviewing the Board's requirements of skill and experience and preparing a description of qualifications and capabilities required in nominees for Board membership and Executive Management.
6. Reviewing the Board of Directors' and Executive Management's structure and giving recommendations on proposed changes.
7. Determining the strengths and weaknesses of the Board of Directors and proposing solutions that align with the Company's best interests.

Board of Directors (Continued)

8. Annually examining and ensuring independence of Independent Board Members and the absence of any conflicts of interest if a Director is at the same time a member of another company's Board of Directors.
9. Developing clear policies outlining the remuneration and rewards of members of the Board and its Committees and Executive Management. These policies should be based on performance-related criteria and shall be disclosed, verified and submitted to the Board for consideration before being adopted by the General Assembly.
10. In selecting nominees for Board membership, the Committee shall consider several factors, including but not limited to:

- Integrity, honesty and responsibility
- Proven leadership experience and strong business acumen
- Future foresight and strategic focus
- Cooperation
- Independence and lack of conflicts of interest
- Ability to devote the time necessary to fulfil the responsibilities of a Board member

11. Ensuring that there is an induction program for new members of the Board of Directors.
12. The Committee shall provide continuous education and training programs and make sure that the Board of Directors is kept informed of the latest developments in the telecom industry.
13. The above paragraph shall be treated in accordance with the Company's approved policy on training programs and business trips.
14. Checking the stability of the Company's job positions and overseeing the Company's preparation of a succession plan, particularly for the Executive Management.
15. When nominating members of the Board of Directors, the Committee shall consider the terms and conditions of the Corporate Governance Regulations and the requirements set by the Capital Market Authority (CMA).
16. The number of nominees for the Board of Directors whose names are proposed to the General Assembly shall exceed the number of available seats in order to enable the General Assembly to choose from among them.
17. Developing job descriptions for Executive, Non- Executive and Independent Members and Senior Executives.
18. Clarifying the relationship between the remuneration awarded and the applicable remuneration policy and indicating any material deviation from this policy.
19. Regularly reviewing the remuneration policy and evaluating its effectiveness in achieving the intended objectives.
20. Recommending the remuneration of the Board of Directors, the Board Committees and Executive Management in accordance with the approved policy.
21. The Committee shall examine the subjects assigned to it or referred to it by the Board of Directors and submit its recommendations to the Board of Directors for decision, or the Committee shall make decisions if authorized by the Board.
22. The Board report submitted to the General Assembly shall indicate the number of Committee meetings and how many times each member was present at those meetings.

Risk Management Committee

The Risk Management Committee was formed by the Board of Directors for the current session, commencing 1 December 2018 and will last until 30 November 2021.

Over the course of 2020, the Committee held 4 meetings. The meetings of the Risk Management Committee and the attendance of members are shown below:

Name	Position/Membership Type	27 January	6 April	15 July	27 October
Homood Al Tuwaijri	Chairman of the Committee – Independent Member	Present	Present*	Present*	Present*
Khalifa Al Shamsi	Non-Executive Member	Present	Absent	Present*	Present*
Serkan Okandan	Non-Executive Member	Present	Present*	Present*	Present*
Hussein Al Asmari	Independent Member	Present	Present*	Present*	Absent

*Joined via video call

The duties and responsibilities of the Committee include:

1. Reviewing and evaluating the safety and efficiency of risk management within the Company.
2. Monitoring the implementation of the risk management framework and strategy.
3. Reviewing tolerance levels and risk limits, related reports and the necessary procedures applied, to reduce risks that occur.

The Committee's assignment lasts throughout the term of the Board of Directors and expires at the end of this period. The regulations of the Committee include controls to enable the Board to routinely follow up on its work and to verify actions assigned to it. These include Committee meetings, recommendations and how to notify the Board of Directors of such recommendations.

Interest, contractual securities or rights issue of the Board members and their relatives on shares or debt instruments of the Company or its affiliates

Etihad Etisalat Company (Mobily)

Name	No. of shares at start of 2020	No. of shares at end of 2020	Net change	Percentage change
Suliman Al Gwaiz	14,093	17,093	3,000	21.29%
Abdullah Al Issa	34,600	34,600	-	-
Khalifa Al Shamsi	-	-	-	-
Homood Al Tuwaijri	217,005	217,005	-	-
Ali Al Subaihin	21,600	21,600	-	-
Mohammed Al Hussaini	-	-	-	-
Serkan Okandan	-	-	-	-
Saleh Al Abdooli	-	-	-	-
Hussein Al Asmari	-	-	-	-
Moataz Al Azzawi	500	500	-	-

It is worth noting that there are no interest, contractual securities and rights issue for the Board of Directors' members and their relatives in the shares or debt instruments of affiliates.

Assessment of the Board of Directors' Performance

With a view to the continuity and development of the Board of Directors performance, meeting regulatory requirements and implementing best practices in governance and board effectiveness, Etihad Etisalat Company (Mobily) engaged Governance Compass Company, a specialized consultant, in April 2020, to assess the effectiveness and performance of the Board. Members of the Board and its committees proved transparent and cooperative as they responded to the requirements of the independent consultant. Final results of the assessment will be presented to the Board of Directors in May 2021.

Executive Management

Senior Executives

Eng. Salman bin Abdulaziz Al Badran
Chief Executive Officer

Eng. Al Badran was appointed as CEO of Kuwait Telecom Company (VIVA) in January 2011 after previously working as the VIVA Chief Technical Officer, where he oversaw the technical and administrative aspects of its GSM network. Before this, he was the General Manager of Al Jawal Network at the Saudi Telecom Company (STC), managing large scale telecommunication projects.

Eng. Al Badran has over 23 years of experience with a proven track record of delivering operational excellence. This includes 18 years of expertise in telecommunications and GSM cellular networks, specifically in infrastructure implementation and operations management. He has a Bachelor's degree in Applied Electrical Engineering, with a specialization in Telecommunications and Power from King Fahad University of Petroleum and Minerals.

Mr. Khalid bin Abdulrahman Abanami
Chief Financial Officer

Mr. Abanami has over 23 years of experience in academic and professional areas, financial and strategic management, accounting, operation management and telecom. He started his career as a Finance Lecturer at the College of Business Administration at King Saud University, then worked in various sectors within Saudi Arabia and the wider Middle East region. He spent 11 years in the telecommunications sector, where he managed the finance, logistics, facility management and contract teams for VIVA, the Kuwait telecom subsidiary of Saudi Telecom Company (STC). He headed the reporting, planning and budgeting activities for STC.

Formerly, he was Financial Controller at the National Water Company where he managed the consolidation, budgeting and planning of all company operations. Recently, he held the positions of Chief Financial Officer and Vice President (VP) of Shared Services at Saudi Railway Company until 2019. He sits on the Boards and Audit Committees of several companies and government entities. He took part as a speaker in a number of leadership and finance conferences and forums.

Mr. Abanami holds a Bachelor's degree in Finance from King Saud University, and an MBA from Sam M. Walton College of Business, University of Arkansas, USA – Fayetteville.

Mr. Ismail bin Saeed Al Ghamdi
Chief Consumer Officer

In addition to his current position, Mr. Al Ghamdi is Board Chairman of the National Company for Business Solutions (NCBS), Etihad Fintech Company, and Sehaty for Information Technology Services. At Mobily, Mr. Al Ghamdi previously served as Chief Business Officer, Chief Corporate Strategy Officer, Chief Customer Care Officer and Chief Wholesales and Carrier services. Additionally, he was the Operations Manager at Cisco Systems and worked as Microsoft's Deputy General Manager. He also served as a Board member of Mobily Ventures and Mobily Infotech, India Private Limited. Mr. Al Ghamdi has experience in telecommunications, information technology, operations management, and strategic management.

Mr. Al Ghamdi holds a Bachelor's degree in Computer Science from King Abdulaziz University, KSA, and has completed the Leadership Development Program at Harvard Business School, USA.

Eng. Majed bin Abdulaziz Al Otaibi
Chief Business and Wholesale Officer

Previously, Eng. Al Otaibi worked as Senior Executive Officer in Sales and Marketing within Mobily, and before that he held the position of General Manager of B2B Marketing at STC and operated in a senior role for the Consumer Marketing team. Eng. Al Otaibi joined Mobily in 2016, bringing more than 20 years of experience in sales, telecommunications and engineering, as well as B2C and B2B marketing. In Mobily, Eng. Al Otaibi led efforts that helped widen the customer base of B2B in public and private sectors.

He holds a Bachelor's degree in Electrical Engineering from King Saud University, and he completed a course in Strategic Executive Marketing from INSEAD. He has also received a qualification in Executive Strategy Pricing from Chicago Booth University and has completed a course in Executive Leadership at Hult Ashridge Business School.

Eng. Alaa Malki
Chief Technology Officer

Prior to joining Mobily, Eng. Malki was team leader at Saudi Telecom Company (STC) and then Network Development Manager at Nokia. Eng. Malki joined the telecommunications sector at the beginning of 2000 and worked at many companies before he joined Mobily in 2005 as Planning and Development Manager. He then progressed through the ranks to become Chief Network Officer in 2015, before being appointed Chief Technology Officer. He has over 21 years of experience in the telecommunications sector. During his 15-year career in the Company, he has gained strategic and operational experience in managing network design projects and has contributed to the commercial success of the Company while operating within challenging regulatory conditions.

Eng. Malki has a Bachelor's degree in Electrical Engineering from King Fahd University of Petroleum and Minerals, KSA, and a Master of Business Administration from the University of Leicester, UK. Eng. Malki has also completed a Leadership Development Program at Harvard Business School, USA.

Mr. Majed bin Abdullah Al Shabana
Chief Legal Affairs and Corporate Governance Officer

Prior to joining Mobily, Mr. Al Shabana was the General Manager of Legal Affairs at Saudi Telecoms Company (STC), where he was responsible for overseeing multiple legal practice areas such as litigation, legal advisory, corporate issues, investigation, compliance, digitalization and corporate governance. He has more than 18 years of excellent legal and governance experience in the Information and Telecommunications Technology (ICT) industry.

Mr. Al Shabana has a Bachelor's degree in Islamic Studies from Imam Muhammad bin Saud Islamic University, KSA.

Eng. Mohammed Khalil Al Shammari
Chief Human Resources Officer

Eng. Al Shammari has over 14 years of experience in the HR Management field, including corporate strategy development, performance management, strategic planning, shared services, negotiation and capability building.

Early in his career, Eng. Al Shammari worked at the Saudi Electricity Company then joined Bank Al Bilad as a Senior Manpower Planning Specialist. In 2014, Eng. Al Shammari joined Al Faisaliah Group. Prior to assuming his role in Mobily, he joined SAR (Saudi Arabian Railway) as the Human Resources and Administration Director, where he efficiently managed and completed projects for large, medium, and small-scale industries. Today, Eng. Al Shammari is leading the Mobily HR Transformation Plan.

Eng. Al Shammari holds a Bachelor's degree in Industrial Engineering from King Saud University in Riyadh.

Mr. Omar bin Saud Al Rasheed
Chief Digital and Customer Experience Officer

Mr. Al Rasheed is a technology, media, and telecom (TMT) veteran with a mission of pioneering change and innovation towards attaining Mobily's efficient sustainable growth through his role as Chief Digital and Customer Experience Officer at Mobily.

During more than 15 years in Mobily, he has been excelling through multiple senior roles with wide exposure, and a solid background in strategy, IT and business. His previous roles include the General Manager for Mobily Infotech India Pvt Ltd and the EGM of Mobily Mega Projects.

Mr. Al Rasheed holds a BSc. in Computer and Information Sciences from King Saud University, KSA, along with a number of distinguished Executive Education programs from Harvard, Massachusetts Institute of Technology (MIT) and London Business School (LBS). He also has a PMP certification from the Project Management Institute.

Executive Management (Continued)

Interest, contractual securities or rights issue of the Senior Executives and their relatives on shares or debt instruments of the Company or its affiliates:

Etihad Etisalat Company (Mobily)

Name	Position	No. of shares at start of 2020	No. of shares at end of 2020	Net change	Percentage change
Eng. Salman Al Badran	Chief Executive Officer	-	-	-	-
Mr. Khalid Abanami	Chief Financial Officer	-	-	-	-
Mr. Ismail Al Ghamdi	Chief Consumer Officer	-	-	-	-
Eng. Alaa Malki	Chief Technology Officer	-	-	-	-
Mr. Majed Al Shabana	Chief Legal Affairs and Corporate Governance Officer	-	-	-	-
Eng. Mohammed Al Shammari	Chief Human Resources Officer	-	-	-	-
Eng. Majed Al Otaibi	Chief Business and Wholesale Officer	-	-	-	-
Mr. Omar Al Rasheed	Chief Digital and Customer Experience Officer	-	-	-	-

It is worth noting that there are no interest, contractual securities and rights issue for the Senior Executives and their relatives in the shares or debt instruments of the affiliates.


Mobily

GOVERNANCE

Related Party Transactions

During 2020, several related party transactions were conducted by the Company with Emirates Telecommunication Group Company and its subsidiaries, a founding and main Shareholder in Mobily, and there is an indirect interest for the Board members, namely: Eng. Saleh Al Abdooli, Eng. Khalifa Al Shamsi and Mr. Serkan Okandan.

Party	Relationship
Emirates Telecommunication Group Company PJSC	Major Shareholder (Founding Shareholder)
Emirates Data Clearing House	Associate to Emirates Telecommunication Group Company
Etisalat Misr S.A.E.	Associate - Subsidiary to Emirates Telecommunication Group Company
Etisalat Afghanistan	Associate - Subsidiary to Emirates Telecommunication Group Company
Etisalat Al Maghrib S.A (Maroc Telecom)	Associate - Subsidiary to Emirates Telecommunication Group Company
Pakistan Telecommunication Company Limited	Associate - Subsidiary to Emirates Telecommunication Group Company
Emirates Cable TV and Multimedia LLC	Associate - Subsidiary to Emirates Telecommunication Group Company
Sehati for Information Service Company	Joint venture

Services rendered to related parties comprise of the provision of telecommunication services, interconnection services and roaming services by the Group based on normal commercial terms. Services received from related parties comprise of telecommunication services, interconnection services and roaming services to the Group based on normal commercial terms. Management fees and other management expenses are calculated based on the relevant agreements with Emirates Telecommunication Corporation. The balances due to and from related parties are unsecured and will be settled in cash.

Following are the details of related party transactions during the financial year ended 31 December 2020:

Major Transactions with Related Parties in 2020 (SAR '000s)

	2020	2019
Interconnection services and roaming services rendered		
Founding Shareholder	40,309	96,344
Associate	3,927	8,526
Interconnection services and roaming services received		
Founding Shareholder	216,298	280,358
Associate	111,318	108,957
Management fees - Founding Shareholder	34,250	112,517
Other management expenses - Founding Shareholder	9,571	5,696
Other telecommunication services – Associate	7,053	6,939
Related Party Balances		
Due from related parties		
Founding Shareholder	85,464	77,676
Associate to founding Shareholder	3,569	4,424
Joint venture	23,166	8,166
	112,199	**90,266**
Due to related parties		
Founding Shareholder	129,016	233,214
Associate to founding Shareholder	23,820	31,551
	152,836	**264,765**

Mobily signed a contract for the establishment of a call center for the Public Pension Agency, which is valued at SAR 4,291,596 for a period of one year starting from 11 February 2020, and there is an indirect interest for the Board Chairman Mr. Suliman Al Gwaiz and the Board Member Mr. Hussein Al Asmari. In addition, the Company signed a contract with the Public Pension Agency, comprising several services including: installation of backup connections based on MPLS technology, provision of a backup internet connection, execution of professional works and services, technical support and operation in accordance with SLA agreement, which is valued at SAR 2,770,732 starting from 31 August 2020 (for a period of 36 months), and there is an indirect interest for the Board Chairman Mr. Suliman Al Gwaiz and the Board member Mr. Hussein Al Asmari.

Moreover, Mobily has amended and renewed the framework agreement, with Saudi Basic Industries Corp. (SABIC) for the provision of telecommunication services, which is valued at SAR 69,400,222 starting from 25 October 2020 until 31 March 2025, and there is an indirect interest for the Board Member Eng. Abdullah Al Issa.

Compensation and Remuneration

Compensation Policy, and Method of Determining Remunerations of Board Members and Senior Management:

General provisions:

1. The purpose of compensation is to encourage the members of the Board of Directors and the Executive Management to make the Company succeed and develop in the long-term.
2. The compensation shall be determined according to the level of the job concerned, the tasks and responsibilities assigned to the worker, his scientific and practical qualifications, the level of performance, and achievements.
3. This policy must be consistent with the nature of the risks surrounding the Company.
4. The Company's internal regulations must comply with this policy.
5. The practices of other companies should be taken into consideration in determining the compensation, avoiding any unjustified increase in remuneration and compensation.
6. This policy aims to attract, maintain and motivate professional competencies without any exaggeration.
7. Consider any new appointments in coordination with the Compensation and Remuneration Committee.
8. Consider the cases of suspension and refund of the remuneration if it was based on inaccurate information provided by the person concerned, in order to prevent the exploitation of employment status to obtain undeserved compensation.
9. This policy allows, in accordance with the regulations, the granting of shares in the Company to the Board of Directors' members and the Executive Management, whether newly issued or purchased shares.
10. This policy aims to enhance the Company's culture of disclosure and transparency, in accordance with the relevant regulations.

Scope of application

This policy shall be applied to the Board of Directors, its Committees and the Executive Management of the Company. It may be used for application in whole or in part to the general Staff of the Company.

Application responsibility

The Compensation and Remuneration Committee, in coordination with the Executive Management of the Company, shall follow up the application of this policy, verify the integrity of the procedures taken, evaluate any deviations that may arise in the application, and submit its requests to the Board of Directors for each matter that requires the guidance of the Board.

Remuneration of the Board of Directors and its Committees

1. The Company's Articles of Association shall provide the manner of remuneration to Directors.
2. Such remuneration may be a certain amount or an attendance allowance for meetings, in-kind benefits or a certain percentage of net profits. Two or more of these remunerations may be combined.
3. If the bonus is approved as a certain percentage of the profits of the Company, it shall not exceed 10% of the net profits after deducting the reserves decided by the General Assembly in application of the provisions of the Companies Law and the Company's Articles of Association, and after distributing a profit to the Shareholders, not less than 5% of the Company's paid-up capital, so that the remuneration is proportionate with the number of meetings attended by the member, and any other estimate is null and void.
4. In all cases, the sum of the remuneration of any Board member shall not exceed the amount of SAR 500,000 annually.
5. The Compensation and Remuneration Committee shall, upon consideration of the proposed remuneration of the Board and its Committees on an annual basis, verify the annual objectives set for the Company, the objectives achieved and the efforts made by the Board and its Committees during the year.
6. Remuneration of the Board of Directors and its Committees may be approved unevenly, whether at the member or committee level, depending on tasks, responsibilities and achievements.
7. If the reward granted to Board members or one of its Committees is based on inaccurate information or erroneous results, whatever the motivation, then the case shall be submitted to the Board for an appropriate decision; the relevant regulations shall be observed in consideration of the rules and preservation of the Company's Shareholder rights.
8. The decision of the Board of Directors in the preceding paragraph shall be either suspension of the payment, in case it is not paid yet, or it shall be partially or wholly refunded according to the circumstances of the case.

Remuneration of Executive Management

1. When approving the remuneration of the Executive Management, the policies adopted by the Company in this regard, as well as the achieved objectives set for it, must be considered.
2. The remuneration of each Executive Management officer may vary depending on the results achieved during the year assessed.
3. The remuneration shall take into consideration companies operating in the telecommunications sector as well as companies operating in the Saudi market.

4. The maximum ceiling of Executive Management bonuses may be reviewed annually, and any proposed amendments shall be raised to the Board of Directors and then to the General Assembly, in accordance with the regulations applicable in this area.
5. This policy must be consistent with the Company's strategy and objectives, and in accordance with its performance and evaluation policy in respect of Executive Management remuneration.
6. If the Executive Management's remuneration was based on inaccurate information or wrong results, whatever the motive was, then the case shall be submitted to the Board of Directors to take appropriate action; the relevant regulations shall be observed in its consideration with the rules and preservation of the Company's Shareholder rights.
7. The decision of the Board of Directors in the preceding paragraph shall result in either suspension of the payment, if it has not yet been paid, or refund it partially or totally, in accordance with the circumstances of the case.

The relationship between remuneration and the applicable remuneration policy:

There is no substantial deviation in the remuneration awarded according to the policy.

The following tables show compensation and remuneration details for Board members, Committee members and 5 Senior Executives who received the highest remuneration from the Company, including the Chief Executive Officer and Chief Financial Officer:

Board of Directors' compensation and remuneration (SAR '000s)

	Fixed remuneration							Variable remuneration								
	Specific amount	Allowance for attending Board meetings	Total Allowance for attending Committees meetings	In-kind benefits	Remunerations for technical, managerial and consultative work	Remunerations of the Chairman, Managing Director or Secretary, if a Member	Total	Percentage of profits	Periodic remuneration	Short term incentive plans	Long term incentive plans	Granted shares	Total	End-of-service award	Aggregate amount	Expense allowance
First: Independent Directors																
Abdullah Al Issa	0	21	3	0	0	0	24	0	200	0	0	0	200	0	224	0
Homood Al Tuwaijri	0	21	39	0	0	0	60	0	250	0	0	0	250	0	310	0
Ali Al Subaihin	0	21	27	0	0	0	48	0	250	0	0	0	250	0	298	0
Mohammed Al Hussaini	0	33	24	0	0	0	57	0	250	0	0	0	250	0	307	0
Hussein Al Asmari	0	21	18	0	0	0	39	0	200	0	0	0	200	0	239	0
Moataz Al Azzawi	0	21	30	19.259	0	0	70.259	0	250	0	0	0	250	0	320.259	0
Total	**0**	**138**	**141**	**19.259**	**0**	**0**	**298.259**	**0**	**1,400**	**0**	**0**	**0**	**1,400**	**0**	**1,698.259**	**0**
Second: Non-Executive Directors																
Suliman Al Gwaiz	0	18	3	0	0	0	21	0	200	0	0	0	200	0	221	0
Serkan Okandan	0	33	57	0	0	0	90	0	300	0	0	0	300	0	390	0
Saleh Al Abdooli	0	24	3	0	0	0	27	0	0	0	0	0	0	0	27	0
Khalifa Al Shamsi	0	33	30	0	0	0	63	0	200	0	0	0	200	0	263	0
Total	**0**	**108**	**93**	**0**	**0**	**0**	**201**	**0**	**700**	**0**	**0**	**0**	**700**	**0**	**901**	**0**

Board Members Remunerations are recorded on a cash basis, and include payments for the previous year.

The above mentioned amounts reflect cash received in 2020, where annual remunerations are recorded for performance in 2019 and paid in 2020. Eng. Saleh Al Abdooli has waived his annual remuneration for 2019.

Compensation and Remuneration (Continued)

Committees Members' compensation and remuneration (SAR '000s)

	Fixed remuneration (except attendance allowance)	Attendance of meetings allowance	Total
Audit Committee			
Jameel Al Mulhem	120	21.154	141.154
Homood Al Tuwaijri	0	18	18
Serkan Okandan	0	18	18
Abdulrahman Al Barrak	120	18	138
Mohammed Al Hussaini	0	24	24
Total	**240**	**99.154**	**339.154**
Executive Committee			
Suliman Al Gwaiz	0	3	3
Abdullah Al Issa	0	3	3
Khalifa Al Shamsi	0	3	3
Moataz Al Azzawi	0	3	3
Saleh Al Abdooli	0	3	3
Total	**0**	**15**	**15**
Nomination and Remuneration Committee			
Khalifa Al Shamsi*	0	9	9
Ali Al Subaihin	0	27	27
Moataz Al Azzawi	0	27	27
Serkan Okandan*	0	18	18
Total	**0**	**81**	**81**
Risk Management Committee			
Homood Al Tuwaijri	0	21	21
Khalifa Al Shamsi	0	18	18
Serkan Okandan	0	21	21
Hussein Al Asmari	0	18	18
Total	**0**	**78**	**78**

Committees Members Remunerations are recorded on a cash basis, and include payments for the previous year.

* Member/ Eng. Khalifa Al Shamsi was appointed to take the place of Member/ Mr. Serkan Okandan as of 29 June 2020

Senior Executives compensation and remuneration (SAR '000s)

Senior Executives' compensation and remuneration details		5 Senior Executives receiving the highest remuneration from the Company (including CEO and CFO)
Fixed Remuneration	Salaries	7,765
	Allowances	6,109
	In-kind benefits	30
	Total	**13,904**
Variable Remuneration	Periodic bonuses	7,125
	Earnings	-
	Short-term incentive plans	-
	Long-term incentive plans	-
	Shares awarded (value is entered)	-
	Total	**7,125**
End-of-Service benefits		-
Total Executives' compensation and remuneration for the Board, if any		-
Total		**21,029**

Senior Executives Remunerations are recorded on a cash basis and includes payments for the previous year.

GOVERNANCE

About Mobily

Organization and Activity

Etihad Etisalat Company ("Mobily" or the "Company"), a Saudi Joint Stock Company, is registered in the Kingdom of Saudi Arabia under commercial registration number 1010203896 issued in Riyadh on 14 December 2004 (corresponding to Dhul Qa'adah 2, 1425H). The main address for the Company is P.O. Box 23088, Riyadh 11321, Kingdom of Saudi Arabia.

The Company was incorporated pursuant to the Royal decree number M/40 dated 18 August 2004 (corresponding to Rajab I 2, 1425H) approving the Council of Ministers resolution number 189 dated 10 August 2004 (corresponding to Jumada II 23, 1425H) to approve the award of the license to incorporate a Saudi Joint Stock Company under the name of "Etihad Etisalat Company".

Pursuant to the Council of Ministers resolution number 190 dated 10 August 2004 (corresponding to Jumada II 23, 1425H), the Company obtained the licenses to install and operate 2G and 3G mobile telephone networks including all related elements and the provision of all related services locally and internationally through its own network.

Pursuant to the Communication and Information Technology Commission (CITC) resolution number 5125 dated 21 February 2017 (corresponding to Jumada I 24, 1438H), the Company obtained a Unified License to provide all licensed telecommunication services including fixed line voice services and fixed internet.

The authorized, issued and paid-up share capital of the Company is SAR 7,700 million divided into 770 million shares of SAR 10 each.

The Company's main activity is to establish and operate mobile wireless telecommunication networks, fiber optics networks and any extension thereof, manage, install and operate telephone networks, terminals and communication unit systems, in addition to sell and maintain mobile phones and communication unit systems in the Kingdom of Saudi Arabia. The Group commenced its commercial operations on 25 May 2005 (corresponding to Rabi II 17, 1426H).

Details of the breakdown of 2020 results contributions (SAR '000,000s) are as follows:

	Consumer	Business	Wholesale	Outsourcing	Total
Usage	7,940	651	1,073	-	9,664
Activation and subscription fees	1,914	482	-	-	2,396
Others	747	889	147	203	1,986
Total	**10,601**	**2,022**	**1,220**	**203**	**14,046**

The main activities of the subsidiaries are as follows:

- IT services, applications, billing and testing support, product marketing, process management, support services and call center services.
- Contractual establishment and maintenance of wired telecommunication networks and related works and the installation and maintenance of computer systems, marketing and importing services for third parties.
- Installation and maintenance of wire and wireless telecommunication networks; import, export, sale, and distribution of equipment, machinery, telecommunication systems and smart building systems; in addition to marketing and distributing of telecommunication services and managing the centers related to those services; providing computer services and related programs and equipment and providing consultation services in the telecommunication, computer, software, and media production domains.
- Wholesale and retail trade of computers and electronic equipment, maintenance and operation of such equipment, and provision of related services.
- Establish and own companies specializing in commercial activities.
- Manage its affiliated companies or to participate in the management of other companies in which it owns shares, and to provide the necessary support for such companies.
- Invest funds in shares, bonds and other securities.
- Own real estate and other assets necessary for undertaking its activities within the limits pertained by law.
- Own or to lease intellectual property rights such as patents and trademarks, concessions and other intangible rights to exploit and lease or sub-lease them to its affiliates or to others.
- Have interest or participate in any manner in institutions which carry on similar activities or which may assist the Company in realizing its own objectives in the Kingdom of Bahrain or abroad. The Company may acquire such entities or merge therewith.
- Perform all acts and services relating to the realization of the foregoing objects.
- Retail via the Internet.
- Technology in financial services.

Subsidiary Companies

Below is the summary of the Company's subsidiaries and ownership percentage as of 31 December 2020 and 31 December 2019:

Name	Country of incorporation	Country of operation	Capital	Ownership percentage 31 December 2020 Direct	Ownership percentage 31 December 2020 Indirect	Ownership percentage 31 December 2019 Direct	Ownership percentage 31 December 2019 Indirect	Initial investment (SAR '000s)
Mobily Infotech India Private Limited	India	India/ Saudi Arabia	INR 20 million	99.99%	0.01%	99.99%	0.01%	1,836
Bayanat Al Oula for Network Services Company (Single Person Company)	Saudi Arabia	Saudi Arabia	SAR 150 million	100.00%	-	100.00%	-	1,500,000
Zajil International Network for Telecommunication Company	Saudi Arabia	Saudi Arabia	SAR 10 million	96.00%	4.00%	96.00%	4.00%	80,000
National Company for Business Solutions	Saudi Arabia	Saudi Arabia	SAR 10 million	95.00%	5.00%	95.00%	5.00%	9,500
National Company for Business Solutions FZE	United Arab of Emirates	United Arab of Emirates	AED 180,000	-	100.00%	-	100.00%	184
Mobily Ventures Holding W.L.L*	Bahrain	Bahrain/ GCC/ MENA	BD 250,000	100.00%	-	100.00%	-	2,510
Etihad Fintech Company (Single Person Company)	Saudi Arabia	Saudi Arabia	SAR 50,000	100.00%	-	-	-	50

* The legal name of Mobily Ventures Holding has been officially changed from Single Person Company (S.P.C.) to a With Limited Liability Company ("W.L.L") according to the Bahrain Commercial Companies Law No. 21 of 2001.

Mobily Infotech India Private Limited - LLC

The main activities of the Company include providing IT services, applications, billing, support testing, product marketing, management process, support services and call centers for its group companies.

Bayanat Al Oula for Network Services Company (Single Person Company)

The main activities of the Company include construction and maintenance of telecommunications networks and related services, installation and maintenance of computers, and import and marketing services, as well as data services. The contribution of the Company to Mobily's revenues amounted to SAR 2,818 billion.

During the year 2019, the Company acquired the remaining 1% owned by National Company for Business Solutions.

Zajil International Network for Telecommunication Company - LLC

The main activities of the Company include a broad range of wholesale and retail services including computers and electronic devices, maintenance, operation and provision of related services.

National Company for Business Solutions LLC

The main activities of the Company include installation and maintenance of wire and wireless telecommunications networks, import and export, sale and distribution of telecommunications hardware, software and systems, intelligent building systems, marketing and distribution of telecommunications services and management of centers that provide such services, in addition to providing consulting services in the field of telecommunications, computer, software and technical production. The contribution of this Company to Mobily's revenues amounted to SAR 203 million.

National Company for Business Solutions owns participation in Ecommerce Taxi Middle East (Luxembourg): 10% (2019: 10%)

National Company for Business Solutions FZE-LLC

The main activity of the Company is the trade, import and export of computer systems.

Mobily Ventures Holding LLC

It acts as a holding company for the Commercial and Industrial Services Group.

Mobily Ventures Holding has an investment in the following companies:

Anghami LLC (Cayman Islands): 7.97% (2019: 7.94%)
MENA 360 DWC LLC* (United Arab Emirates): 0% (2019: 2.33%)
DokkanAfkar.com (British Virgin Islands): 3.28% (2019: 3.28%)

*During the year 2020, Mobily Ventures Holding W.L.L shareholding in MENA 360 DWC LLC has been redeemed.

Etihad Fintech Company (Single Person Company)

The main activity of the Company is online retail and financial services technology.

Important Events

Structural changes in Executive Management

Mobily's Executive Management saw a number of key changes during 2020, aimed at improving operational efficiency and optimizing its organizational structure:

- The appointment of Mr. Mohammed Khalil Al Shammari as Mobily's Chief Human Resources Officer, as of 5 January 2020

MoU signed with Zain KSA

Etihad Etisalat Company (Mobily) announced it signed a Memorandum of Understanding on 2 July 2020 with Mobile Telecommunication Company Saudi Arabia (ZAIN KSA) to form a joint committee, from both companies, to prepare and offer a request for proposal (RFP) with the option of purchasing the telecommunications towers owned by the two companies, merging them into one company with other investors or operating them on their behalf, provided that the offer of RFP must be prepared within 30 days from the date of signing this MoU.

The collaboration aims to increase the participation in the telecom towers, with the objective of achieving maximum efficiency and upgrading the communications and information technology system, with the support and supervision of the Communications and Information Technology Commission (CITC). The MoU does not include any parties related to Etihad Etisalat Co. (Mobily).

The signed MoU with Mobile Telecommunication Company Saudi Arabia (ZAIN KSA) is not obligatory, and any agreement will be subject to the regulatory approvals and conditions, as well as internal approvals of both companies.

In a follow-up announcement, Mobily announced the latest news regarding this MoU, stating that the formed joint committee has completed preparing and circulating the request for proposal (RFP) with the option of purchasing the telecommunications towers owned by the two companies, merging them into one company with other investors or operating them on their behalf. The RFP responses will be received and assessed in the coming period.

GOVERNANCE

Forward-Looking Statements

Thanks to the Government's progress in realizing its Vision 2030, which acts as a roadmap and outlines an ambitious path towards a new, growing sustainable economy, as well as its continued support for the development of the ICT infrastructure, the sector will find exceptional opportunities to invest in innovation and digital infrastructure, ensuring it can meet the growing national needs, face emerging challenges and seize opportunities. Under the direction of its Board of Directors, Mobily has updated its strategy in line with the objectives of the ICT sector's Vision 2030, to help empower all aspects of the national economy, which will provide the Company with more prospects for growth in 2021, as we accelerate efforts to consolidate our position as an innovative leader in the enterprise and ICT market.

Mobily will continue its strategic focus according to the GAIN strategy, which aims to Grow core revenues; accelerate digital revenue streams; implement and optimize efficient delivery of services; and nurture a positive experience for all. This also involved executing Mobily's cost-optimization program while continuing to pursue the digital transformation and automation of our services.

In 2021, our focus will include increasing data speed and improving network performance, increasing the deployment of 5G through the Kingdom, exploring the limitless potential of IoT, and applying more robotics and AI to further automate Mobily's operations. With the arrival of 5G, which represented the most profound change in the digital landscape of Saudi Arabia, 2021 will provide Mobily with the opportunity to competitively leverage this new platform for the Kingdom's evolving needs.

Working on the (FTTH Open Access) initiative will be a major objective during 2021, enabling Mobily to sell FTTH service using other operators' infrastructure. Bundling FTTH with other telecom products (i.e. GSM, handsets, Smart Home, Content) will also be a focus area to provide a better portfolio to families at home. We will continue to lead the way to even more personalized service, digitizing and simplifying products, services and touchpoints to deliver increasingly quicker and more integrated technological experiences for consumers.

Mobily will continue to invest across a wide range of areas to apply the latest technologies to deliver continuous improvement across its business and drive positive change in what it can offer to its customers.

The telecommunications sector is governed by public regulation, and future projections may be affected depending on regulatory decisions taken by the relevant authorities.

GOVERNANCE

Social Responsibility Activities

In light of the challenging environment and difficult times arising from the COVID-19 pandemic, Mobily maximized its efforts geared towards proactive and effective community support. In cooperation with the Saudi Ministry of Health, Mobily launched multiple COVID-19 awareness campaigns – both internally for its employees and across the Kingdom. By utilizing the full extent and reach of the Company's social media presence, Mobily ensured these important campaigns reached the most people possible across the country.

This allowed Mobily to circulate consumer support, advice, safety instructions and other messages and information to address all sections of society – from the victims of the virus and their families through to the front-line heroes working to stem the spread of the virus and treat the sick.

Since the outbreak of the pandemic, Mobily has redoubled its efforts to support a range of national educational initiatives, such as the Saudi Human Resources Development Fund's (HRDF) Tamheer on-the-job training initiative and the College Cooperative Programs and Internships, helping to provide Saudi graduates, from local and international universities, with the expertise and skills to contribute meaningfully to the labor market.

Throughout 2020, Mobily maintained its social impact partnership with the Ministry of Housing's Jood Eskan platform, which aims to involve the broader Saudi community in Kingdom-wide efforts to provide housing support to those in need.

Mobily also launched a partnership with the Ministry of Human Resources and Social Development (MHRSD) to design customized initiatives that contribute to society by utilizing Mobily's telecoms network, and together with the Ministry of Municipal and Rural Affairs (MOMRA) explored how to encourage physical activities in government-owned parks by promoting a broad range of sports.


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RAQI

Shareholders

General Assembly of Shareholders

During 2020, the Ordinary General Assembly of Shareholders met on 13 April. Following a CMA circular which stipulates that listed companies should conduct their general assemblies through modern technology, and suspend the presence until further notice, to ensure the safety of traders in the financial market, and to support the efforts and precautionary measures to prevent the spread of the COVID-19 virus, and in continuation of the continuous efforts made by all government agencies in the Kingdom of Saudi Arabia to take the necessary preventive measures to prevent its spread. Therefore, the General Assembly of Shareholders met via modern technologies using the Tadawulaty system. The Board of Directors' attendance was as follows:

No.	Name	Position	13 April
1	Suliman Al Gwaiz	Chairman	Present
2	Abdullah Al Issa	Vice Chairman	Present
3	Khalifa Al Shamsi	Member	Present
4	Hussein Al Asmari	Member	Present
5	Mohammed Al Hussaini	Member	Present
6	Moataz Al Azzawi	Member	Present
7	Homood Al Tuwaijri	Member	Present
8	Ali Al Subaihin	Member	Present
9	Serkan Okandan	Member	Absent
10	Saleh Al Abdooli	Member	Present

During the Ordinary General Assembly meeting on 13 April, the Shareholders voted to approve all items on the agenda. Below are the agenda items:

1. Approval on the Company financial statements for the fiscal year ending 31 December 2019.
2. Approval on the auditor report for the fiscal year ending 31 December 2019.
3. Approval on the Board of Directors report for the fiscal year ending 31 December 2019.
4. Approval on releasing the members of the Board of Directors from their liabilities for the fiscal year ending 31 December 2019.
5. Approval on appointing of KPMG Al Fozan and Partners to review and audit the Company annual and quarterly financial statements from the third quarter of the fiscal year of 2020 till the end of the first quarter of the fiscal year of 2021 and determine their fees.
6. Approval on the businesses and contracts made with Emirates Telecommunications Group Company (a main shareholder in Mobily), noting that the businesses and contracts that were made between the Company and Emirates Telecommunications Group Company during 2019 with respect to interconnection and roaming services rendered of (104,870) thousand SAR, interconnection and roaming services received of (389,315) thousand SAR, managements fees of (112,517) thousand SAR, other administrative expenses of (5,696) thousand SAR, and other telecommunications services of (6,939) thousand SAR, and obtain the approval for the next year without preferential conditions, due to an indirect interest for the Board members, namely:

- Eng. Khalifa Al Shamsi
- Eng. Saleh Al Abdooli
- Mr. Serkan Okandan

7. Approval on the business and contracts made with a group of Saudi banks during 2019, which is a signing of SAR 7.6 billion refinancing Murabaha facility agreement for 7 years with a group of Saudi banks, which includes Riyadh Bank (Agent), due to an indirect interest for the Board Members, namely:

- Eng. Abdullah Al-Issa who chairs Riyadh Bank Board.
- Eng. Moataz Al Azzawi who is a board member of Riyadh Bank

8. Approval on rules and standards of competing with the company
9. Approval on delegating the ordinary general assembly its authorization powers stipulated in paragraph (1) of Article 71 of the Companies Law to the company's Board of Directors, for a maximum of one year from the date of approval by the general assembly to delegate its powers, or until the end of the session of the delegated board of directors, whichever is earlier, in accordance with the conditions contained in the Regulatory Rules and Procedures issued pursuant to the Companies Law relating to Listed Joint Stock Companies.

Shareholders' Proposals

Mobily's Investor Relations department maintains regular communication with the Company's Shareholders through various communication channels. If any proposals are received from Shareholders, they will be reviewed and reported in full to the Board of Directors. Shareholders are also given the opportunity to submit proposals and inquiries directly to members of the Board of Directors during the General Assembly meetings, and sufficient time is dedicated to answering these questions.

Following the announcement of Mobily's interim and annual financial results, the Company's Investor Relations Department conducts an earnings conference call with financial analysts and representatives of investment agencies, to discuss financial results. During the call, the Management discussed the Company results and performance during the period in question and addressed the queries of the attendees.

Requests for the Shareholders' register

During 2020, the Company requested the Shareholders register 4 times from the Securities Depository Center (Edaa). The dates and reasons for such requests are listed below:

No. of requests	Request date	Reason
1	2 January	For the Company's internal reporting purposes
1	12 April	For the Company's internal reporting purposes
1	13 April	For the Company's internal reporting purposes
1	2 December	For the Company's internal reporting purposes

GOVERNANCE
Dividend Policy

First: dividend entitlement

1. Shareholders are entitled to receive their share of dividends as per the decision of the General Assembly in respect of the distribution of dividends to Shareholders or the Board resolution on distributing interim dividends. The resolution shall specify the record date and the distribution date, where registered Shareholders are entitled to receive the dividends by the end of the eligibility date, provided that the resolution shall be executed as per the Regulatory Rules and Procedures issued pursuant to the Companies Law related to Listed Joint Stock Companies.
2. If the statutory reserve exceeded 30% of paid-up capital, the General Assembly may decide to distribute the surplus to the Shareholders, during such years when the Company does not achieve enough net profit to distribute the dividends assigned to them in its Articles of Association.

Second: distribution of dividends

The Board of Directors shall recommend the announcement and payment of any dividends, before such dividends are approved by the General Assembly of Shareholders. Such a recommendation is linked to a number of factors, including the amount of current and projected profits, as well as cash flows, market data and economic factors, in addition to statutory considerations (such as limitations as set out in the Company's Articles of Association, the Companies Law and Corporate Governance Regulations). The Company's net profits are distributed as follows:

1. 10% of the net profit is to be set aside to form a statutory reserve. The Ordinary General Assembly can discontinue the deduction for the statutory reserve when such reserve reaches 30% of the Company's paid-up capital.
2. The Ordinary General Assembly may, upon the recommendation of the Board of Directors, set aside 5% from the net profit to form a provisional reserve to be allocated for certain purpose or purposes.
3. The Ordinary General Assembly shall have the right to decide on forming other reserves to the extent that it serves the best interests of the Company or to ensure the distribution of fixed dividends, as much as possible, to the Shareholders.
4. A dividend representing a minimum of 5% of the Company's paid-up capital will be distributed from the residuum to the Shareholders.

Third: timing of payment of dividends

The Board must implement the General Assembly resolution with respect to dividend distribution to the Registered Shareholders within 15 working days from the date they become entitled to such dividends as determined in such resolution, or the Board's resolution for the distribution of interim dividends.

Fourth: interim dividend distribution

- The Company may, if so provided and permitted in its by-laws, distribute interim dividends to its Shareholders on a biannual or quarterly basis after fulfilling the following requirements:

1. The issuance of a resolution by the General Assembly, renewed annually, authorizing the Board to distribute interim dividends.
2. The Company shall enjoy regular positive profitability.
3. The Company shall enjoy good liquidity and is able to reasonably foresee the scale of its profits.
4. The Company shall have distributable profits– according to the latest audited annual financial statements – sufficient to cover the proposed dividend distribution, after deducting the amounts distributed and capitalized, of the profits after the date of these financial statements.

- The Board must include in its annual report, submitted to the General Assembly of the Company, the portion of dividends distributed to Shareholders during different periods of the financial years in addition to the portion of dividends proposed for distribution at the end of the financial year, and the aggregate dividend amounts
- Dividend distributions must be recorded to the cumulative retained earnings account of preceding years, or the contractual reserves, or both. The Company must take a sequential and consistent approach in determining the manner and percentage of dividend distributions in light of the Company's capabilities and available liquidity. The Board must disclose and announce the portion of regular interim dividends approved for distribution to the Shareholders on the specified dates.
- The Company must, upon resolving to distribute interim dividends, disclose and announce such resolution immediately, and provide the Authority with a copy thereof immediately

For the year 2020, the Board of Directors recommended, on 17 December 2020, to distribute cash dividends to Shareholders for the fiscal year 2020. The total proposed amount of dividend distribution is SAR 385 million, at SAR 0.5 per share. The percentage of dividend to the share par value is 5%. The eligibility of cash dividends will be for Shareholders who own company shares on the eligibility date and enrolled in the Company's register at Securities Depository Center Company (Edaa) by the end of the second trading day of the day of the General Assembly of the Company, which will be announced later. Distribution date will be announced later after the approval of the General Assembly.

GOVERNANCE
Risks

An effective and proactive approach to Enterprise Risk Management and Resiliency was vital during 2020 as the KSA and the globe dealt with the outbreak of COVID-19 among a vast array of other challenges, such as, ever-changing macroeconomic conditions, uncertainties in geopolitical environments, cybersecurity threats, and advancements in technologies. Mobily has a dedicated Enterprise Risk Management and Resiliency (ERM&R) Department supporting the organization in identifying potential emerging risks and their mitigations in accordance with international standards (ISO 31000), and in compliance with Capital Market Authority (CMA) regulations. In addition, the department is responsible for ensuring resiliency plans are in place in case of adverse events materialized. Furthermore, the team is responsible for regularly updating and communicating to the Board and Executive Risk Management Committees the status of the risk management actions and Business Continuity capabilities and readiness in addition to any interventions and/or corrective measures as needed.

Following are some of the key risks that were dealt with during 2020:

1. COVID-19 Pandemic:
The COVID-19 outbreak had implications on the telecom sector in 2020 as it caused operational disruption and potential adverse financial impacts. Mobily addressed these challenges and threats to business through activating/implementing a crisis management committee, with daily and weekly management review meetings.

2. Enterprise Digital and IT Transformation
Adoption of digital technologies by consumers and businesses have been accelerated during 2020. While this is generating new opportunities, it also exposes Mobily to new risks represented in the potential of inability to meet the increased demands. Management addressed this challenge by accelerating its digital and IT transformation initiatives under GAIN strategy.

3. Regulatory Decisions:
Regulatory decisions pose specific risks to the Company as it operates in a heavily regulated environment. Mobily responded effectively to the regulatory actions and decisions during the course of the year. The Company strived to ensure it complies and conforms to the regulatory requirements through enabling effective governance and compliance controls at all times.

4. Advance and persisting Cyber Threats:
Cyber-Attacks on infrastructure continue to be on the top risk profile of multiple organizations across the globe as it does not only disrupt operations and services but can lead to reputational damage and financial losses. In this regard, the Company had strengthened its capacity to deal with such threats by continually upgrading its Network and IT infrastructure according to worldwide best practices.

During the year, various initiatives were undertaken by Management such as, updating policies and procedures and risk appetite frameworks. In addition, Management has improved its business continuity and disaster recovery plans and strengthened its approach in identifying new and emerging risks, in order to manage any potential risk that may materialize in the future.

The Group also has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Risk management is carried out by the Senior Management under policies approved by the Board of Directors. Senior Management identifies, evaluates and hedges, when appropriate, financial risks in close cooperation with the Group's operating units.

CREDIT RISK
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is exposed to credit risk principally from cash and cash equivalents, accounts receivable, due from related parties, other financial assets and derivative financial instruments.

The carrying amount of financial assets represents the maximum credit exposure.

Cash and cash equivalents and other financial assets
Cash and cash equivalents and other financial assets are held with counterparties with sound credit ratings. The Group regularly updates its cash flow and, where appropriate, places any excess cash on short-term investments with reputable financial institutions.

Risks (Continued)

Accounts receivable

The Group has established a credit policy under which credit assessment is being made to check the credit worthiness of major customers prior to signing the contracts/accepting their purchase orders.

The receivables are shown net of allowance for impairment loss on accounts receivable. The Group applies the simplified approach to calculate impairment loss on accounts receivable and this always recognizes lifetime ECL on such exposures. ECL on these financial assets are estimated using a flow rate based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Credit and Collection Operations provide inputs on the aging of financial assets on a periodic basis.

The Group has 2 major customers representing 28% of total accounts receivable as at 31 December 2020 (31 December 2019: 19%). The rest of the balances do not have significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

The age analysis of net accounts receivable is as follows (SAR '000,000s):

	31 December 2020	31 December 2019
Current	786	670
Within two months	600	465
From two months to three months	167	121
More than three months	2,342	1,778
	3,895	**3,034**

LIQUIDITY RISK

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Group's approach in managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Group's reputation.

The Management closely and continuously monitors the liquidity risk by performing regular reviews of available funds, present and future commitments, operating and capital expenditure. Moreover, the Group monitors the actual cash flows and seeks to match the maturity dates of its financial assets and its financial liabilities.

The Group seeks continuously to comply with its legal obligations, including any relating to its financing agreements.

The following represents the maturities of financial liabilities at the reporting date based on undiscounted contractual cash flows (SAR '000,000s):

	Less than one year	1 to 5 years	More than 5 years	Total contractual cash flows	Carrying amount
At 31 December 2020					
Loans and notes payable	1,669	6,997	4,476	13,142	11,484
Lease liabilities	898	1,492	534	2,924	2,605
Accounts payable	4,669	-	-	4,669	4,669
Due to related parties	153	-	-	153	153
Other financial liabilities	-	155	154	309	250
Derivatives financial instruments	79	-	-	79	79
	7,468	**8,644**	**5,164**	**21,276**	**19,240**
At 31 December 2019					
Loans and notes payable	1,371	7,246	6,158	14,775	12,385
Lease liabilities	770	1,537	564	2,871	2,509
Accounts payable	5,093	-	-	5,093	5,093
Due to related parties	265	-	-	265	265
Other financial liabilities	-	155	192	347	275
Derivatives financial instruments	56	-	-	56	56
	7,555	**8,938**	**6,914**	**23,407**	**20,583**

MARKET RISK

Market risk is the risk that changes in market prices such as foreign exchange rates, profit rates and equity prices which will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group's transactions are principally in Saudi Riyals and US Dollars. The Saudi Riyal is pegged to the US Dollar.

The Management closely and continuously monitors the exchange rate fluctuations. Based on its experience and market feedback, the Management does not believe it is necessary to hedge the effect of foreign exchange risks as most of the transactions of foreign currency risk are relatively limited in the medium-term.

Profit rates risk

Profit rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market profit rates. The Group's exposure to market risk for changes in profit rates relates primarily to the Group's borrowings which were acquired to finance working capital requirements and capital expenditure. These borrowings are re-priced on a periodic basis and expose the Group to profit rate risk. The Group's practice is to manage its financing cost through optimizing available cash and minimizing borrowings.

The Group seeks to ensure that in the medium-term a significant portion of its borrowings is at a fixed rate. This is achieved partly by entering into fixed rate instruments and partly by borrowing at a floating rate and using profit rate swaps as hedges of the variability in cash flows attributable to movements in profit rates.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference profit rates, tenors, re-pricing dates, maturities and the notional amounts.

Statement of Compliance

These consolidated financial statements comprise the financial information of the Company and its subsidiaries (together referred to as the "Group").

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants (SOCPA).

The principal accounting policies applied in the preparation of these consolidated financial statements have been consistently applied to all periods presented.

These consolidated financial statements have been approved for issuance by the Board of Directors on 20 February 2021 (corresponding to 8 Rajab 1442H).

GOVERNANCE

Summary of Assets, Liabilities and Business Results

The following tables summarize the Consolidated Balance Sheet, Consolidated Operating Income and Consolidated Statement of Income as at 31 December 2020, 2019, 2018, 2017 and 2016:

Summary of consolidated balance sheet (SAR '000,000s)

	2020	2019	2018	2017	2016
Current assets	6,483	6,512	7,101	7,494	6,886
Non-current assets	31,933	32,704	31,461	32,993	34,385
Total assets	**38,416**	**39,216**	**38,562**	**40,487**	**41,271**
Current liabilities	10,993	11,367	11,554	11,936	17,893
Non-current liabilities	12,978	14,098	13,139	14,297	8,422
Total liabilities	**23,971**	**25,465**	**24,693**	**26,233**	**26,315**
Shareholders' equity	14,445	13,751	13,869	14,254	14,956
Total liabilities and equity	**38,416**	**39,216**	**38,562**	**40,487**	**41,271**

As at 31 December 2020, total assets amounted to SAR 38,416 million, while total liabilities amounted to SAR 23,971 million and Shareholders' equity amounted to SAR 14,445 million.

Property and equipment represented the majority of assets, amounting to a net book value of SAR 21,321 million, while the majority of liabilities consisted of loans and notes payable totalling SAR 11,484 million. These have been used towards general purposes, including capital expenses, upgrades and improvements to the Company's infrastructure, in addition to working capital requirements. Employees' end-of-service provisions amounted to SAR 485 million at 31 December 2020.

Summary of consolidated operating income (SAR '000,000s)

	2020	2019	2018	2017	2016
Usage	9,664	9,347	8,225	8,457	9,875
Activation and subscription fees	2,396	2,308	2,419	2,115	1,868
Other	1,986	1,795	1,221	779	826
Total revenues	**14,046**	**13,450**	**11,865**	**11,351**	**12,569**

Summary of Assets, Liabilities and Business Results (Continued)

Summary of consolidated statement of income (SAR '000,000s)

	2020	2019	2018	2017	2016	Value change 19/20	Percentage change 19/20
Revenue	14,046	13,450	11,865	11,351	12,569	596	4.43%
Cost of sales	(5,894)	(5,650)	(5,283)	(4,821)	(5,144)	(244)	4.32%
Gross profit	**8,152**	**7,800**	**6,582**	**6,530**	**7,425**	**352**	**4.51%**
Selling and marketing expenses	(1,391)	(1,277)	(1,286)	(1,234)	(1,270)	(114)	8.93%
General and administrative expenses	(1,407)	(1,509)	(747)	(1,450)	(2,138)	102	(6.76%)
Depreciation and amortization	(3,970)	(3,917)	(3,809)	(3,626)	(3,782)	(53)	1.35%
Profit / (Loss) from operations	**1,366**	**967**	**603**	**19**	**287**	**399**	**41.26%**
Finance expenses	(561)	(929)	(799)	(678)	(566)	368	(39.61%)
Finance income	21	45	35	12	23	(24)	(53.33%)
Zakat	(43)	(49)	38	(61)	43	6	(12.24%)
Net Profit / (Loss)	**783**	**31**	**(123)**	**(709)**	**(214)**	**752**	**2,425.81%**

- Net profits for 2020 totaled SAR 783 million, compared to a net profit of SAR 31 million in 2019. This improvement is mainly due to the growth of revenues, the Company's efficiency in managing its operations and the decline of financial charges.
- Gross profit in 2020 totaled SAR 8,152 million, compared to SAR 7,800 million in 2019, with the increase of 4.51% resulting mainly from the improvement of revenues.
- Revenues for 2020 were SAR 14,046 million, compared to SAR 13,450 million in 2019, amounting to an increase of 4.43%. This was mainly due to the growth of data revenues, the growth of the Business Unit and wholesale revenues, in addition to the growth and improvement of the subscribers' base.
- The earnings before interest, tax, depreciation and amortization (EBITDA) margin amounted to 38.1% in 2020, compared to 36.8% in 2019.
- Operational profit (EBIT) in 2020 was SAR 1,366 million, compared to SAR 967 million in 2019, reflecting an increase of 41.3%. This was mainly due to the improvement in earnings before interest, tax, depreciation and amortization (EBITDA), through the growth of revenues and the Company's efficiency in managing its operations.

GOVERNANCE

Loans

Loans and notes payable (SAR '000,000s)

	2020	2019
Long-term loans	11,483	12,385
Less: current portion	(1,349)	(1,157)
Non-current	**10,134**	**11,228**

a) Maturity profile of loans and notes payable:

	2020	2019
Less than one year	1,349	1,157
From one to five years	5,894	5,330
More than five years	4,240	5,898

Loans (Continued)

b. Details of loans and notes payable as at 31 December 2020 are as follows. It should be noted that the amounts that have been paid during 2020 amount to SAR 1,242 million.

Lender	Borrowing Company	Loan nature	Borrowing purpose	Issue date	Currency	Principal amount
Local banks Syndicated	Mobily	Long-term refinancing facility agreement Sharia' compliant	Replace the 2017 Syndicate financing	Q4, 2019	Saudi Riyals	SAR 7,619 million
Export Credit Agency of Finland (Finnvera)	Mobily	Long-term financing agreement Sharia' compliant	Acquiring network equipment from Nokia to upgrade and enhance the infrastructure capabilities, introduce new technologies, and strengthen the Company's competitiveness in the business segment	Q3, 2013,Q1, 2014 and Q4, 2018	US Dollars	USD 720 million (SAR 2,700 million)
Export Credit Agency of Sweden (EKN)	Mobily	Long-term financing agreement Sharia' compliant	Acquiring network equipment from Ericsson to upgrade and enhance the infrastructure capabilities, introduce new technologies, and strengthen the Company's competitiveness in the business segment	Q3, 2013, Q1, 2014 and Q4, 2018	US Dollars	USD 652 million (SAR 2,444 million)
Saudi Investment Bank	Mobily	Long-term financing agreement Sharia' compliant	Financing the Company's working capital requirements	Q4, 2013	Saudi Riyals	SAR 1,500 million
Export Development of Canada (EDC)	Mobily	Long-term financing agreement Sharia' compliant	Acquiring telecommunication devices and equipment from Alcatel-Lucent	Q2, 2014	US Dollars	USD 122 million (SAR 458 million)
Alinma Bank	Mobily	Long-term financing agreement Sharia' compliant	Replace the December 2016 financing with Bank Alinma and for the general corporate purposes including capital expenditure	Q4, 2019	Saudi Riyals	SAR 3,000 million
		Total				

Utilized amount	Profit rate	Payment terms	Period	Current portion	Non-Current portion	Total (remaining due amount)	Other terms	Paid-up Amount
SAR 7,619 million	SIBOR plus profit margin	Semi-annual repayments	7 years	SAR 371 million	SAR 7,002 million	SAR 7,373 million	Repayment period of 7 years	SAR 190 million
USD 720 million (SAR 2,700 million)	Fixed rate per annum	Semi-annual repayments	10 years	SAR 339 million	SAR 905 million	SAR 1,244 million	Utilization period of 1.5 years, repayment period of 8.5 years	SAR 360 million
USD 629 million (SAR 2,358 million)	Fixed rate per annum	Semi-annual repayments	10 years	SAR 279 million	SAR 805 million	SAR 1,084 million	Utilization period of 1.5 years, repayment period of 8.5 years	SAR 298 million
SAR 1,500 million	SIBOR plus profit margin	Semi-annual repayments	7.5 years	SAR 319 million	-	SAR 319 million	Utilization period of 6 months, repayment period of 7 years	SAR 350 million
USD 101 million (SAR 377 million)	Fixed rate per annum	Semi-annual repayments	10.5 years	SAR 41 million	SAR 124 million	SAR 165 million	Utilization period of 2 years, repayment period of 8.5 years	SAR 44 million
SAR 1,300 million	SIBOR plus profit margin	Semi-annual repayments	10 years	-	SAR 1,298 million	SAR 1,298 million	Payable over a period of 10 years with 3 years grace period	-
				SAR 1,349 million	**SAR 10,134 million**	**SAR 11,483 Million**		**SAR 1,242 million**

Statutory Payments

Paid and due statutory payments (SAR '000,000s):

Item	Payable to	2020 Paid	2020 Due for the end of the fiscal year, not paid	Short description and reason
Zakat	General Authority of Zakat and Tax	45	74	In accordance with the relevant laws and regulations
Tax	General Authority of Zakat and Tax	1,004	153	In accordance with the relevant laws and regulations
GOSI fees	General Organization for Social Insurance	127	11	In accordance with the relevant laws and regulations
Visa and Passport costs	Ministry of Interiors	2	-	In accordance with the relevant laws and regulations
Labor Office fees	Ministry of Labor	13	-	In accordance with the relevant laws and regulations

Zakat provision

The Group is subject to zakat according to the regulations of the General Authority of Zakat and Tax (GAZT) in the Kingdom of Saudi Arabia. The Group files its zakat returns on a consolidated basis, starting from the financial year ended 31 December 2009 and thereafter, where it includes the Company and its subsidiaries, due to the fact that the Group is one economic entity wholly owned and managed by the Company.

The Group has filed its zakat returns with GAZT for the years through 2019 and settled its zakat thereon. During the year ended 31 December 2016, the Group submitted adjusted zakat returns for the years 2013 and 2014, as a result of restatement of the consolidated financial statements for the said years.

The Group has finalized its zakat status for the years up to 2008. The Group has received zakat and withholding tax assessments for the years 2009, 2010, 2011 and 2014 to 2018 that showed additional zakat and withholding tax liabilities of SAR 160 million and SAR 159 million respectively, which have been appealed against by the Group at the Preliminary and Higher Appeal Committees. Recently, the Higher Appeal Committee has issued certain rulings in favor of the Company related to zakat and withholding tax disputes. Management believes that it has sufficient grounds to contest the matters included in the assessments and the eventual outcome of the appeal process will not result in any significant liability.

Zakat Provision (SAR '000,000s)

	31 December 2020
Balance at the beginning of the year	76
Charge during the year	43
Payments during the year	(45)
Balance at the end of the year	74

GOVERNANCE

Lawsuits and Penalties

The CITC's Violation Committee has issued several penalty resolutions against the Company during 2020, which the Company has opposed to in accordance with the Telecom Status and its implementing regulations. The reasons for issuing these resolutions vary between the manner followed in issuing prepaid SIM Cards and providing promotions that have not been approved by CITC, or other reasons.

The Company aims to avoid recurrence of such penalties through the following procedures:

1. Constantly organizing workshops targeting Mobily employees, especially PoS and Customer Service employees
2. Complying with CITC's resolutions related to customer complaints
3. Raising awareness about new regulations, especially with regards to the establishment of telecom cards, as well as meeting the regulatory terms of the service
4. Complying with tariff services' laws and controls

The Company also focuses on allocating the necessary HR resources and policies to address violations within the legal period in compliance with CITC's terms, conditions and regulations.

There are 188 lawsuits filed by some of the Shareholders against the Company before the Committee for the Resolutions of Security Disputes and still being adjudicated by the said Committee. As of 31 December 2020, the Company has received 159 final favorable verdicts, whereas 11 cases have been dismissed, 4 cases are suspended, 2 cases are abandoned and 12 cases remain ongoing.

GOVERNANCE

Annual Review of the Effectiveness of Internal Control Procedures

The formulation of the Audit Committee (Referred to below the "Committee") in Mobily, took into consideration the requirements of corporate governance in terms of its composition and direct association with the Board of Directors (Referred to below "BoD") of the company. The Committee main contribution was on reviewing the financial statements and accounting policies and the supervision of the work of internal audit, external auditors and compliance. The Committee held five meetings during the year 2020.

The Committee's main contribution during the year 2020:

The Committee during the year 2020 carried out various activities within its scope of responsibilities; of which the main activities are the following:

- Review and approve internal audit plan for the year 2020, and ensured that sufficient resources are provided to internal audit in a manner that maintain its effectiveness. The Committee also reviewed and approved the Chief Audit Executive performance & objectives for the years 2020.
- Oversee the internal audit department and follow up on the execution of its plan, including overseeing two important projects; one for internal control framework implementation over financial reporting and another for deployment of continuous auditing.
- Review and discuss internal audit reports issued during the year 2020 and the progress made in the implementation of internal audit recommendations by respective departments.
- Supervise the work of external auditors and meet them periodically.
- Review annual financial statements as at 31/12/2020, and approve quarterly financials and submit its recommendations to the BoD.
- Review of the "management letter" on internal controls issued by the external auditors and the implementation of its recommendations.
- Review bids received for external audit services and recommend the appointment of external auditors for the fiscal years 2021 and 2022, from Q2 2021 thru Q1 2023.
- Reviewing a set of new policies and updates on other existing ones, and recommended presentation to and approval by the Board.
- Follow up on different activities and projects geared to strengthen internal controls system of the company and business continuity, including following up on the project for updating fixed assets, project for disaster recovery data center, and leveraging technology in various aspects of the company's processes.
- Review management proposals regarding doubtful debts provisions and providing pertinent recommendation to the Board of Directors for approval.
- Review reports from company's management on legal and regulatory compliance requirements and follow up on the implementation of pertinent recommendations.
- Review the necessary arrangements for enabling employees a mechanism to communicate their concerns in a confidential manner.
- Inform Board of Directors periodically, thru minutes of its meetings, and reporting at board meetings on the Committee's activities.

Internal Control System:

The internal control system is designed to give reasonable assurance on the achievement of the organization's established goals; effectively and efficiently. It includes, but not limited to issuing reliable financial reports, adequate compliance with laws, regulations and policies, as well as proper management of business risks to minimize their impacts on the achievement of company's goals. Internal control system, as well, plays an important role in preventing fraud and protecting company's resources. The management of the company is responsible for implementing a comprehensive and effective internal control system relative to the risks the company might be exposed to; with reasonable cost and benefit to give acceptable level of assurances to avoid material errors and related losses.

- The Committee reviews the reports that are provided periodically by internal and external auditors and by different departments having internal control roles within the company. The outcomes of annual reviews over internal control system of the company showed reasonable improvements over the year, and under Committee's supervision, the company will continue its periodic assessment and reviews of the system of internal control to ensure the achievement of the set objectives of internal control system to improve the efficiency and effectiveness of the operations and compliance with all applicable laws and relevant regulations.

GOVERNANCE

Corporate Governance Compliance

Following the review of the Corporate Governance Regulations issued by the Capital Market Authority (CMA), the Company has adopted the rules and standards pursuant to these Regulations. To illustrate the Company's compliance with the Regulations, the Company applies all provisions of the Corporate Governance Regulations issued by the Capital Market Authority (CMA), except for the provisions below:

Article/ Paragraph No.	Text of Article/Paragraph
Article 32 – Paragraph B	The Board shall convene no less than four meetings per year, and no less than one meeting every three months.
Article 41 – Paragraph D	The individual assessment of the Board members shall take into account the extent of effective participation of the member and his/her commitment to performing his/her duties and responsibilities, including attending the Board and its committees meetings and dedicating adequate time thereof.
Article 50 – Paragraph 6	Without prejudice to Article (101) of the Companies Law and Article (54) of these Regulations, the Board shall form specialized committees as follows: 6) the Company shall provide the Authority with the names of the members and the types of their memberships in such Board's committees within five (5) days of their appointment, and shall notify the Authority of any changes thereto within five (5) days of the date of such changes.
Article 54 – Paragraph b	The Chairman of the Audit Committee shall be an Independent Director.
Article 85 – Paragraph 3	The Company shall establish programs for developing and encouraging the participation and performance of the Company's employees. The programs shall particularly include the following: 3) Establishing social organizations for the benefit of the Company's employees
Article 87	The Ordinary General Assembly, based on the Board recommendation, shall establish a policy that guarantees a balance between its objectives and those of the community for purposes of developing the social and economic conditions of the community.
Article 90 – Paragraph 8 Article 93 – Paragraph a-4-b Article 93 – Paragraph B	Disclosure of the remuneration of five Senior Executives in details pursuant to the schedule appended to the Corporate Governance Regulations.
Article 90 – Paragraph 19	The Board's report shall include the Board's operations during the last fiscal year and all factors that affect the Company's businesses, such report shall include the following: 19) Geographical analysis of the Company's and its affiliates' revenues.
Article 95	If the Board forms a Corporate Governance Committee, it shall assign to it the competencies stipulated in Article (94) of these Regulations. Such Committee shall oversee any matters relating to the implementation of governance, and shall provide the Board with its reports and recommendations at least annually.

Reasons for non-application

This is a guiding paragraph.
The Board of Directors convened 6 meetings in 2020, but the interval between all the meetings was not 3 months. This has not affected the Board's performance

This is a guiding article.
The Board of Directors did not establish individual assessment indicators for this year.

Mobily notifies CMA in case of any changes in Board memberships, the type of membership or committees. But the Authority was not notified of the change in one of the Remunerations and Nominations Committee members within 5 days of the change due to an "unintentional" technical error, where the email was not delivered to the concerned team of notifying the authority of the change due to work-from-home arrangements during the pandemic.

It is a guiding paragraph.
The Chairman of the Audit Committee is a Non-Director who is completely independent.

It is a guiding article.
The Company establishes other programs for developing and encouraging the participation and performance of the Company's employees.

It is a guiding article.
The Company continuously participates in various social activities that aim to achieve sustainability and achieve set objectives, while improving the community's social and economic conditions at the same time

The company has disclosed the components of the senior executives' remuneration collectively in accordance with the statutory requirements contained in subparagraph (b) of Paragraph (4) of Article (93) of the Corporate Governance Regulations. However, to protect the interests of the company, its shareholders and its employees, and to avoid any damage that may result due to the disclosure in detail according to the titles and the position, the details were not presented as mentioned in Appendix (1) of the Senior Executives of the Corporate Governance Regulations.

Given the nature of the telecoms sector, a geographic analysis of the Company's total revenues is not available. The reason is that subscriber-generated revenue is not linked to a certain location or area.
Mobily InfoTech India Private Limited (India) is a cost center, with an activity of IT software development and provision of IT technical support services.
National Company for Business Solutions FZE, headquartered in UAE, is a cost center that is wholly owned by the subsidiary

This is a guiding article.
The Board of Directors ensures compliance with the Company's governance rules, as well as reviewing and updating these rules, and improving the Company's Code of Conduct, and other policies and internal procedures. Board members are constantly informed about the latest developments in the area of governance.

Corporate Governance Compliance (Continued)

It should be noted that:

- There is no conflict between the recommendations of the Audit Committee and the Board resolutions as to appointing or dismissing the Company's External Auditor or determining its remuneration, assessing its performance or appointing the Internal Auditor
- According to Article 67 of RULES ON THE OFFER OF SECURITIES AND CONTINUING OBLIGATIONS, the Company has not been informed of any interest in voting right shares owned by any person (other than Board members and Senior Executives and their relatives)
- No convertible debt instruments, contractual securities, pre-emptive right or similar rights were issued or granted by the Company during the fiscal year
- No conversion or subscription rights under any convertible debt instruments, contractual based securities, warrants or similar rights were issued or granted by the Company
- There was no redemption, purchase or cancellation by the Company of any redeemable debt instruments
- No Shareholder of the Company has waived any rights to dividends
- No investments or reserves were made or set up for the benefit of the employees of the Company
- The Auditor's Report does not contain any reservation about the Annual Financial Statements
- The Board of Directors did not recommend replacing the External Auditor before the end of its term
- There are no treasury shares retained by the Company
- There is no inconsistency with the standards approved by the Saudi Organization for Certified Public Accountants

GOVERNANCE

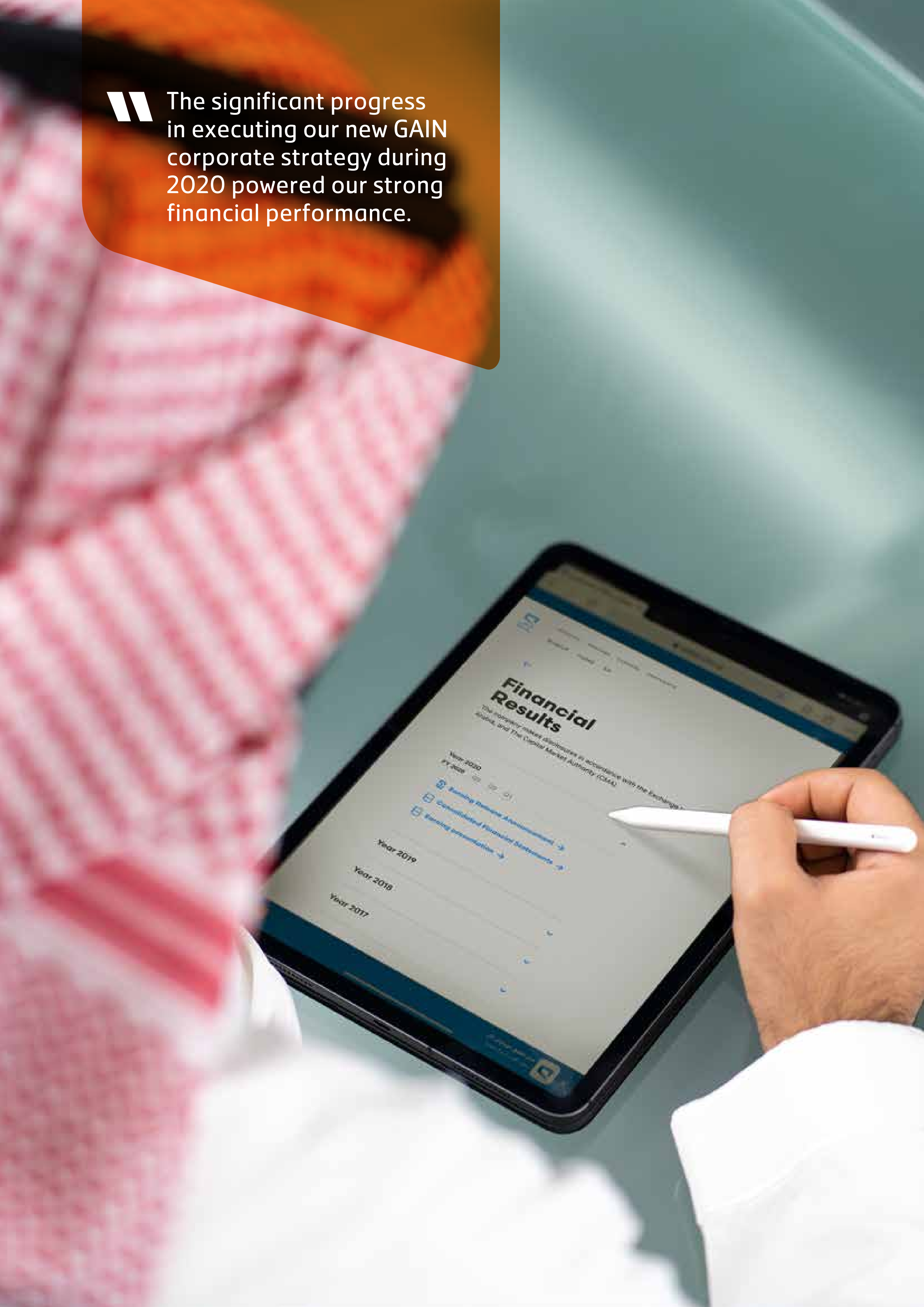
Declarations of the Board of Directors

The Board of Directors declares the following:

- Proper books of account have been maintained
- The system of internal control is sound in design and has been effectively implemented
- There are no significant doubts concerning the Company's ability to continue its activity

Board of Directors
Etihad Etisalat Co. (Mobily)
March 2021

> The significant progress in executing our new GAIN corporate strategy during 2020 powered our strong financial performance.



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Independent Auditors' Report

TO THE SHAREHOLDERS OF ETIHAD ETISALAT COMPANY (SAUDI JOINT STOCK COMPANY)

Opinion

We have audited the consolidated financial statements of Etihad Etisalat Company ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2020, its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants (SOCPA).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

See Note 27 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
There is an inherent risk relating to the completeness, existence and accuracy of recorded revenue given the complexity of the systems, the high volumes of data and the combination of different services into different products which are sold at varying prices. Significant management judgment is required in determining the appropriate measurement and timing of recognition of different elements of revenue within bundled products. Due to the estimates and judgment involved in the application of the revenue recognition standard and the complexity of the related IT systems and processes, we have identified this matter as a key audit matter	In responding to this area, our audit procedures included testing of relevant controls and substantive procedures. In particular: • Assessing the appropriateness of the revenue recognition policy that is applied to different products and combination of products to assess whether it is in accordance with the applicable accounting framework; • Assessing, with the assistance of our internal IT specialists, the design, implementation and operating effectiveness of management's key internal controls over the IT environment in which the business systems operate, including access controls, program change controls, program development controls and IT operation controls; • Assessing with the assistance of our internal IT specialists, the design, implementation and operating effectiveness of management's key internal IT controls over the completeness and accuracy of rating and bill generation and the end to end reconciliation controls from the rating and billing systems to the accounting system; • Performing tests on the accuracy of customer invoice generation on a sample basis and testing the credits and discounts applied; • Performing analytical reviews of significant revenue streams; • Performing specific procedures to test the completeness and accuracy of adjustments relating to contracts containing multiple performance obligations.

Capitalization of assets and the assessment of useful lives and residual values for property and equipment

See Note 7 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
Property and equipment represent a significant proportion of the Group's asset base. The estimates and assumptions made to determine the carrying amounts, including whether and when to capitalise or expense certain costs, and the determination of depreciation charges are material to the Group's financial position and performance. The charges in respect of periodic depreciation are derived after estimating an asset's expected useful life and the expected residual value. Changes to assets' carrying amounts, expected useful lives or residual values could result in a material impact on the consolidated financial statements and is a matter of significance to our audit. The details of critical accounting judgments and carrying values of Property and Equipment are given in Notes 6.5 and 7. We considered the valuation of Property and Equipment to be a key audit matter due to the extent of judgment and assumptions involved in the assessment of useful lives and residual values.	We obtained an understanding of and tested the relevant management controls relating to the capitalization of Property and equipment. We evaluated the capitalization policies and assessed the timeliness of the transfer of assets under construction by agreeing the date that depreciation commenced to the date that the asset is ready for use. Our substantive testing of the determination of estimated useful lives and residual values included the following: • Considering management's judgments, including the appropriateness of the useful life assumptions and residual values applied in the calculation of depreciation and amortization. • Testing on a sample basis the accuracy of the cost capitalization and capex accrual.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report once it is made available to us, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations for Companies and Company's By-laws and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, The Group's Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. 'Reasonable assurance' is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit of Etihad Etisalat Company ("the Company") and its subsidiaries ("the Group").

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For KPMG Al Fozan & Partners
Certified Public Accountants

Khalil Ibrahim Al Sedais
License No. 371

Riyadh on: 22 February 2021
Corresponding to: 10 Rajab 1442H

Etihad Etisalat Company (A Saudi Joint Stock Company)

Consolidated Statement of Financial Position

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

	Notes	31 December 2020	31 December 2019
Assets			
Non-current assets			
Property and equipment	7	21,320,636	21,651,369
Right of use assets	8	2,321,026	2,378,958
Intangible assets	9	8,239,770	8,566,577
Capital advances		44,187	99,469
Financial assets	1.2	7,097	7,636
Total non-current assets		**31,932,716**	**32,704,009**
Current assets			
Inventories	10	73,333	104,747
Contract assets	23.1	485,180	341,567
Accounts receivable	11	3,895,306	3,034,222
Due from related parties	12	112,199	90,266
Prepaid expenses and other assets	13	674,685	850,658
Other financial assets	14	300,000	839,000
Derivatives financial instruments		12,979	-
Cash and cash equivalents	15	929,498	1,251,680
Total current assets		**6,483,180**	**6,512,140**
Total assets		**38,415,896**	**39,216,149**
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital	1	7,700,000	7,700,000
Statutory reserve	26	2,648,971	2,648,971
Retained earnings		4,205,714	3,469,231
Foreign currency translation reserve		(11,988)	(10,979)
Hedging reserve		(97,835)	(56,238)
Fair value reserve		365	365
Total shareholders' equity		**14,445,227**	**13,751,350**
Non-current liabilities			
Loans and notes payable	16	10,134,358	11,227,540
Lease liabilities		1,835,665	1,857,052
Provision for employees' end of service benefits	17	484,760	438,030
Contract liabilities	23.2	-	22,292
Deferred government grants income	18	103,142	122,373
Other financial liabilities		250,227	275,536
Provision for decommissioning liability	19	170,116	154,787
Total non-current liabilities		**12,978,268**	**14,097,610**
Current liabilities			
Loans and notes payable	16	1,349,457	1,157,017
Lease liabilities		769,101	651,972
Accounts payable	20	4,668,596	5,092,583
Contract liabilities	23.2	1,066,989	1,090,779
Due to related parties	12	152,836	264,765
Accrued expenses and other liabilities	21	2,403,804	2,512,947
Derivatives financial instruments		79,473	56,238
Provisions		409,296	445,295
Zakat provision	22	73,618	76,362
Deferred government grants income	18	19,231	19,231
Total current liabilities		**10,992,401**	**11,367,189**
Total liabilities		**23,970,669**	**25,464,799**
Total shareholders' equity and liabilities		**38,415,896**	**39,216,149**

The attached notes from 1 to 36 are an integral part of these consolidated financial statements.

Chief Financial Officer   Chief Executive Officer   Chairman

Consolidated Statement of Profit or Loss

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

	Notes	31 December 2020	31 December 2019
Revenue	27	14,046,168	13,449,974
Cost of sales	28	(5,893,760)	(5,649,987)
Gross profit		**8,152,408**	**7,799,987**
Selling and marketing expenses	29	(1,390,662)	(1,277,306)
General and administrative expenses	30	(1,407,201)	(1,508,787)
Impairment loss on accounts receivable and contract assets	11,23.1	(14,777)	(109,859)
Depreciation and amortization	7,8,9	(3,969,613)	(3,916,802)
Impairment loss on property and equipment	7	(14,238)	(63,000)
Other income, net		10,600	42,780
Operating profit		**1,366,517**	**967,013**
Share in results of joint venture		-	(1,483)
Finance expenses	31	(561,115)	(929,481)
Finance income	14	20,648	44,504
Profit before zakat		**826,050**	**80,553**
Zakat	22	(42,796)	(49,370)
Profit for the year		**783,254**	**31,183**
Earnings per share:			
Basic and diluted earnings per share (in SAR)	32	1.02	0.04

The attached notes from 1 to 36 are an integral part of these consolidated financial statements.

Chief Financial Officer

Chief Executive Officer

Chairman

Etihad Etisalat Company (A Saudi Joint Stock Company)

Consolidated Statement of Comprehensive Income

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

	31 December 2020	31 December 2019
Profit for the year	**783,254**	**31,183**
Items that will be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	(1,009)	(947)
Cash flow hedge - change in fair value	(61,711)	(60,710)
Cash flow hedge - reclassified to profit or loss	20,114	17,226
Net total items that will be reclassified subsequently to profit or loss	**(42,606)**	**(44,431)**
Items that will not be reclassified subsequently to profit or loss:		
Actuarial losses on re-measurement of employees' end of service benefits	(46,233)	(5,312)
Change in fair value of equity investments at FVOCI	(538)	365
Net total items that will not be reclassified subsequently to profit or loss	**(46,771)**	**(4,947)**
Other comprehensive loss for the year	**(89,377)**	**(49,378)**
Total comprehensive income / (loss) for the year	**693,877**	**(18,195)**

The attached notes from 1 to 36 are an integral part of these consolidated financial statements.

Chief Financial Officer

Chief Executive Officer

Chairman

Consolidated Statement of Changes in Equity

For the year ended 31 December 2020

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

	Share capital	Statutory reserve	Retained earnings	Foreign currency translation reserve	Hedging reserve	Fair value reserve	Total shareholders' equity
As at 1 January 2019	**7,700,000**	**2,648,971**	**3,543,131**	**(10,032)**	**(12,754)**	**-**	**13,869,316**
Adjustment on application of IFRS 16	-	-	(99,771)	-	-	-	(99,771)
As at 1 January 2019 (adjusted)	7,700,000	2,648,971	3,443,360	(10,032)	(12,754)	-	13,769,545
Profit for the year	-	-	31,183	-	-	-	31,183
Other comprehensive (loss) / income for the year	-	-	(5,312)	(947)	(43,484)	365	(49,378)
Total comprehensive income / (loss) for the year	-	-	25,871	(947)	(43,484)	365	(18,195)
As at 31 December 2019	7,700,000	2,648,971	3,469,231	(10,979)	(56,238)	365	13,751,350
As at 1 January 2020	**7,700,000**	**2,648,971**	**3,469,231**	**(10,979)**	**(56,238)**	**365**	**13,751,350**
Profit for the year	-	-	783,254	-	-	-	783,254
Other comprehensive loss for the year	-	-	(46,233)	(1,009)	(41,597)	(538)	(89,377)
Total comprehensive income / (loss) for the year	-	-	737,021	(1,009)	(41,597)	(538)	693,877
Transfers	-	-	(538)	-	-	538	-
As at 31 December 2020	**7,700,000**	**2,648,971**	**4,205,714**	**(11,988)**	**(97,835)**	**365**	**14,445,227**

The attached notes from 1 to 36 are an integral part of these consolidated financial statements.

Chief Financial Officer

Chief Executive Officer

Chairman

Etihad Etisalat Company (A Saudi Joint Stock Company)

Consolidated Statement of Cash Flows

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

	Notes	31 December 2020	31 December 2019
OPERATING ACTIVITIES			
Profit for the year		783,254	31,183
Adjustments for:			
Change in provision for inventory obsolescence		16,945	(76,156)
Depreciation	7,8	3,606,152	3,554,879
Amortization of intangible assets	9	363,461	361,923
Impairment loss on property and equipment	7	14,238	63,000
Provision for employees' end of service benefits	17	70,354	69,306
Impairment loss on accounts receivable and contract assets	11,23.1	14,777	109,859
Provisions		144,573	22,220
Government grants		(19,231)	(19,231)
Zakat	22	42,796	49,370
Loss on sale of property and equipment		16,139	6,597
Foreign exchange losses		-	1,592
Other expense / (income)		8,857	(775)
Share in results of joint venture		-	1,483
Finance expenses	31	561,115	929,481
Finance income		(20,648)	(44,504)
Changes in:			
Accounts receivable		(876,736)	455,840
Inventories		14,469	40,769
Contract assets		(163,548)	(160,935)
Prepaid expenses and other assets		124,491	30,786
Derivatives financial instruments		(31,340)	850
Accounts payable		(193,431)	(349,222)
Contract liabilities		(46,082)	(307,437)
Accrued expenses and other liabilities		475,577	(532,832)
Utilization of provision for decommissioning liability		(1,648)	(3,077)
Provisions used		(148,287)	(29,623)
Due from related parties		(21,933)	(28,545)
Due to related parties		(111,929)	101,380
Cash generated from operating activities		**4,622,385**	**4,278,181**
End of service benefits paid	17	(69,857)	(62,662)
Finance expenses paid		(378,166)	(668,630)
Zakat paid	22	(4,562)	(37,783)
Net cash generated from operating activities		**4,169,800**	**3,509,106**
INVESTING ACTIVITIES			
Other financial assets		539,000	161,000
Finance income received		31,151	51,798
Purchase of property and equipment		(3,369,198)	(1,968,253)
Proceeds from sale of property and equipment		9,676	34
Proceeds from sale of investment		1	-
Acquisition of intangible assets		(76,902)	(136,490)
Net cash used in investing activities		**(2,866,272)**	**(1,891,911)**
FINANCING ACTIVITIES			
Proceeds from loans and notes payable		310,294	9,460,785
Payment of loans and notes payable and related fees		(1,266,737)	(10,245,376)
Payment of lease liabilities		(669,267)	(613,774)
Net cash used in financing activities		**(1,625,710)**	**(1,398,365)**
Net changes in cash and cash equivalents		(322,182)	218,830
Cash and cash equivalents at 1 January		1,251,680	1,032,850
Cash and cash equivalents at 31 December	**15**	**929,498**	**1,251,680**

The attached notes from 1 to 36 are an integral part of these consolidated financial statements.

Chief Financial Officer | Chief Executive Officer | Chairman

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

1 CORPORATE INFORMATION

1.1 Etihad Etisalat Company

Etihad Etisalat Company ("Mobily" or the "Company"), a Saudi Joint Stock Company, is registered in the Kingdom of Saudi Arabia under commercial registration number 1010203896 issued in Riyadh on 14 December 2004 (corresponding to Dhul Qa'adah 2, 1425H). The main address for the Company is P.O. Box 23088, Riyadh 11321, Kingdom of Saudi Arabia.

The Company was incorporated pursuant to the Royal decree number M/40 dated 18 August 2004 (corresponding to Rajab I 2, 1425H) approving the Council of Ministers resolution number 189 dated 10 August 2004 (corresponding to Jumada II 23, 1425H) to approve the award of the license to incorporate a Saudi Joint Stock Company under the name of "Etihad Etisalat Company".

Pursuant to the Council of Ministers resolution number 190 dated 10 August 2004 (corresponding to Jumada II 23, 1425H), the Company obtained the licenses to install and operate 2G and 3G mobile telephone networks including all related elements and the provision of all related services locally and internationally through its own network.

Pursuant to the Communication and Information Technology Commission (CITC) resolution number 5125 dated 21 February 2017 (corresponding to Jumada I 24, 1438H), the Company obtained a Unified License to provide all licensed telecommunication services including fixed line voice services and fixed internet.

The Company's main activity is to establish and operate mobile wireless telecommunications network, fiber optics networks and any extension thereof, manage, install and operate telephone networks, terminals and communication unit systems, in addition to sell and maintain mobile phones and communication unit systems in the Kingdom of Saudi Arabia. The Group commenced its commercial operations on 25 May 2005 (corresponding to Rabi II 17, 1426H).

The authorized, issued and paid up share capital of the Company is SAR 7,700 million divided into 770 million shares of SAR 10 each.

On 17 December 2020, the Board of Directors proposed a dividend of SAR 385 million (SAR 0.5 per share on 770 million shares) to the Annual General Assembly. The proposed dividend is yet to be approved by the general assembly as at the date of approval of these financial statements ended 31 December 2020. No liability has been recognized in these financial statements.

1.2 Subsidiary Companies

Below is the summary of Company's subsidiaries and ownership percentage as follows:

		Ownership percentage				
		31 December 2020		31 December 2019		Initial
Name	Country of incorporation	Direct	Indirect	Direct	Indirect	investment
Mobily Infotech India Private Limited	India	99.99%	0.01%	99.99%	0.01%	1,836
Bayanat Al-Oula for Network Services Company (Single Person Company)	Saudi Arabia	100.00%	-	100.00%	-	1,500,000
Zajil International Network for Telecommunication Company	Saudi Arabia	96.00%	4.00%	96.00%	4.00%	80,000
National Company for Business Solutions	Saudi Arabia	95.00%	5.00%	95.00%	5.00%	9,500
National Company for Business Solutions FZE	United Arab of Emirates	-	100.00%	-	100.00%	184
Mobily Ventures Holding W.L.L*	Bahrain	100.00%	-	100.00%	-	2,510
Etihad Fintech Company (Single Person Company)	Saudi Arabia	100.00%	-	-	-	50

* The legal name of Mobily Ventures Holding has been officially changed from Single Person Company (S.P.C.) to a With Limited Liability Company (W.L.L) according to the Bahrain Commercial Companies Law No. 21 of 2001.

The main activities of the subsidiaries are as follows:

- IT services, applications, billing and testing support, product marketing, process management, support services and call center services.
- Contractual establishment and maintenance of wired telecommunication networks and related works and the installation and maintenance of computer systems, marketing and importing services for third parties.
- Installation and maintenance of wire and wireless telecommunication networks; import, export, sale, and distribution of equipment, machinery, telecommunication systems and smart building systems; in addition to marketing and distributing of telecommunication services and managing the centers related to those services; providing computer services and related programs and equipment and providing consultation services in the telecommunication, computer, software, and media production domains.
- Wholesale and retail trade of computers and electronic equipment, maintenance and operation of such equipment, and provision of related services.
- Establish and own companies specializing in commercial activities.
- Manage its affiliated companies or to participate in the management of other companies in which it owns shares, and to provide the necessary support for such companies.
- Invest funds in shares, bonds and other securities.
- Own real estate and other assets necessary for undertaking its activities within the limits pertained by law.
- Own or to lease intellectual property rights such as patents and trademarks, concessions and other intangible rights to exploit and lease or sub-lease them to its affiliates or to others.
- Have interest or participate in any manner in institutions which carry on similar activities or which may assist the Company in realizing its own objectives in the Kingdom of Bahrain or abroad. The Company may acquire such entities or merge therewith.
- Perform all acts and services relating to the realization of the foregoing objects.
- Retail via the Internet
- Technology in financial services

The consolidated financial statements of the Company include the financial information of the following subsidiaries (collectively hereafter referred as "Group"):

1.2.1 Mobily Infotech India Private Limited

During the year 2007, the Company invested in 99.99% of the share capital of a subsidiary company, Mobily Infotech India Private Limited incorporated in Bangalore, India which commenced its commercial activities during the year 2008. Early 2009, the remaining 0.01% of the Mobily Infotech India Private Limited share capital was acquired by National Company for Business Solutions, a subsidiary of the Company. The financial year end of Mobily Infotech India Private Limited is March 31 however, the Company uses the financial statements of Mobily Infotech India Private Limited for the same reporting period in preparing the Group's consolidated financial statements.

1.2.2 Bayanat Al-Oula for Network Services Company (Single Person Company)

During the year 2008, the Company acquired 99% of the partners' shares in Bayanat Al-Oula for Network Services Company ("Bayanat"), a Saudi limited liability company. The acquisition included Bayanat's rights, assets, obligations, commercial name as well as its current and future trademarks for a total price of SAR 1.5 billion, resulting in goodwill of SAR 1,467 million on the acquisition date. The remaining 1% is owned by National Company for Business Solutions, a subsidiary of the Company.

During the year 2019, the Company acquired the remaining 1% owned by National Company for Business Solutions.

1.2.3 Zajil International Network for Telecommunication Company

During the year 2008, the Company acquired 96% of the partners' shares in Zajil International Network for Telecommunication Company ("Zajil"), a Saudi limited liability company. The acquisition included Zajil's rights, assets, obligations, commercial name as well as its current and future trademarks for a total price of SAR 80 million, resulting in goodwill of SAR 63 million on the acquisition date. The remaining 4% is owned by National Company for Business Solutions, a subsidiary of the Company. The goodwill has been fully impaired during the year ended 31 December 2014.

1.2.4 National Company for Business Solutions

During the year 2008, the Company invested in 95% of the share capital of National Company for Business Solutions, a Saudi limited liability company. The remaining 5% is owned by Bayanat, a subsidiary of the Company.

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

National Company for Business Solutions owns participation as follows:

		Ownership percentage		Carrying amount	
Name	Country of incorporation	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Ecommerce Taxi Middle East	Luxembourg	10%	10%	1,702	1,702

1.2.5 National Company for Business Solutions FZE

During 2014, National Company for Business Solutions (KSA) completed the legal formalities pertaining to the investment of 100% in National Company for Business Solutions FZE, a Company incorporated in the United Arab of Emirates.

1.2.6 Mobily Ventures Holding W.L.L

During 2014, the Company completed the legal formalities pertaining to the investment in a new subsidiary, Mobily Ventures Holding, With Limited Liability Company (W.L.L), located in the Kingdom of Bahrain owned 100% by the Company.

Mobily Ventures Holding W.L.L owns participation in the following companies:

		Ownership percentage		Carrying amount	
Name	Country of incorporation	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Anghami LLC	Cayman Islands	7.97%	7.94%	5,395	5,395
MENA 360 DWC LLC*	United Arab of Emirates	0%	2.33%	-	539
Dokkan Afkar	British Virgin Islands	3.28%	3.28%	-	-

*During the year 2020, Mobily Ventures Holding W.L.L shareholding in MENA 360 DWC LLC has been redeemed.

1.2.7 Etihad Fintech Company (Single Person Company)

During 2019, the Company completed the legal formalities pertaining to the investment of 100% in Etihad Fintech Company (Single Person Company), a Saudi limited liability company.

2 BASIS OF ACCOUNTING

2.1 Statement of Compliance

These consolidated financial statements comprise the financial information of the Company and its subsidiaries (together referred to as the "Group").

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Certified Public Accountants (SOCPA).

The principal accounting policies applied in the preparation of these consolidated financial statements have been consistently applied to all periods presented.

These consolidated financial statements have been approved for issuance by the Board of Directors on 20 February 2021 (corresponding to 8 Rajab 1442H).

2.2 Basis of Measurement

These consolidated financial statements have been prepared on historical cost basis unless stated otherwise using the going concern basis of assumption.

2.3 Functional and Presentation Currency

These consolidated financial statements are presented in Saudi Riyal (SAR) which is the functional currency of the Company. All amounts have been rounded off to the nearest thousands unless otherwise stated.

3 BASIS OF CONSOLIDATION

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement in the investee;
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including the contractual arrangement(s) with the other vote holders of the investee, rights arising from other contractual arrangements and the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, unrealized income and expenses and cash flows relating to transactions are eliminated in full on consolidation.

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it:

- De-recognizes the assets (including goodwill) and liabilities of the subsidiary;
- De-recognizes the carrying amount of any non-controlling interest;
- De-recognizes the cumulative translation differences, recorded in equity;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in consolidated statement of profit or loss;
- Reclassifies the Group's share of components previously recognized in consolidated statement of other comprehensive income to consolidated statement of profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

4 NEW STANDARDS AND AMENDMENTS ISSUED BUT NOT YET EFFECTIVE

Standards and amendments issued but not yet applicable to the Group's consolidated financial statements but not expected to have a significant impact are listed below:

a) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest rate benchmark reforms (Phase 2).
b) Amendments to IFRS 3 – Reference to the conceptual framework.
c) Amendments to IAS 1 – Classification of liabilities as current or non-current.
d) Annual improvements to IFRS Standards 2018-2020.

5 SIGNIFICANT ACCOUNTING POLICIES

5.1 Current versus Non-Current Classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

5.2 Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at the acquisition date fair value and the amount of any non-controlling interest in the acquiree. Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred is recognized at fair value at the acquisition date. All contingent consideration (except that which is classified as equity) is remeasured at fair value at each reporting date with the changes in fair value recognized in consolidated statement of profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previous interest held, over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in consolidated statement of profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is from the acquisition date allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed off, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash generating unit retained.

5.3 Investment in an Associate and a Joint Venture

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associates and joint ventures are accounted for using the equity method. Under the equity method, the investment in an associate or joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The consolidated statement of profit or loss reflects the Group's share in results of the associate and joint venture. Any change in consolidated statement of comprehensive income of those investees is presented as part of the Group's consolidated statement of comprehensive income. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in shareholders' equity. Unrealized gains and losses resulting from transactions between the Group and the associate and joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share in results of associate and joint venture is shown separately on the face of the consolidated statement of profit or loss.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is any objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the loss as part of 'Share in results of associate and joint venture' in the consolidated statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retaining investment and proceeds from disposal is recognized in the consolidated statement of profit or loss.

5.4 Cash and Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents consist of cash on hand, bank current accounts and Murabaha facilities with original maturities of three months or less from acquisition date.

5.5 Financial Instruments – initial recognition, subsequent measurement and derecognition

5.5.1 Financial assets

(a) Initial recognition and measurement

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

(b) Classification and subsequent measurement

On initial recognition, financial assets are classified as measured at: amortized cost; Fair Value through Other Comprehensive Income (FVOCI) – debt investment; FVOCI – equity investment; or Fair Value through Profit and Loss (FVTPL).

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The subsequent measurement of financial assets depends on their classification, as described below:

Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in consolidated statement of profit or loss. Any gain or loss on derecognition is recognized in consolidated statement of profit or loss.
Financial assets at FVOCI - Debt investments	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in consolidated statement of profit or loss. Other net gains and losses are recognized in consolidated statement of comprehensive income. On derecognition, gains and losses accumulated in consolidated statement of comprehensive income are reclassified to consolidated statement of profit or loss.
Financial assets at FVOCI - Equity investments	These assets are subsequently measured at fair value. Dividends are recognized as income in consolidated statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in consolidated statement of comprehensive income and are never reclassified to consolidated statement of profit or loss.
Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in consolidated statement of profit or loss.

(c) Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
  - (i) the Group has transferred substantially all the risks and rewards of the asset, or
  - (ii) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

(d) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses (ECL) on debt instruments that are measured at amortized cost or at FVOCI, accounts receivable, contract assets, lease receivables and financial guarantee contracts. No impairment loss is recognized for investments in equity instruments. The amount of expected credit losses reflects changes in credit risk since initial recognition of the respective financial instrument.

The Group applies the simplified approach to calculate impairment on accounts receivable and contract assets and this always recognizes lifetime ECL on such exposures. ECL on these financial assets are estimated using a flow rate based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group applies the general approach to calculate impairment. Lifetime ECL is recognized when there has been a significant increase in credit risk since initial recognition and 12 month ECL is recognized when the credit risk on the financial instrument has not increased significantly since initial recognition.

The assessment of whether credit risk of the financial instrument has increased significantly since initial recognition is made through considering the change in risk of default occurring over the remaining life of the financial instrument.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the end of the reporting period with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available.

The Group considers the default in case of accounts receivable occurs when a customer balance moves into the "Inactive" category based on its debt age analysis.

For all other financial assets, the Group considers the following as constituting an event of default as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay his dues.

The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if; i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the percentage of the loss if there is a default) and the exposure at default. The assessment of the probability of default is based on historical data adjusted by forward-looking information.

The Group recognizes an impairment loss or reversals in the consolidated statement of profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVOCI, for which the loss allowance is recognized in consolidated statement of comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the consolidated statement of financial position.

5.5.2 Financial liabilities

Recognition and measurement

Financial liabilities are classified, at initial recognition, as measured at amortized cost or financial liabilities at fair value through profit or loss. All financial liabilities other than financial liabilities at fair value through profit or loss are recognized initially at fair value net of directly attributable transaction costs. Financial liabilities at fair value through profit or loss are measured initially and subsequently at fair value, and any related transaction costs are recognized in consolidated statement of profit or loss as incurred.

5.5.3 Derivatives

Derivatives are initially measured at fair value. Subsequent to initial recognition, any change in fair value is generally recognized in consolidated statement of profit or loss.

The Group designates derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in profit rates.

Hedge effectiveness is determined at the inception of the hedge relationship and periodically to ensure that an economic relationship exists between the hedged item and hedging instrument. The Group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item.

At the inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in consolidated statement of comprehensive income and accumulated in the hedging reserve shown under shareholders' equity. The effective portion of changes in the fair value of the derivative that is recognized in consolidated statement of comprehensive income is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in consolidated statement of profit or loss. The amount accumulated in shareholders' equity is reclassified to consolidated statement of profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, terminated or exercised, then hedge accounting is discontinued prospectively.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in shareholders' equity are immediately reclassified to consolidated statement of profit or loss.

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

5.6 Property and Equipment

Property and equipment are measured at cost, less accumulated depreciation and any accumulated impairment losses. Cost comprises the cost of equipment and materials, including freight and insurance, charges from contractors for installation and building works, direct labor costs, capitalized borrowing costs and an estimate of the costs of dismantling and removing the equipment and restoring the site on which it is located. If significant parts of an item of property and equipment have different useful lives, then they are accounted for as separate items of property and equipment.

Depreciation on property and equipment is charged to the consolidated statements of profit or loss using the straight line method over their estimated useful lives at the following annual depreciation rates.

	Depreciation rate
Buildings	5%
Leasehold improvements	10 %
Telecommunication network equipment	4% - 20%
Computer equipment and software	10% - 33%
Office equipment and furniture	14% - 33%
Vehicles	20% - 25%

Depreciation methods, estimated useful lives and residual values are reviewed annually and revised if the current methods, estimated useful lives or residual values are different from that estimated previously. The effect of such changes is recognized in the consolidated statements of profit or loss prospectively.

Major renovations and improvements are capitalized if they increase the productivity or the operating useful life of the assets as well as direct labor and other direct costs. Repairs and maintenance are expensed when incurred. Gain or loss on disposal of property and equipment which represents the difference between the sale proceeds and the carrying amount of these assets, is recognized in the consolidated statement of profit or loss.

Capital work in progress is stated at cost until the construction on installation is complete. Upon the completion of construction or installation, the cost of such assets together with cost directly attributable to construction or installation, including capitalized borrowing cost, are transferred to the respective class of asset. No depreciation is charged on capital work in progress.

5.7 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is recognized in the consolidated statement of profit or loss in the period in which the expenditure is incurred.

5.7.1 Licenses

Acquired telecommunication licenses are initially recorded at cost or, if part of a business combination, at fair value.

Licenses are amortized on a straight line basis over their estimated useful lives from when the related networks are available for use.

5.7.2 Goodwill

Goodwill is the amount that results when the fair value of consideration transferred for an acquired business exceeds the net fair value of the identifiable assets, liabilities and contingent liabilities recognized. When the Group enters into a business combination, the acquisition method of accounting is used. Goodwill is assigned, as of the date of the business combination, to cash generating units that are expected to benefit from the business combination. Each cash generating unit represents the lowest level at which goodwill is monitored for internal management purposes and it is never larger than an operating segment.

5.7.3 Indefeasible rights of use (IRU)

IRUs correspond to the right to use a portion of the capacity of a terrestrial or submarine transmission cable granted for a fixed period. IRUs are recognized at cost as an intangible asset when the Group has the specific indefeasible right to use an identified portion of the underlying asset, generally optical fibers or dedicated wavelength bandwidth, and the duration of the right is for the major part of the underlying asset's economic life. They are amortized on a straight line basis over the shorter of the expected period of use and the life of the contract.

5.7.4 Computer Software
Computer software licenses purchased from third parties are initially recorded at cost. Costs directly associated with the production of internally developed software, where it is probable that the software will generate future economic benefits, are recognized as intangible assets.

5.8 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 capitalized as part of the cost of the respective asset. Where funds are borrowed specifically to finance a project, the amount capitalized represents the actual borrowing costs incurred. Where surplus funds are available for a short term from money borrowed specifically to finance a project, the income generated from the temporary investment of such amounts is deducted from the total capitalized borrowing cost. Where the funds used to finance a project form part of general borrowings, the amount capitalized is calculated using an applicable weighted average rate.

All other borrowing costs are expensed in the period in which they incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

5.9 Impairment of Non-Financial Assets
The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Goodwill is tested annually for impairment and any impairment loss in respect of goodwill is not reversed.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognized in the consolidated statement of profit or loss in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of profit or loss.

5.10 Zakat and Income Tax
The Group is subject to zakat in accordance with the regulations of the General Authority of Zakat and Tax (GAZT). Provision for zakat for the Group and zakat related to the Group's ownership in the Saudi Arabian subsidiaries is charged to the consolidated statement of profit or loss. Foreign shareholders in the consolidated Saudi Arabian subsidiaries are subject to income taxes. Additional amounts payable, if any, at the finalization of final assessments are accounted for when such amounts are determined. The Group and its Saudi Arabian subsidiaries withhold taxes on certain transactions with non-resident parties in the Kingdom of Saudi Arabia as required under Saudi Arabian Income Tax Law.

Foreign subsidiaries are subject to income taxes in their respective countries of domicile. Such income taxes are charged to the consolidated statement of profit or loss.

5.11 Employee Termination Benefits
The Group operates a defined benefit plan for employees in accordance with Saudi Labor and Workman Law as defined by the conditions stated in the laws of the Kingdom of Saudi Arabia. The cost of providing the benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements for actuarial gains and losses are recognized in the consolidated statement of financial position with a corresponding credit to retained earnings through consolidated statement of comprehensive income in the period in which they occur.

Remeasurements are not reclassified to consolidated statement of profit or loss in subsequent periods.

Past service cost is recognized in consolidated statement of profit or loss on the earlier of:

- The date of the plan amendment or curtailment; and
- The date the Group recognizes related restructuring costs.

5.12 Revenues

The Group is in the business of providing mobile telecommunication services. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

(a) Service

Revenue from services comprises airtime usage, text messaging, data service (fixed and mobile internet) and other telecom services. The Group offers services in fixed term contracts and short term arrangement. Revenue from service is recognized when obligation is performed or services are rendered. When services include multiple performance obligations, the Group allocates transaction price to each distinct performance obligation based on respective standalone selling price. The standalone selling price is the observable price for which the goods or services is sold by the Group in similar circumstances to similar customers. If performance obligations are not distinct, revenue is recognized over the contract term. In arrangements, where Group is acting as agent, revenue from service is at net off amount transferred to third party. Revenue from additional consumption is recognized when services are rendered.

(b) Sale of devices

Revenue from sale of devices is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the devices, the amount invoiced is recognized as revenue. Device sales may be separate from or bundled with a service offering. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated based on respective standalone selling price. When device sale is bundled with service offering and identified as distinct performance obligation, the amount allocated to devices is recognized as revenue at the point in time when control of the asset is transferred to the customer. When devices sale is bundled with service offering and identified as combined performance obligation, revenue is recognized over contract term.

(c) Installation and activation services

Revenue from sale of SIM is recognized at the point in time upon activation when end customer takes control of the SIM.

The Group provides installation services that are bundled together with the sale of devices to a customer.

Contracts for bundled sales of devices and installation services are comprised of one performance obligation because the promises to transfer devices and provide installation services are not capable of being distinct. Accordingly, the Group recognizes revenue from bundled sales of devices and installation services over time, using an input method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group.

(d) Loyalty points program

Customer loyalty scheme gives rise to a separate performance obligation because it generally provides a material right to the customer. The Group allocates a portion of the transaction price to the loyalty scheme liability based on relative standalone selling price of loyalty points and liability is recognized as revenue when points are redeemed or expired.

(e) Service offering to carrier (wholesale)

Interconnect revenue is recognized on the basis of the gross value of invoices raised on other operators for termination charges based on the airtime usage, text messaging and the provision of other mobile telecommunications services for the billing period as per the agreed rate.

Roaming revenue is recognized on the basis of the gross value of invoices raised on other roaming partners based on actual traffic delivered during the billing period.

Revenue from other wholesales service is recognized on the basis of gross value over contract term.

(f) Determination of Transaction Price

In determining the transaction price, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration and consideration payable to the customer (if any).

(i) Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

(ii) Significant financing component

Generally, the Group receives short-term advances from its customers. Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised goods or services to the customer and when the customer pays for the goods or services will be one year or less.

If the Group receives long-term advances from customers, the transaction price for such contracts is discounted, using the rate that would be reflected in a separate financing transaction between the Group and its customers at contract inception, to take into consideration the significant financing component.

(iii) Non-cash consideration

The fair value of such non-cash consideration received from the customer is included in the transaction price.

(iv) Consideration payable to the customer

Consideration payable to the customer includes cash amount that the Group pays or expects to pay to the customers and is accounted for as reduction of transaction price.

When a contract includes a contractual clause covering commercial discount or free offers, the Group defers these discounts or free offers over the contract term.

5.13 Contract Balances

(i) Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

(ii) Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Group performs under the contract.

5.14 Costs and expenses

(a) Cost of services and sales

Represent the cost of services and sales incurred during the period which include the costs of goods sold, inventory obsolescence, direct labor, governmental charges, interconnection costs and other overheads related to the revenues recognized.

i. Governmental charges

Govermental charges represent government contribution fees in trade earnings, license fees, frequency waves' fees and costs charged to the Group against the rights to use telecommunications and data services in the Kingdom of Saudi Arabia as stipulated in the license agreements. These fees are recorded in the related periods during which these fees are incurred and included under cost of services in the consolidated statement of profit or loss.

ii. Interconnection costs

Interconnection costs represent connection charges to national and international telecommunication networks. Interconnection costs are recorded in the period when relevant calls are made and are included in the cost of services caption in the consolidated statement of profit or loss.

(b) Selling and marketing expenses

Represent expenses resulting from the Group's management efforts with regard to the marketing function or the selling and distribution function. Selling and marketing expenses include direct and indirect costs not specifically part of cost of revenues. Allocations between selling and marketing expenses and cost of revenues, when required, are made on a consistent basis.

(c) General and administrative expenses

Represent expenses relating to the administration and not to the revenue earning function or the selling and distribution functions. General and administrative expenses include direct and indirect costs not specifically part of cost of revenues. Allocations between general and administrative expenses and cost of revenues, when required, are made on a consistent basis.

(d) Contract cost

i. Cost to obtain a contract

Cost to obtain a contract represents incremental cost and is directly related to obtaining a contract or groups of contracts and would not be paid in the absence of the contract. The Group capitalized such costs of obtaining a contract on the consolidated statement of financial position as a contract acquisition cost when incurred to the extent of recoverability and the related liability is recorded.

ii. Costs to fulfill a contract

The Group capitalizes costs to fulfill a contract when:

a. The costs relate directly to a specific contract;
b. The costs generate or enhance resources of the Group that will be used in satisfying performance obligations in the future; and
c. The costs are expected to be recovered.

Cost related to performance obligations that have been satisfied are included in the consolidated statement of profit or loss.

iii. Amortization

Assets recognized in respect of: (i) the costs to obtain a contract and (ii) the costs to fulfill a contract, is amortized in line with the pattern of revenue recognition.

5.15 Dividends

Dividends are recorded in the consolidated financial statements in the period in which they are approved by the shareholders of the Company.

5.16 Foreign Currency Transactions

(a) Reporting currency and functional currency

The Group's consolidated financial statements are presented in Saudi Riyals, which is also the Company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to consolidated statement of profit or loss reflects the amount that arises from using this method.

(b) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency spot rate at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

Differences arising on settlement or translation of monetary items are recognized in consolidated statement of profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognized in consolidated statement of comprehensive income until the net investment is disposed of, at which time, the cumulative amount is classified to consolidated statement of profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in consolidated statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary measured at fair value is treated in line with the recognition of gain or loss on change in fair value in the item (i.e., the translation differences on items whose fair value gain or loss is recognized in consolidated statement of comprehensive income or consolidated statement of profit or loss are also recognized in consolidated statement of comprehensive income or consolidated statement of profit or loss, respectively).

(c) Group companies

The results and financial position of foreign subsidiaries and associates, not operating in a hyper-inflationary economy, having reporting currencies other than Saudi Riyals are translated into Saudi Riyals as follows:

i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that consolidated statement of financial position;
ii. Income and expenses for each the consolidated statement of profit or loss are translated at average exchange rates; and
iii. Components of the shareholders' equity accounts are translated at the exchange rates in effect at the dates the related items originated.

Cumulative adjustments resulting from the translations of the financial statements of foreign subsidiaries and associates into Saudi Riyals are reported as a separate component of shareholders' equity. The exchange differences arising on translation for consolidation are recognized in consolidated statement of comprehensive income. On disposal of a foreign operation, the component of consolidated statement of comprehensive income relating to that particular foreign operation is recognized in consolidated statement of profit or loss.

5.17 Leases

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

A. As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of the costs of dismantling and removing the underlying asset and restoring the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

After initial recognition, the lease liability is measured by (a) increasing the carrying amount to reflect interest on the lease liability; (b) reducing the carrying amount to reflect the lease payments made; and (c) re-measuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

Where, (a) there is a change in the lease term as a result of reassessment of certainty to exercise an exercise option, or not to exercise a termination option; or (b) there is a change in the assessment of an option to purchase the underlying asset, assessed considering the events and circumstances in the context of a purchase option, the Group re-measures the lease liabilities to reflect changes to lease payments by discounting the revised lease payments using a revised discount rate. The Group determines the revised discount rate as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, or the incremental borrowing rate at the date of reassessment, if the interest rate implicit in the lease cannot be readily determined.

Where, (a) there is a change in the amounts expected to be payable under a residual value guarantee; or (b) there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments, including a change to reflect changes in market rental rates following a market rent review, the Group re-measures the lease liabilities by discounting the revised lease payments using an unchanged discount rate, unless the change in lease payments results from a change in floating interest rates. In such case, the Group use a revised discount rate that reflects changes in the interest rate.

The Group recognizes the amount of the re-measurement of lease liability as an adjustment to the right-of-use asset. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognizes any remaining amount of the re-measurement in consolidated statement of profit or loss.

The Group accounts for a lease modification as a separate lease if both:

a. the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
b. the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

Lease modification that is not accounted for as a separate lease, the Group at the effective date of the lease modification: (a) allocates the consideration in the modified contract; (b) determines the lease term of the modified lease; and (c) remeasures the lease liability by discounting the revised lease payments using a revised discount rate.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

B. As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term in consolidated statement of profit or loss.

5.18 Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed by the Group's Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

5.19 Provisions

(a) General

A provision is recognized in the consolidated statement of financial position when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate of the amount thereof can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of liability is recognized as finance cost in the consolidated statement of profit or loss.

(b) Asset retirement obligation

The provision for asset retirement obligation arose on rental of the networking sites. A corresponding asset is recognized in right of use assets. Asset retirement obligation is provided at the present value of expected costs to settle the obligation using estimated cash flows. The cash flows are discounted at a current pre tax rate that reflects the risks specific to the liability. The unwinding of the discount is expensed as incurred and recognized in the consolidated statement of profit or loss as a finance expenses. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

5.20 Contingent Liabilities

A contingent liability is a possible obligation which may arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group, or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. If the amount of the obligation cannot be measured with sufficient reliability, then the Group does not recognize the contingent liability but discloses it in the consolidated financial statements.

5.21 Inventories

Inventories comprise of mobile phones (handsets) and equipment, SIM cards, prepaid vouchers and scratch cards. Inventories are stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost is determined by using the weighted average method. The Group provides for slow-moving and obsolete inventories in the cost of sales in the consolidated statement of profit or loss.

5.22 Government Grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

When the Group receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to consolidated statement of profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual installments. When loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as a government grant.

6 SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The estimates used by the Group to present these amounts in accordance with IFRS as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA reflect conditions at the reporting date.

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

6.1 Provisions

(a) Impairment loss on accounts receivable and contract assets

The Group uses a provision matrix to calculate ECLs for accounts receivable and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions.

(b) Asset retirement obligation

In the course of the Group's activities, network and other assets are utilized on leased premises which are expected to have costs associated with decommissioning these assets and restoring the location where these assets are situated upon ceasing their use on those premises. The associated cash outflows, which are long-term in nature, are generally expected to occur at the dates of exit of the assets to which they relate. These decommissioning and restoration costs are calculated on the basis of the identified costs for the current financial year, extrapolated into the future based on management's best estimates of future trends in prices, inflation, and other factors, and are discounted to present value at a risk-adjusted rate specifically applicable to the liability. Forecasts of estimated future provisions are revised in light of future changes in business conditions or technological requirements.

The Group records these decommissioning and restoration costs as right of use assets and subsequently allocates them to expense using a systematic and rational method over the lease useful life, and records the accretion of the liability as a charge to finance expenses.

6.2 Financial Risk Management and Financial Instruments

The fair value of derivative instruments, investments in publicly traded and private companies, and equity instruments is determined on the basis of either prices in regulated markets or quoted prices provided by financial counterparties, or using valuation models which also take into account subjective measurements such as, cash flow estimates or expected volatility of prices.

6.3 Defined Benefit Obligations

The cost of defined benefit and the present value of the related obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, withdrawal rate and mortality rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions.

6.4 Impairment of Goodwill

The impairment test on CGUs is carried out by comparing the carrying amount of CGUs and their recoverable amount. The recoverable amount of a CGU is the higher of its fair value less costs of disposal and its value in use. This complex valuation process used to determine fair value less costs of disposal and/or value in use entails the use of methods such as the discounted cash flow method which uses assumptions to estimate cash flows. The recoverable amount depends significantly on the discount rate used in the discounted cash flow model as well as the expected future cash flows.

6.5 Property and Equipment

(a) Useful lives of property and equipment

The useful life of each of the Group's items of property and equipment is estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of practices of similar businesses, internal technical evaluation, experience with similar assets and application of judgment as to when the assets become available for use and the commencement of the depreciation charge.

The estimated useful life of each asset is reviewed at least each financial year-end and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above. A reduction in the estimated useful life of any item of property and equipment would increase the recorded operating expenses and decrease non-current assets.

(b) Allocation of costs

The Group enters into arrangements with certain of its key suppliers which may include the provision of multiple products and services including property and equipment, inventories and maintenance and other services across a number of reporting periods. Such arrangements may include the provision of free of charge assets and incentives which enable the Group to obtain further products and services at discounted values. Management aggregates, where appropriate, such arrangements and allocates the net cost of such an aggregation between the multiple products and services based on its best estimate of the fair value of the individual components. The cost of such components is capitalized or expensed according to the relevant accounting policy.

6.6 Zakat Assessments

Provision for zakat and withholding taxes is determined by the Group in accordance with the requirements of the General Authority of Zakat and Tax (GAZT) and is subject to change based on final assessments received from the GAZT. The Group recognizes liabilities for any anticipated zakat and withholding tax based on management's best estimates of whether additional zakat/taxes will be due. The final outcome of any additional amount assessed by the GAZT is depending on the eventual outcome of the appeal process which the Group is entitled to. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences could impact the consolidated statement of profit or loss in the period in which such final determination is made.

6.7 Contingencies

The Group is currently involved in various legal proceedings. Estimates of the probable costs for the resolution of these claims, if any, have been developed in consultation with internal and external counsels handling the Group's defense in these matters and are based upon the probability of potential results. The Group's management currently believes that these proceedings will not have a material effect on the consolidated financial statements. It is possible, however, that future results of operations could be materially affected depending on the final outcome of the proceedings.

6.8 Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would utilize the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy. This is described as follows based on the lowest level input that is significant to the fair value measurement as a whole:

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

For assets and liabilities that are recognized in the consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The Group determines the policies and procedures for both recurring fair value measurement, and for non-recurring measurement.

At each reporting date, the Group analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. The Group also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable. For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

6.9 Revenue

(a) Identifying performance obligations in a bundled sale of devices and services

The Group provides services that are either sold separately or bundled together with the sale of devices to a customer. The Group analyses whether devices and services are capable of being distinct or not.

(b) Gross versus net presentation

When the Group sells goods or services as principal, revenue and related costs are reported on a gross basis in revenue and operating cost. If the Group sells goods or services as an agent, revenue and related costs are recorded in revenue on a net basis, representing the margin earned.

Whether the Group is principal or agent, depends on whether the control of goods or services is transferred to customers, and it has the ability to direct the use of the devices or obtain benefits from the devices or service. Below is the key criteria to determine whether the Group is acting as a principal:

- The Group has the primary responsibility for providing the goods or services to the customer or for fulfilling the order, for example by being responsible for the acceptability of the products or services ordered or purchased by the customer;
- The Group has inventory risk before or after the customer order, during shipping or on return; and
- The Group has latitude in establishing prices, either directly or indirectly, for example by providing additional goods or services.

(c) Consideration of significant financing component in a contract

The Group analyses significant financing component in a contract where payment terms are exceeding more than one year for the date of services rendered. In determining the interest to be applied to the amount of consideration, the Group uses discount rate as appropriate in the circumstances.

(d) Determining whether the loyalty points provide material rights to customers

The Group assessed whether the loyalty points provide a material right to the customer that needs to be accounted for as a separate performance obligation. The Group determined that the loyalty points provide a material right that the customer would not receive without entering into the contract. The free products or services the customer would receive by exercising the loyalty points do not reflect the stand-alone selling price that a customer without an existing relationship with the Group would pay for those products or services.

6.10 Leases

In determining the lease term, the Group considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Group revises the lease term if there is a change in the non-cancellable period of a lease.

6.11 Impact of COVID-19 Pandemic

The Group's operations may be affected by the recent and ongoing outbreak of the Coronavirus Disease 2019 (COVID-19) which was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption which may be caused by the outbreak is uncertain. The telecommunications industry has been designated as an essential service by the Government of the Kingdom of Saudi Arabia and as such the Group continues to operate while taking into account the health and safety of our workforce. Possible effects of the outbreak may include, but are not limited to; disruption to the Group's customers and revenue, unavailability of products and supplies used in operations and delayed payments by customers. As the COVID-19 outbreak continues to evolve, it is difficult to forecast its full extent and duration of the economic impact as of now. The management of the Group is currently monitoring the situation and its impact on the Group's operation, cash flows and financial position. Management believes, based on their assessment, that the Group has sufficient liquidity available to continue to meet its financial commitments for the foreseeable future as and when they become due.

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

7 PROPERTY AND EQUIPMENT

	Land	Buildings	Leasehold improvements	Telecommunication network equipment	Computer equipment and software	Office equipment and furniture	Vehicles	Capital work in progress	Total
Cost:									
As at 1 January 2020	273,192	1,215,488	852,728	42,674,070	5,457,463	423,361	2,774	638	50,899,714
Additions	-	-	44,976	2,293,915	411,883	4,725	-	-	2,755,499
Reclassification	-	-	-	-	765	(765)	-	-	-
Disposals	(5,769)	(8,108)	(7,860)	(117,464)	(13,330)	(9,257)	-	-	(161,788)
As at 31 December 2020	**267,423**	**1,207,380**	**889,844**	**44,850,521**	**5,856,781**	**418,064**	**2,774**	**638**	**53,493,425**
Depreciation and impairment:									
As at 1 January 2020	-	359,988	698,742	23,443,355	4,338,578	405,222	2,460	-	29,248,345
Charge for the year	-	59,430	35,571	2,556,718	390,543	3,877	40	-	3,046,179
Impairment	-	-	-	14,238	-	-	-	-	14,238
Reclassification	-	-	-	-	765	(765)	-	-	-
Disposals	-	(3,267)	(7,174)	(103,330)	(12,953)	(9,249)	-	-	(135,973)
As at 31 December 2020	-	416,151	727,139	25,910,981	4,716,933	399,085	2,500	-	32,172,789
Net book value:									
As at 31 December 2020	**267,423**	**791,229**	**162,705**	**18,939,540**	**1,139,848**	**18,979**	**274**	**638**	**21,320,636**
As at 31 December 2019	**273,192**	**855,500**	**153,986**	**19,230,715**	**1,118,885**	**18,139**	**314**	**638**	**21,651,369**

During the year ended 31 December 2020, the Group has capitalized internal technical salaries amounting to SAR 181 million (31 December 2019: SAR 164 million) and no borrowing costs have been capitalized (31 December 2019: SAR 22 million).

8 RIGHT OF USE ASSETS

	Telecommunication network equipment	Buildings	Land	Total
Cost:				
As at 1 January 2020	3,694,529	784,378	52,195	4,531,102
Additions	463,481	85,340	-	548,821
Lease cancelation	(14,742)	(79,738)	-	(94,480)
As at 31 December 2020	**4,143,268**	**789,980**	**52,195**	**4,985,443**
Depreciation:				
As at 1 January 2020	1,797,616	341,029	13,499	2,152,144
Charge for the year	429,080	128,686	2,207	559,973
Lease cancelation	(6,990)	(40,710)	-	(47,700)
As at 31 December 2020	**2,219,706**	**429,005**	**15,706**	**2,664,417**
Net book value:				
As at 31 December 2020	**1,923,562**	**360,975**	**36,489**	**2,321,026**
As at 31 December 2019	**1,896,913**	**443,349**	**38,696**	**2,378,958**

The Group's main leases are in respect of land and buildings which is used for base stations, sales outlets, offices, warehouses and technical facilities. The lease period typically is for 10 years but ranges between 2 years to 25 years, and frequently includes an option to renew the lease at the end of the initial lease term. Lease payments are renegotiated on renewal of agreement. For certain leases, the Group is required to restore the premises to as near as possible to the condition they were at time of entering into lease.

9 INTANGIBLE ASSETS

	Telecommunication services licenses	Goodwill	Indefeasible Right of Use (IRU)	Others	Total
Cost:					
1 January 2020	13,585,350	1,466,865	1,210,300	97,689	16,360,204
Additions	1,000	-	35,654	-	36,654
31 December 2020	**13,586,350**	**1,466,865**	**1,245,954**	**97,689**	**16,396,858**
Amortization:					
1 January 2020	7,089,090	-	606,848	97,689	7,793,627
Charge for the year	276,857	-	86,604	-	363,461
31 December 2020	7,365,947	-	693,452	97,689	8,157,088
Net book value:					
At 31 December 2020	**6,220,403**	**1,466,865**	**552,502**	**-**	**8,239,770**
At 31 December 2019	**6,496,260**	**1,466,865**	**603,452**	**-**	**8,566,577**

9.1 Goodwill

Goodwill acquired through business combinations is allocated as follows:

	31 December 2020	31 December 2019
Bayanat Al-Oula for Network Services Company S.P.C.	1,466,865	1,466,865

The Group has tested separately recognized goodwill for impairment. The recoverable amount has been determined based on value-in-use, using discounted cash flow analysis. The cash flow projections are based on approved budget.

The recoverable amount of the CGU as at 31 December 2020 amounted to SAR 15.5 billion (31 December 2019: SAR 12.8 billion) and has been determined based on a value-in-use calculation using cash flow projections from financial budgets covering a five year period. The pre-tax discount rate applied to cash flow projections is 10% (31 December 2019: 10%) and cash flows beyond the five years period are extrapolated using a 1.5% growth rate (31 December 2019: 1.5%). It was concluded that the carrying value of the goodwill has not exceeded the value-in-use. As a result of this analysis, management has not recognized any impairment loss.

Key assumptions used in value-in-use calculations

The calculation of value-in-use for telecommunications and network equipment are most sensitive to the following assumptions:

- Discount rate
- Terminal growth rate

Discount rate

Discount rate represents the current market assessment of the risks specific to each cash generating unit and calculation is based on the specific circumstances of the Group and its operating segments and derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and shareholders' equity. The cost of shareholders' equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service and segment-specific risk is incorporated. The pre-tax discount rate used is 10% (31 December 2019: 10%).

Terminal growth rate

The growth rate used does not exceed the long-term average growth rates of the entity. This rate assumed 1.5% (31 December 2019: 1.5%).

Sensitivity to changes in assumptions

The implications of the key assumptions for the recoverable amount are discussed below:

Discount rate

A rise in the pre-tax discount rate beyond 18.42% (i.e., +8.42 %) (31 December 2019: 19.97% (i.e., +9.97 %)) in the CGU would result in an impairment loss.

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

Terminal growth rate

Management recognizes that the speed of technological changes and the possibility of new entrants can have a significant impact on terminal growth rate assumptions. The effect of new entrants is not expected to have an adverse impact on the forecasts, but could yield a reasonably possible alternative to the estimated long-term growth rate of 1.5%. A reduction to 0% (31 December 2019: 0%) in the long-term growth rate would not result in an impairment loss.

10 INVENTORIES

	31 December 2020	31 December 2019
Handsets and equipment	205,739	232,298
SIM cards	14,625	21,687
Prepaid vouchers and scratch cards	3,382	3,803
	223,746	**257,788**
Less: provision for inventory obsolescence	(150,413)	(153,041)
	73,333	**104,747**

The movement of the provision for inventory obsolescence is as follows:

	31 December 2020	31 December 2019
Balance at the beginning of the year	(153,041)	(232,732)
(Charge) / Reversal during the year	(16,945)	76,156
Written off during the year	19,573	3,535
Balance at the end of the year	**(150,413)**	**(153,041)**

11 ACCOUNTS RECEIVABLE

	31 December 2020	31 December 2019
Accounts receivable	5,475,764	4,662,411
Less: allowance for impairment loss on accounts receivable	(1,580,458)	(1,628,189)
	3,895,306	**3,034,222**

The movement of the allowance for impairment loss on accounts receivable is as follows:

	31 December 2020	31 December 2019
Balance at the beginning of the year	(1,628,189)	(2,024,556)
Reversal / (Charge) for the year	5,158	(80,536)
Written off during the year	42,573	476,903
Balance at the end of the year	**(1,580,458)**	**(1,628,189)**

12 RELATED PARTY TRANSACTIONS AND BALANCES

12.1 Related Party Transactions

The Group has the following related parties:

Party	Relationship
Emirates Telecommunication Group Company PJSC	Founding shareholder
Emirates Data Clearing House	Associate to Founding shareholder
Etisalat Misr S.A.E.	Associate - Subsidiary to Founding shareholder
Etisalat Afghanistan	Associate - Subsidiary to Founding shareholder
Etisalat Al Maghrib S.A (Maroc Telecom)	Associate - Subsidiary to Founding shareholder
Pakistan Telecommunication Company Limited	Associate - Subsidiary to Founding shareholder
Emirates Cable TV and Multimedia LLC	Associate - Subsidiary to Founding shareholder
Sehati for Information Service Company	Joint venture

The Group transacted with related parties in ordinary course of business. Following are the details of major transactions with related parties:

	31 December 2020	31 December 2019
Interconnection services and roaming services rendered		
Founding shareholder	40,309	96,344
Associate	3,927	8,526
Interconnection services and roaming services received		
Founding shareholder	216,298	280,358
Associate	111,318	108,957
Management fees		
Founding shareholder	34,250	112,517
Other management expenses		
Founding shareholder	9,571	5,696
Other telecommunication services		
Associate	7,053	6,939

Compensation and benefits to key management personnel

	31 December 2020	31 December 2019
Short-term employee benefits	68,883	72,678
Post-employment benefits	3,074	2,378
Total compensation and benefits to key management personnel	**71,957**	**75,056**

Services rendered to related parties comprise of the provision of telecommunication service, interconnection services and roaming services by the Group based on normal commercial terms. Services received from related parties comprise of telecommunication services, interconnection services and roaming services to the Group based on normal commercial terms. Management fees and other management expenses are calculated based on the relevant agreements with Emirates Telecommunication Corporation. The balances due to and from related parties are unsecured and will be settled in cash.

Transactions with key management personnel comprise of remunerations to Board of Directors and other senior management members who are key management personnel of the Group.

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

12.2 Related Party Balances

	31 December 2020	31 December 2019
Due from related parties		
Founding shareholder	85,464	77,676
Associate to founding shareholder	3,569	4,424
Joint venture	23,166	8,166
	112,199	**90,266**
Due to related parties		
Founding shareholder	129,016	233,214
Associate to founding shareholder	23,820	31,551
	152,836	**264,765**

13 PREPAID EXPENSES AND OTHER ASSETS

	31 December 2020	31 December 2019
Prepaid expenses	41,309	59,974
Deferred costs	438,470	445,777
Advance payments to trade suppliers	13,991	12,621
Others	180,915	332,286
	674,685	**850,658**

14 OTHER FINANCIAL ASSETS

Financial asset at amortized cost represents placements in banks at different profit rates and with maturities between three months to one year. Interest income arising from these held to maturity investments are reported under finance income in the consolidated statement of profit or loss.

15 CASH AND CASH EQUIVALENTS

	31 December 2020	31 December 2019
Cash on hand	383	446
Cash at banks	434,115	294,934
Short-term deposits	495,000	956,300
	929,498	**1,251,680**

16 LOANS AND NOTES PAYABLE

	31 December 2020	31 December 2019
Long-term loans	11,483,815	12,384,557
Less: current portion	(1,349,457)	(1,157,017)
Non-current	**10,134,358**	**11,227,540**

a) Maturity profile of loans and notes payable:

	31 December 2020	31 December 2019
Less than one year	1,349,457	1,157,017
Between one to five years	5,894,525	5,329,673
Over five years	4,239,833	5,897,867

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

b) The details of loans and notes payable as at 31 December 2020 are as follows:

Lender	Borrowing Company	Loan nature	Borrowing Purpose	Issue date	Currency	Principal amount
Local banks Syndicated	Mobily	Long-term refinancing facility agreement Sharia' compliant	Replace the 2017 Syndicate financing	Q4, 2019	Saudi Riyals	SAR 7,619 million
Export Credit Agency of Finland (Finnvera)	Mobily	Long-term financing agreement Sharia' compliant	Acquiring network equipment from Nokia to upgrade and enhance the infrastructure capabilities, introduce new technologies, and strengthen the Company's competitiveness in the business segment	Q3, 2013 Q1, 2014 & Q4, 2018	US Dollars	USD 720 million (SAR 2,700 million)
Export Credit Agency of Sweden (EKN)	Mobily	Long-term financing agreement Sharia' compliant	Acquiring network equipment from Ericsson to upgrade and enhance the infrastructure capabilities, introduce new technologies, and strengthen the Company's competitiveness in the business segment	Q3, 2013 Q1, 2014 & Q4, 2018	US Dollars	USD 652 million (SAR 2,444 million)
Saudi Investment Bank	Mobily	Long-term financing agreement Sharia' compliant	Financing the Company's working capital requirements	Q4, 2013	Saudi Riyals	SAR 1,500 million
Export Development of Canada (EDC)	Mobily	Long-term financing agreement Sharia' compliant	Acquiring telecom-munication devices and equipment from Alcatel-Lucent	Q2, 2014	US Dollars	USD 122 million (SAR 458 million)
Alinma Bank	Mobily	Long-term financing agreement Sharia' compliant	Replace the December 2016 financing with Bank Alinma and for the general corporate purposes including capital expenditure	Q4, 2019	Saudi Riyals	SAR 3,000 million
		Total				

Utilized amount	Profit rate	Payment terms	Period	Current portion	Non- Current portion	Total	Other terms
SAR 7,619 million	SIBOR plus profit margin	Semi-annual repayments	7 years	SAR 371 million	SAR 7,002 million	SAR 7,373 million	Repayment period of 7 years
USD 720 million (SAR 2,700 million)	Fixed rate per annum	Semi-annual repayments	10 years	SAR 339 million	SAR 905 million	SAR 1,244 million	Utilization period of 1.5 years, repayment period of 8.5 years
USD 629 million (SAR 2,358 million)	Fixed rate per annum	Semi-annual repayments	10 years	SAR 279 million	SAR 805 million	SAR 1,084 million	Utilization period of 1.5 years, repayment period of 8.5 years
SAR 1,500 million	SIBOR plus profit margin	Semi-annual repayments	7.5 years	SAR 319 million	-	SAR 319 million	Utilization period of 6 months, repayment period of 7 years
USD 101 million (SAR 377 million)	Fixed rate per annum	Semi-annual repayments	10.5 years	SAR 41 million	SAR 124 million	SAR 165 million	Utilization period of 2 years, repayment period of 8.5 years
SAR 1,300 million	SIBOR plus profit margin	Semi-annual repayments	10 years	-	SAR 1,298 million	SAR 1,298 million	Payable over a period of 10 years with 3 years grace period
				SAR 1,349 million	**SAR 10,134 million**	**SAR 11,483 million**	

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

c) Reconciliation of movement of liabilities to cash flows arising from financing activities;

	31 December 2020		
	Loans and notes payable	Lease liabilities	Total
As at 1 January 2020	12,384,557	2,509,024	14,893,581
Changes from financing activities			
Proceeds from loans and notes payable	310,294	-	310,294
Payment of loans and notes payable and related fees	(1,266,737)	-	(1,266,737)
Payment of lease liabilities	-	(669,267)	(669,267)
Total changes from financing activities	**(956,443)**	**(669,267)**	**(1,625,710)**
Other changes			
Finance expenses	428,975	132,140	561,115
Other finance expenses	(22,881)	-	(22,881)
Finance expenses paid	(378,166)	-	(378,166)
Accrued interest payable movement	27,773	-	27,773
Lease additions, net	-	632,869	632,869
Total liability related to other changes	**55,701**	**765,009**	**820,710**
Balance as 31 December	**11,483,815**	**2,604,766**	**14,088,581**

	31 December 2019		
	Loans and notes payable	Lease liabilities	Total
Balance as 1 January	13,021,679	-	13,021,679
Adjustment on application of IFRS 16	-	2,560,483	2,560,483
As at 1 January 2019 (adjusted)	13,021,679	2,560,483	15,582,162
Changes from financing activities			
Proceeds from loans and notes payable	9,460,785	-	9,460,785
Payment of loans and notes payable and related fees	(10,245,376)	-	(10,245,376)
Payment of lease liabilities	-	(613,774)	(613,774)
Total changes from financing activities	**(784,591)**	**(613,774)**	**(1,398,365)**
Other changes			
Foreign exchange losses	1,592	-	1,592
Finance expenses	792,082	137,399	929,481
Other finance expenses	(23,483)	-	(23,483)
Capitalized borrowing cost	21,794	-	21,794
Cash flow hedges - reclassified to profit or loss	(8,750)	-	(8,750)
Finance expenses paid	(668,630)	-	(668,630)
Accrued interest payable movement	32,864	-	32,864
Lease additions, net	-	424,916	424,916
Total liability related to other changes	**147,469**	**562,315**	**709,784**
Balance at 31 December	**12,384,557**	**2,509,024**	**14,893,581**

17 PROVISION FOR EMPLOYEES' END OF SERVICE BENEFITS

The Group has a post-employment defined benefit plan. The benefits are required by Saudi Labor and Workman Law. The benefit is based on employees' final salaries and allowances and their cumulative years of service, as stated in the laws of Saudi Arabia.

The following table summarizes the components of the net benefit expense recognized in the consolidated statement of profit or loss and consolidated statement of comprehensive income and amounts recognized in the consolidated statement of financial position.

Net expense recognized in consolidated statement of profit or loss:

	31 December 2020	31 December 2019
Service cost	51,924	49,169
Interest cost	18,430	20,137
	70,354	**69,306**

Movement of provision for employees' end of service benefits recognized in the consolidated statement of financial position is as follows:

	31 December 2020	31 December 2019
Balance at the beginning of the year	438,030	426,074
Charge recognized in consolidated statement of profit or loss	70,354	69,306
Actuarial loss recognized in the consolidated statement of comprehensive income	46,233	5,312
Benefits paid	(69,857)	(62,662)
Balance at the end of the year	**484,760**	**438,030**

Significant assumptions (weighted average) used in determining the provision for employees' end of service benefits includes the following:

	31 December 2020	31 December 2019
Discount rate	2.03%	4.7%
Salary increase rate	0.89%	2.2%
Mortality rate	0%	0%
Withdrawal rate	13.54%	3.7%

Reasonably possible change to one of the relevant actuarial assumptions holding other assumptions constant would have affected the provision for employees' end of service benefits by the following amounts:

	31 December 2020		31 December 2019	
Sensitivity Level	Increase of 1%	Decrease of 1%	Increase of 1%	Decrease of 1%
Discount rate	(44,054)	51,395	(48,245)	52,798
Future salary increase rate	54,131	(47,116)	58,521	(45,435)

The sensitivity analysis above may not be representative of an actual change in provision for employees' end of service benefits as it is unlikely that changes in assumptions would occur in isolation of one another.

At 31 December 2020, the weighted-average duration of the defined benefit plan was 9.84 years (2019: 12.7 years).

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

18 DEFERRED GOVERNMENT GRANTS INCOME

The Group benefited from certain subsidies by Communication and Information Technology Commission under Universal Service Fund service agreement. These subsidies were conditional on implementation of network services in the mandatory service locations. They were initially recognized as deferred government grants income and are being amortized over the useful life of the underlying network assets.

19 PROVISION FOR DECOMMISSIONING LIABILITY

	31 December 2020	31 December 2019
Balance at the beginning of the year	154,787	239,654
Adjustment on application of IFRS 16	-	(100,947)
Balance at the beginning of the year (adjusted)	154,787	138,707
Additions during the year	7,626	10,408
Unwind of discount	9,351	8,749
Utilization during the year	(1,648)	(3,077)
Balance at the end of the year	**170,116**	**154,787**

20 ACCOUNTS PAYABLE

	31 December 2020	31 December 2019
Capital expenditure payable	1,952,362	2,182,918
Trade accounts payable	2,716,234	2,909,665
	4,668,596	**5,092,583**

21 ACCRUED EXPENSES AND OTHER LIABILITIES

	31 December 2020	31 December 2019
Accrued telecommunication expenses	855,868	745,447
Accrued services and maintenance expenses	588,708	463,479
Accrued selling and marketing expenses	269,668	233,349
Others	689,560	1,070,672
	2,403,804	**2,512,947**

22 ZAKAT PROVISION

The Group is subject to zakat according to the regulations of the General Authority of Zakat and Tax (GAZT) in the Kingdom of Saudi Arabia. The Group files its zakat returns on a consolidated basis, starting from the financial year ended 31 December 2009 and thereafter, where it includes the Company and its subsidiaries due to the fact that the Group is one economic entity wholly owned and managed by the Company.

The Group has filed its zakat returns with GAZT for the years through 2019 and settled its zakat thereon. During the year ended 31 December 2016, the Group submitted adjusted zakat returns for the years 2013 and 2014, as a result of restatement of the consolidated financial statements for the said years.

The Group has finalized its zakat status for the years up to 2008. The Group has received zakat and withholding tax assessments for the years 2009, 2010, 2011 and 2014 to 2018 that showed additional zakat and withholding tax liabilities of SAR 160 million and SAR 159 million respectively, which have been appealed against by the Group at the Preliminary and Higher Appeal Committees. Recently, the Higher Appeal Committee has issued certain rulings in favor of the Company related to zakat and withholding tax disputes. Management believes that it has sufficient grounds to contest the matters included in the assessments and the eventual outcome of the appeal process will not result in any significant liability.

22.1 Calculation of Adjusted Net Profit / (Loss)

	31 December 2020	31 December 2019
Profit before zakat	826,050	80,553
Provisions	(4,363)	(377,236)
Adjusted net profit / (loss) for the year	**821,687**	**(296,683)**

22.2 Zakat Base Calculation

The significant components of the zakat base under zakat regulations are principally comprised of the following:

	Note	31 December 2020	31 December 2019
Adjusted net profit / (loss) for the year	22.1	821,687	(296,683)
Shareholder's equity at beginning of the year		13,818,202	13,792,331
Provisions at beginning of the year		2,878,332	3,282,516
Loans and notes payable		11,483,815	12,384,557
Other additions		4,650,971	5,446,127
Property and equipment and intangible assets		(29,560,406)	(30,217,946)
Other deductions		(2,365,213)	(2,484,580)
Total zakat base		**1,727,388**	**1,906,322**

22.3 Provision for Zakat

	31 December 2020	31 December 2019
Balance at the beginning of the year	76,362	64,775
Charge during the year	42,796	49,370
Payments during the year	(45,540)	(37,783)
Balance at the end of the year	**73,618**	**76,362**

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

23 CONTRACT BALANCES

23.1 Contract Assets

The contract assets primarily relate to the Group's rights to consideration for work completed but not yet billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

	31 December 2020	31 December 2019
Contract Assets	534,438	370,890
Less: allowance for impairment loss on contract assets	(49,258)	(29,323)
	485,180	**341,567**

Significant changes in the contract assets during the year are as follows:

	31 December 2020	31 December 2019
Transfer from contact assets recognized at the beginning of the year	(338,112)	(240,875)
Increase as a result of change in the measure of the progress	501,660	355,498
	163,548	**114,623**

The movement of the allowance for impairment loss on contract assets is as follows:

	31 December 2020	31 December 2019
Balance at the beginning of the year	(29,323)	-
Charge for the year	(19,935)	(29,323)
Balance at the end of the year	**(49,258)**	**(29,323)**

23.2 Contract Liabilities

The contract liabilities primarily relate to the unredeemed customer loyalty points and the advance consideration received from customers for which revenue is recognized overtime.

	31 December 2020	31 December 2019
Current	1,066,989	1,090,779
Non-Current	-	22,292
	1,066,989	**1,113,071**

Significant change in the contract liabilities during the period are as follows:

	31 December 2020	31 December 2019
Revenue recognized that was included in the contract liability balance at the beginning of the year	(1,112,848)	(1,465,624)
Increase due to cash received, excluding amounts recognized as revenue during the year	1,066,766	1,111,875
	(46,082)	**(353,749)**

24 FINANCIAL ASSETS AND LIABILITIES

24.1 Financial Assets

	31 December 2020	31 December 2019
Financial assets at fair value:		
Financial assets - fair value through other comprehensive income *	7,097	7,636
Derivatives financial instruments**	12,979	-
Total financial assets at fair value	**20,076**	**7,636**
Financial assets at amortized cost:		
Accounts receivable	3,895,306	3,034,222
Due from related parties	112,199	90,266
Other financial assets	300,000	839,000
Cash and cash equivalents	929,498	1,251,680
Total financial assets at amortized cost	**5,237,003**	**5,215,168**
Total financial assets	**5,257,079**	**5,222,804**
Current financial assets	5,249,982	5,215,168
Non-current financial assets	7,097	7,636
Total financial assets	**5,257,079**	**5,222,804**

24.2 Financial Liabilities

	31 December 2020	31 December 2019
Financial liabilities at fair value:		
Derivatives financial instruments**	79,473	56,238
Total financial liabilities at fair value	**79,473**	**56,238**
Financial liabilities at amortized cost:		
Loans and notes payable	11,483,815	12,384,557
Lease liabilities	2,604,766	2,509,024
Accounts payable	4,668,596	5,092,583
Due to related parties	152,836	264,765
Other financial liabilities	250,227	275,536
Total financial liabilities at amortized cost	**19,160,240**	**20,526,465**
Total financial liabilities	**19,239,713**	**20,582,703**
Current financial liabilities	7,019,463	7,222,575
Non-current financial liabilities	12,220,250	13,360,128
Total financial liabilities	**19,239,713**	**20,582,703**

* The fair value of these unquoted equity shares was categorized as level 3.
** The fair value of these derivatives financial instruments was categorized as level 2.

Fair value of financial assets and financial liabilities measured at amortized cost are not significantly different from their carrying amounts.

At 31 December 2020, the Group had financial derivatives that were designated as cash flow hedge instruments to cover cash flow fluctuations arising from profit rates that are subject to market price fluctuations.

At 31 December 2020, the Group had profit rate swap agreements in place with a total notional amount of SAR 3,450 million.

Level 2 derivative financial instruments, 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.

24.3 RISK MANAGEMENT

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Risk management is carried out by the senior management under policies approved by the Board of Directors. Senior management identifies, evaluates and hedges, when appropriate, financial risks in close co-operation with the Group's operating units.

24.3.1 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is exposed to credit risk principally from cash and cash equivalents, accounts receivable, due from related parties, other financial assets and derivative financial instruments.

The carrying amount of financial assets represents the maximum credit exposure.

Cash and cash equivalents and other financial assets

Cash and cash equivalents and other financial assets are held with counterparties with sound credit ratings. The Group regularly updates its cash flow and, where appropriate, places any excess cash on short-term investments with reputable financial institutions.

Accounts receivable

The Group has established a credit policy under which credit assessment is being made to check the credit worthiness of major customers prior to signing the contracts/ accepting their purchase orders.

The receivables are shown net of allowance for impairment loss on accounts receivable. The Group applies the simplified approach to calculate impairment loss on accounts receivable and this always recognizes lifetime ECL on such exposures. ECL on these financial assets are estimated using a flow rate based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Credit and Collection Operations provide inputs on the aging of financial assets on a periodic basis.

The Group has two major customers representing 28% of total accounts receivable as at 31 December 2020
(31 December 2019: 19%). The rest of the balances do not have significant concentration of credit risk, with exposure spread over large number of counterparties and customers.

As at 31 December, the age analysis of net accounts receivable is as follows:

	31 December 2020	31 December 2019
Current	785,889	670,339
Within two months	600,418	465,078
From two to three months	167,381	120,944
More than three months	2,341,618	1,777,861
	3,895,306	**3,034,222**

24.3.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Group's approach in managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the Group's reputation.

The management closely and continuously monitors the liquidity risk by performing regular reviews of available funds, present and future commitments, operating and capital expenditure. Moreover, the Group monitors the actual cash flows and seeks to match the maturity dates of its financial assets and its financial liabilities.

The Group seeks continuously to comply with its legal obligations, including any, relating to its financing agreements.

The following represents the maturities of financial liabilities at the reporting date based on undiscounted contractual cash flows:

	Less than one year	1 to 5 years	More than 5 years	Total contractual cash flows	Carrying amount
At 31 December 2020					
Loans and notes payable	1,668,734	6,997,447	4,476,359	13,142,540	11,483,815
Lease liabilities	898,110	1,491,954	533,968	2,924,032	2,604,766
Accounts payable	4,668,596	-	-	4,668,596	4,668,596
Due to related parties	152,836	-	-	152,836	152,836
Other financial liabilities	-	155,354	153,660	309,014	250,227
Derivatives financial instruments	79,473	-	-	79,473	79,473
	7,467,749	**8,644,755**	**5,163,987**	**21,276,491**	**19,239,713**
At 31 December 2019					
Loans and notes payable	1,371,187	7,246,219	6,157,983	14,775,389	12,384,557
Lease liabilities	769,796	1,536,513	564,148	2,870,457	2,509,024
Accounts payable	5,092,583	-	-	5,092,583	5,092,583
Due to related parties	264,765	-	-	264,765	264,765
Other financial liabilities	-	155,354	192,499	347,853	275,536
Derivatives financial instruments	56,238	-	-	56,238	56,238
	7,554,569	**8,938,086**	**6,914,630**	**23,407,285**	**20,582,703**

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

24.3.3 Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates, profit rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group's transactions are principally in Saudi Riyals and US Dollars. The Saudi Riyal is pegged to the US Dollar.

The management closely and continuously monitors the exchange rate fluctuations. Based on its experience and market feedback, the management does not believe it is necessary to hedge the effect of foreign exchange risks as most of the transactions of foreign currency risk are relatively limited in the medium-term.

Profit rates risk

Profit rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market profit rates. The Group's exposure to market risk for changes in profit rates relates primarily to the Group's borrowings which were acquired to finance working capital requirements and capital expenditure. These borrowings are re-priced on a periodic basis and expose the Group to profit rate risk. The Group's practice is to manage its financing cost through optimizing available cash and minimizing borrowings.

The Group seeks to ensure that in the medium-term a significant portion of its borrowings is at a fixed rate. This is achieved partly by entering into fixed rate instruments and partly by borrowing at a floating rate and using profit rate swaps as hedges of the variability in cash flows attributable to movements in profit rates.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference profit rates, tenors, re-pricing dates, maturities and the notional amounts.

25 CAPITAL MANAGEMENT

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Group monitors its capital base using a ratio of Net debt to shareholders' equity. Net debt is calculated as loans and notes payable and other financial liabilities less cash and cash equivalents and other financial assets.

The Group's Net debt to shareholders' equity ratio at the end of the year is as follows:

	31 December 2020	31 December 2019
Loans and notes payable and other financial liabilities	11,734,042	12,660,093
Less: Cash and cash equivalents and other financial assets	(1,229,498)	(2,090,680)
Net debt	**10,504,544**	**10,569,413**
Total shareholders' equity	14,445,227	13,751,350
Net debt to shareholders' equity	**0.73**	**0.77**

26 STATUTORY RESERVE

In accordance with the Company's By-Laws, the Company establishes at every financial year end a statutory reserve by the appropriation of 10% of the annual net income until the reserve equals 30% of the share capital. This reserve is not available for dividend distribution.

27 REVENUE

	Consumer	Business	Wholesale	Outsourcing	Total
31 December 2020					
Usage	7,940,504	650,684	1,073,106	-	9,664,294
Activation and subscription fees	1,913,986	481,584	-	-	2,395,570
Others	746,608	889,351	147,279	203,066	1,986,304
	10,601,098	**2,021,619**	**1,220,385**	**203,066**	**14,046,168**
31 December 2019					
Usage	7,904,566	496,809	945,414	-	9,346,789
Activation and subscription fees	1,880,535	427,858	-	-	2,308,393
Others	774,204	682,562	157,614	180,412	1,794,792
	10,559,305	**1,607,229**	**1,103,028**	**180,412**	**13,449,974**

28 COST OF SALES

	31 December 2020	31 December 2019
Network access charges	1,638,774	1,628,935
Rental and maintenance of network equipment expenses	800,798	889,808
Cost of utilized inventories	925,340	932,131
Government contribution fees in trade earnings	1,180,669	1,101,056
Frequency wave fees	257,204	217,356
National transmission and interconnection costs	109,705	105,329
License fees	118,067	110,106
Provision for inventory obsolescence	(2,628)	(79,691)
Others	865,831	744,957
	5,893,760	**5,649,987**

29 SELLING AND MARKETING EXPENSES

	31 December 2020	31 December 2019
Advertisement, promotion and sales commissions	614,232	546,222
Salaries, wages and employees' benefits	752,915	680,953
Consulting and professional services	5,983	24,627
Rental expenses	17,532	25,504
	1,390,662	**1,277,306**

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

30 GENERAL AND ADMINISTRATIVE EXPENSES

	31 December 2020	31 December 2019
Salaries, wages and employees' benefits	619,676	713,622
Maintenance	263,255	260,322
Rentals	1,797	12,559
Consulting and professional services	94,065	104,075
Management fees	28,125	28,125
Travel and transportation	4,685	17,778
Board of Directors' remunerations and allowances	3,272	3,158
Others	392,326	369,148
	1,407,201	**1,508,787**

31 FINANCE EXPENSES

	31 December 2020	31 December 2019
Financing expense on loans and notes payable	406,094	768,599
Financing expense on lease liability	132,140	137,399
Other finance expenses	22,881	23,483
	561,115	**929,481**

32 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

The diluted earnings per share is same as the basic earnings per share as the Group does not have any dilutive instruments in issue.

	31 December 2020	31 December 2019
Profit for the year	783,254	31,183
Weighted average number of shares	770,000	770,000
Basic and diluted earnings per share (in SAR)	**1.02**	**0.04**

33 COMMITMENTS AND CONTINGENCIES

33.1 Capital commitments

The Group has capital commitments resulting from contracts for supply of property and equipment, which were entered into and not yet executed at the consolidated statement of financial position date in the amount of SAR 0.97 billion as at 31 December 2020 (31 December 2019: SAR 2.26 billion).

33.2 Contingent liabilities

The Group had contingent liabilities in the form of letters of guarantee and letters of credit amounting to SAR 988 million as at 31 December 2020 (31 December 2019: SAR 1,209 million).

The CITC's violation committee has issued several penalty resolutions against the Group which the Group has opposed to in accordance with the Telecom Status and its implementing regulations. The reasons for issuing these resolutions vary between the manner followed in issuing prepaid SIM Cards and providing promotions that have not been approved by CITC and/or other reasons.

Multiple lawsuits were filed by the Group against CITC at the Board of Grievances in order to oppose such resolutions of the CITC's violation committee in accordance with the Telecom Status and its regulations, as follows:

- There are 441 lawsuits filed by the Group against CITC amounting to SAR 489 million as of 31 December 2020.
- The Board of Grievance has issued 147 verdicts in favor of the Group voiding 147 resolutions of the CITC's violation committee with total penalties amounting to SAR 376 million as of 31 December 2020.
- Some of these preliminary verdicts have become conclusive (after they were affirmed by the appeal court) cancelling penalties amounting to SAR 376 million as of 31 December 2020.

Management and the Board of Directors believe that, based on the status of these lawsuits as of 31 December 2020, adequate and sufficient provisions have been recorded.

There are 188 lawsuits filed by some of the shareholders against the Group before the Committee for the Resolutions of Security Disputes and still being adjudicated by the said committee. As of 31 December 2020, the Company has received 159 final favorable verdicts. Whereas, 11 cases have been dismissed, 4 cases suspended, 2 cases abandoned and 12 cases remain ongoing.

34 SEGMENT INFORMATION

Information regarding the Group's operating segments is set out below in accordance with IFRS 8 Operating Segments. IFRS 8 requires operating segments to be identified on the basis of internal reports that are regularly reviewed by the Group's chief operating decision maker (CODM) and used to allocate resources to the segments and to assess their performance.

The Group is engaged in a single line of business, being the supply of telecommunications services and related products. The majority of the Group's revenues, profits and assets relate to its operations in Saudi Arabia. The operating segments that are regularly reported to the CODM are Consumer, Business, Wholesale and Outsourcing.

The CODM used to receive other operational financial aggregates on a group consolidated level. This is the measure reported to the Group's Board of Directors for the purpose of resource allocation and assessment of segment performance.

	31 December 2020	31 December 2019
Consumer revenues	10,601,098	10,559,305
Business revenues	2,021,619	1,607,229
Wholesale revenues	1,220,385	1,103,028
Outsourcing revenues	203,066	180,412
Total revenue	**14,046,168**	**13,449,974**
Total cost of sales	(5,893,760)	(5,649,987)
Total operating expense	(2,802,040)	(2,853,172)
Depreciation and amortization	(3,969,613)	(3,916,802)
Impairment loss on property and equipment	(14,238)	(63,000)
Total non-operating expense	(540,467)	(886,460)
Capital expenditures	2,792,153	2,760,113

35 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.

36 SUBSEQUENT EVENTS

No material events occurred subsequent to the reporting date which could materially affect the consolidated financial statements and the related disclosures for the year ended 31 December 2020.

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