Gaining value. **Maximizing returns.**

Mobily

2021 Annual Report

GAINING VALUE. **MAXIMIZING RETURNS.**

Mobily made sizeable and significant strides in our strategic journey this year to build on our positive momentum, create value for our Stakeholders and emerge stronger than ever.

Our focus on innovation and digitalization, built on our ever-growing and accelerating 5G network across Saudi Arabia, has yielded a range of new products, solutions and opportunities for consumer and business clients, as well as supporting the progress and ambitions of Saudi Arabia.

We continued to safeguard and engage our people, while keeping the needs of our customers at the heart of everything we do. Our focus and care were rewarded by growing to become the seventh most valuable Saudi brand and being named the Kingdom's mobile operator with the 'Lowest number of customer complaints' and the 'Top-Rated Mobile Network in Saudi Arabia' and being the first telecommunication company to win the 'Best Customer Experience Award' – a testament of our continuous improvement and investment in our infrastructure.

With the confidence and trust of our growing base of customers, partners and Shareholders, we delivered a robust operational and financial performance, as we continued to invest in our core and diversify our income streams, accelerating the execution of our GAIN strategy towards our future as a truly digital telecommunication company.

ABOUT MOBILY

> We continued to deliver on our GAIN strategy this year to take significant strides towards fulfilling our Vision.

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

Values

1. **Agile**
We are open, flexible, and make every second count.

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

3. **Clear**
We keep things black and white.

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

Established in 2004 through Saudi Arabia's second Global System for Mobile Communications (GSM) license, Etihad Etisalat (Mobily) ended the monopoly in the Saudi wireless industry and provided choice in national mobile telecommunications services to the Saudi population for the first time.

Since then, it has grown rapidly, both organically and through strategic acquisitions over the years, driven by investment in cutting edge infrastructure – launching 3.5G services in 2006, 4G services in 2011 and 5G services in 2019 – and its commitment to market leading customer service and experience.

Mobily serves its diverse customer base across Saudi Arabia – made up of individuals, businesses 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.

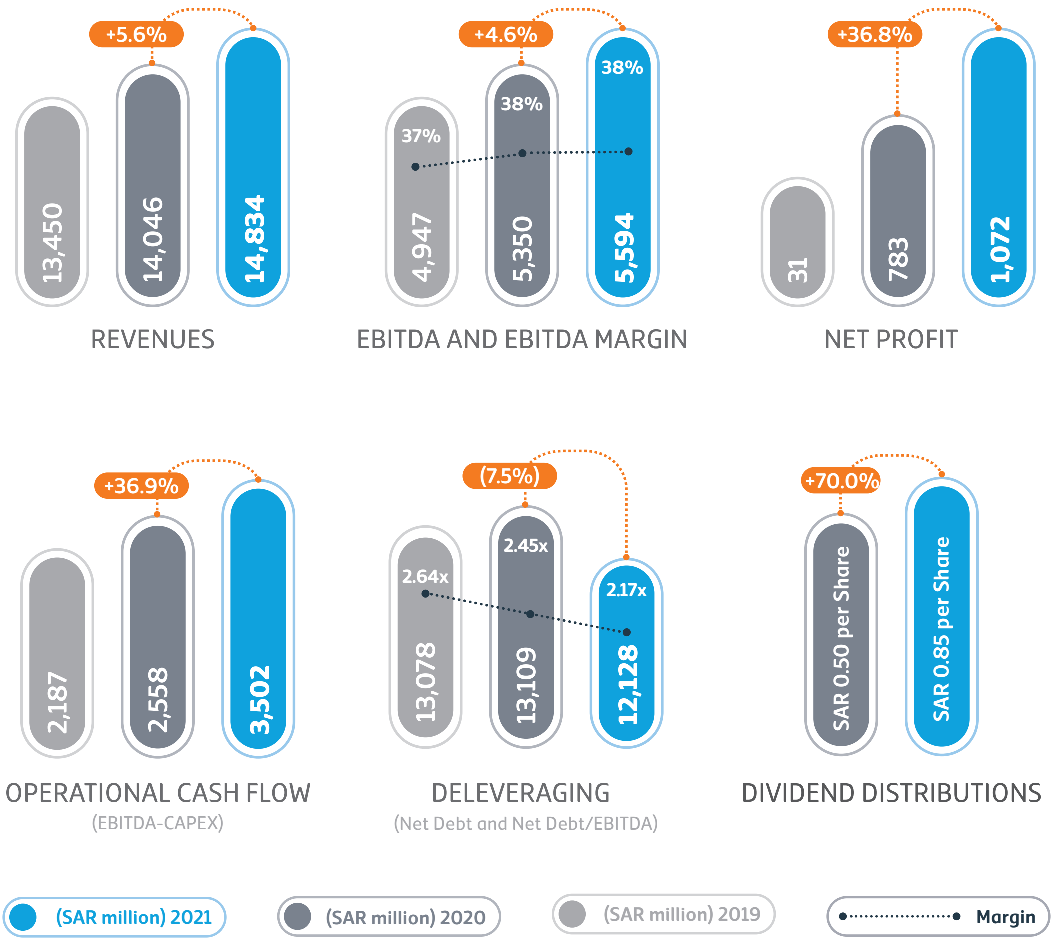
Mobily's network comprises its own infrastructure. This is Saudi Arabia's newest fiber-optic network, with access to all major cities and more than 59,007 km. The network has been expanded to connect to neighboring countries including Yemen, the United Arab Emirates, Bahrain, Qatar, Kuwait and Jordan.

Listed on Saudi Arabia's Tadawul stock exchange since 2004, Mobily 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 2021. Mobily's major Shareholders are Etisalat Emirates Group (27.99%), General Organization for Social Insurance (9.55%), and the remaining shares owned by a diverse group of institutional and retail investors.

2021 AT A GLANCE

Mobily's outstanding performance during 2021 – both financially and operationally – reinforces our commitment to the direction set through our GAIN Strategy, effectively positioning the Company for continued investment and value creation moving forward.

FINANCIAL HIGHLIGHTS



Highest annual revenues in the last **8** YEARS

Highest annual EBITDA in the last **8** YEARS

Increased net profit by **36.8**%

Net debt to EBITDA ratio of **2.17**X

Recommended dividend of SAR **0.85** PER SHARE

OPERATING HIGHLIGHTS

Extended 5G coverage grows to **52** cities across Saudi Arabia

Partnered with Monsha'at to support **SMEs**

Named fastest growing telecommunication brand in the Middle East, with a **17**% brand value growth[1]

Delivered the world's biggest **SMART METERING** Solution

Launched **DIGITAL PARTNERSHIP PROGRAM**

155.18 Mbps mobile internet average download speed[2]

Awarded as **TOP-RATED** Mobile Network in Saudi Arabia[3]

Ranked **1ST** Regulatory Compliance Index[4]

Launched **MOBILY GAMERS PORTAL**

[1] Brand Finance
[2] CITC report Q4 2021 vs Q4 2020
[3] Ookla, based on Q1–Q2 customer satisfaction data submitted to Speedtest Intelligence
[4] CITC in Q2 of 2021

2021 AWARDS

Top-Rated Mobile Network in Saudi Arabia

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

First Place – Best Annual Report in the Middle East – Print Category

9 Platinum Awards in VIDDY Global Video Contest for video production excellence

4 VIDDY Postpaid Awards

5 VIDDY 5G Awards

17 Awards for excellence and creativity of marketing campaigns

16 Platinum Awards and 1 Gold Award

4 Awards for creating innovative products and creative campaigns

Best Recruitment and Talent Management Strategy Award

7 Awards for creating creative videos and campaigns

1 Gold and 6 Platinum Awards

Best Customer Experience Award 2021

2021 Certificates

Local Content Certificate **Local Content and Government Procurement Authority**

British Standards Institution (BSI) Maintained ISO 22301:2019 certification for **Business Continuity Management Systems**

"

Our GAIN corporate strategy picked up speed and delivered exceptional results in 2021, as we continued to invest in our 5G infrastructure and market leading customer experience to grow the value of our business, support the Vision of the Kingdom, and maximize returns for our Shareholders and all our Stakeholders.

SAR 1.07 billion
(+36.8%)
Profit in 2021

SAR 0.85
per share
(+70.0%)
Dividend in 2021

Mobily delivered an outstanding financial performance in 2021, posting our highest annual profit in the last 8 years.

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> During another award-winning year, Mobily continued to execute our strategy and drive innovation for our customers, while maximizing returns for our Shareholders.

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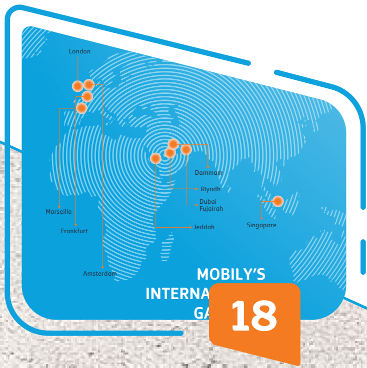
OVERVIEW



YEAR IN REVIEW

21

In a landmark year for Mobily, we accelerated our performance and achieved a range of momentous milestones, overcoming challenges to come together and achieve great success.

JANUARY 20

World's first 4G and 5G Fixed Wireless Access network slicing with Nokia

First-ever network slicing trial on a live commercial network showcases Fixed Wireless Access (FWA) slicing use case for the first time, paving the way to new services and enhanced customer experience.

FEBRUARY 23

Fastest growing telecommunication brand in the Middle East

Mobily claimed the title of the fastest growing telecommunication company in the Middle East for 2021, with 17% growth in brand value, according to Brand Finance report, to reach SAR 4.8 billion, and attained an AA+ rating, the highest Brand Strength Index score in Mobily's history.

MARCH 23

Partnership with Ericsson to enhance subscriber upload speeds

Mobily has partnered with Ericsson to deploy a new software package on its 5G network in Saudi Arabia to boost upload speeds and enhance the user experience.

MARCH 26

Earth Hour Event

Mobily participated in Earth Hour by reducing its advertising LED display boards' electricity consumption by 90% and displaying a billboard message in Riyadh encouraging individuals and communities to rationalize electricity consumption by turning off non-essential electric lights.

MARCH 31

Expanded partnership with Nokia for enterprise IoT network

As part of its strategic partnership with Mobily, Nokia announced the completion of a narrowband 'Internet of Things' (NB-IoT) network deployment in L800 band.

APRIL 18

Highest throughput with mmWave

A mmWave technology trial was successfully completed in Mobily's live 5G commercial network by Nokia, which achieved the highest throughput at a site in Riyadh.

APRIL 21

Cooperation agreement with Monsha'at

Mobily signed an agreement with the General Authority for Small and Medium Enterprises (Monsha'at) to enable entrepreneurs and owners of Small and Medium Enterprises (SMEs) to adopt innovations in technologies to achieve sustainability, efficiency and growth in the Saudi market, depending on advanced 5G technologies.

APRIL 28

"Mobily is Immune" campaign

Mobily launched a successful internal campaign to ensure a safe and healthy environment by increasing vaccinations amongst employees to achieve collective immunity.

MAY 4

Mobily Digital Partnership Program

Mobily launched its Digital Partnership Program to create innovative digital products and services that enrich the digital community and the digital economy through partnerships with promising local, regional and global companies in the digital fields such as Artificial Intelligence (AI) and Internet of Things (IoT).

JUNE 10

Cooperation agreement with Tech Mahindra

Mobily and Tech Mahindra have signed an agreement to implement an advanced e-commerce platform (Blue Marble), which will contribute to increasing the revenue from digital channels and help Mobily increase its customer satisfaction for e-commerce services.

AUGUST 31

Top-Rated Mobile Network in Saudi Arabia

Mobily was named the Top-Rated Mobile Network in Saudi Arabia by Ookla, based on customer satisfaction data submitted to Speedtest Intelligence.

SEPTEMBER 29

Local Content Certificate

For the second consecutive year, Mobily has obtained the local content certificate from the Local Content and Government Procurement Authority, in line with its objectives to support the local content initiative and contribute to strengthening the Kingdom's economy.

NOVEMBER 11

MoU with Al Yamamah University

Mobily signed a Memorandum of Understanding with Al Yamamah University to strengthen cooperation between the 2 parties and to contribute to the development of Mobily's and the University's national staff, including through training, studies and joint research projects.

JUNE 1

Mobily TV Service

Mobily's postpaid and prepaid customers enjoy a free subscription of Mobily TV, a new video-on-demand viewing service that provides a large number of the greatest and most recent films, series, documentaries and other entertainment for children.

JULY 14

First in Regulatory Compliance Index

Mobily has ranked first in the Regulatory Compliance Index of the Communications and Information Technology Commission (CITC) in the second quarter of 2021, which measures the compliance of Telecommmunication Providers with Unified License to the CITC's regulations.

SEPTEMBER 16

Agreement with Ericsson to scale up 5G technology applications

Mobily has signed an agreement with Ericsson to avail its global program for partnerships in 5G applications that will help it to enhance its position in 5G services and accelerate the use of 5G applications by all sectors and consumers in Saudi Arabia.

OCTOBER 25

Best Annual Report in the Middle East

Mobily won first place for the Best Annual Report Award – Digital Category and first place for the Best Annual Report – Print Category in the Middle East in the event organized by the Middle East Investor Relations Association (MEIRA). Moreover, Mobily's Head of Investor Relations was among the top 6 Best Investor Relations Professionals in Saudi Arabia.

DECEMBER 12

Mobily Gamers Portal

Mobily launched the 'Mobily Gamers Portal' to connect subscribers to their favorite games and other players, while supporting the Kingdom's E-sports sector by improving user experience and allowing players to participate in tournaments to win prizes and points that can be redeemed in the portal.

MOBILY POST COVID-19 AND STAKEHOLDER ENGAGEMENT

Mobily accelerated towards a post-COVID-19 world this year while continuing to safeguard and support our people, customers and communities and create sustainable value for our Shareholders.

Our People

Safely and successfully applied diverse precautionary measures in Mobily HQ, offices and branches, including regular health checks, temperature readings and sanitization for public use

Full compliance with MoH precautionary measures and instructions for workplaces

Launched “Mobily is Immune” campaign, which aimed to increase the vaccination rate among our employees in cooperation with MoH

Facilitated vaccinations for employees by providing the first/second dose of the vaccine in cooperation with MoH

All employees returned to work in Mobily’s offices to full capacity in October

Our Customers

Double data for 100GB SIM package for all new subscribers through modern trade outlets when buying a new tablet from one of our partners

Back to school offer - extra 100GB on top of 100GB and 90 days Data SIM

Including Microsoft Teams app to the social media benefits for 200 and 300 postpaid and 30, 75, 110, 150, 180 and 220 prepaid bundles

200% extra rewards points on back to school purchases from Neqaty participating partners

SAR 70 discount off monthly fees for all new subscribers to the Mobily Air Fiber 5G package

Transparent and frequent communications

Our Communities

Continued engagement with government and corporates to ensure smooth transition of back to office initiative

Provided key services for Tawakkalna application and thus recognized as key partner in the application

Provided all connectivity/hosting services of Sehhaty platform

Provided connectivity services for all the COVID-19 vaccination centers under MoH

Provided backup connectivity for all sectors of the new Government initiative DEEM for Government Cloud Platform under SDAIA

Provided connectivity, backup and hosted services for distance learning program initiatives under Ministry of Education

Extended credit facilities for the SME segment to ensure continuity of services and support

Continued to support students with discounted packages for remote learning on the Madrasati platform

Our Shareholders

Two meetings of the General Assembly were held during the year 2021. The first meeting was held virtually and the second was held as the first hybrid General Assembly meeting - in person and virtual.

Participated in 8 virtual conferences and over 120 virtual meetings with investors and analysts

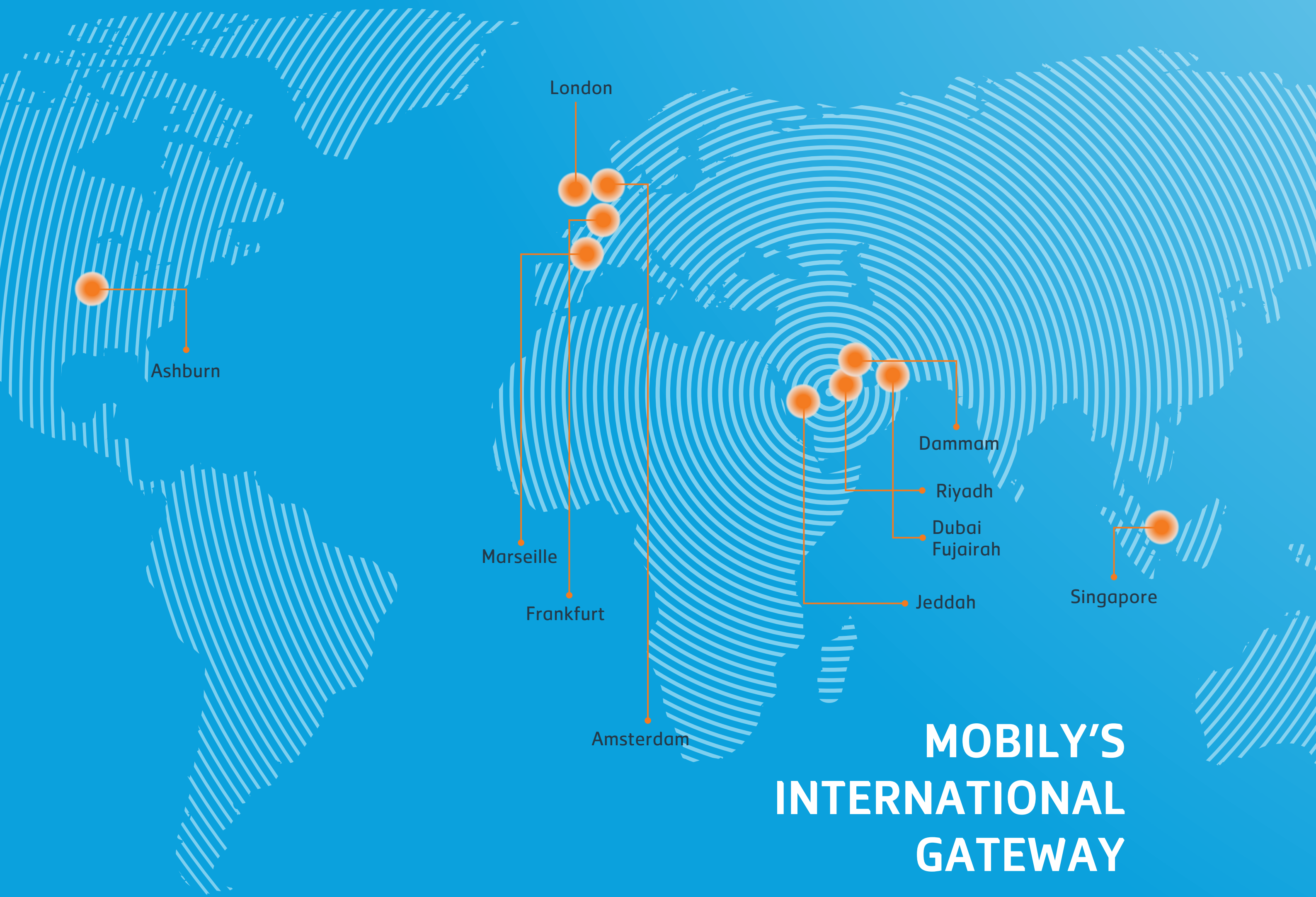
Increased frequency of investor communications

Enhanced virtual engagement channels and ensured up-to-date information

GEOGRAPHIC FOOTPRINT

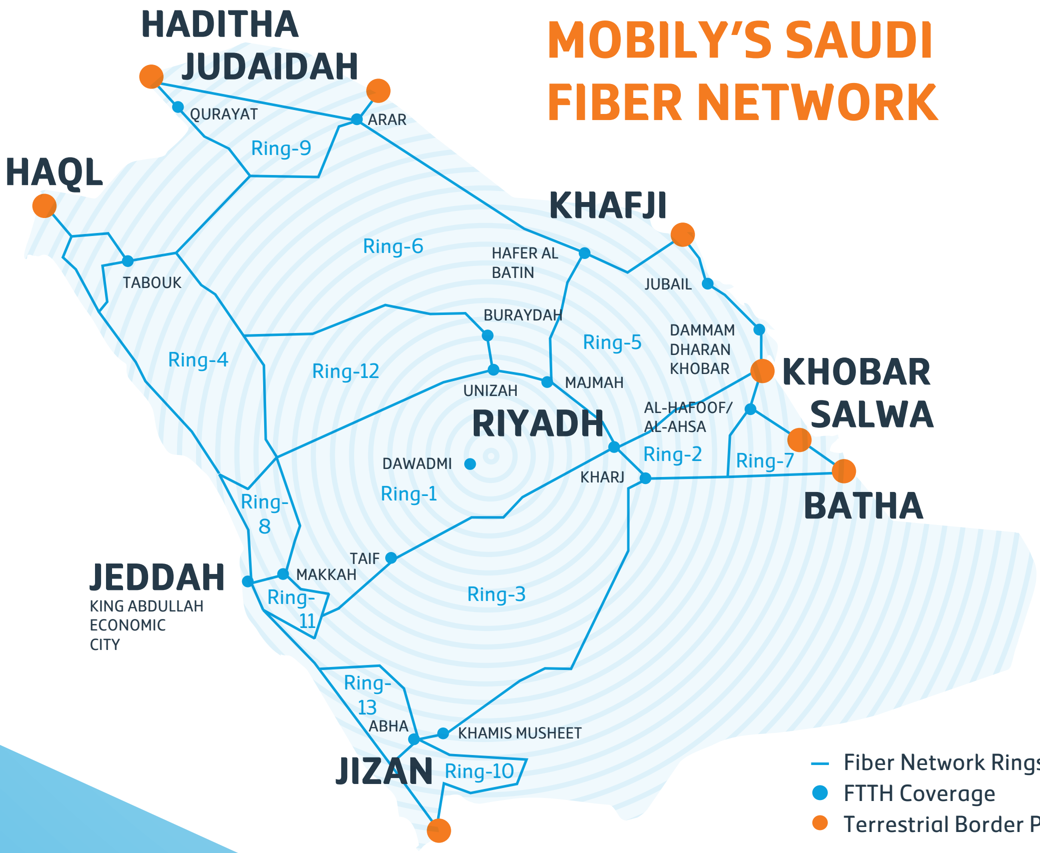
Mobily is headquartered in Riyadh, with an industry leading network covering subscribers across Saudi Arabia. It provides 99.4% of the population with access to 2G, 98.2% to 3G and 96.0% to 4G, in addition to covering 6 main cities with 5G network services, at a rate of 75.0%. Mobily's Metropolitan and FTTH network extends for 59,007 km across all major Saudi cities.

It supports its customers with state-of-the-art data centers located in Saudi Arabia'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.

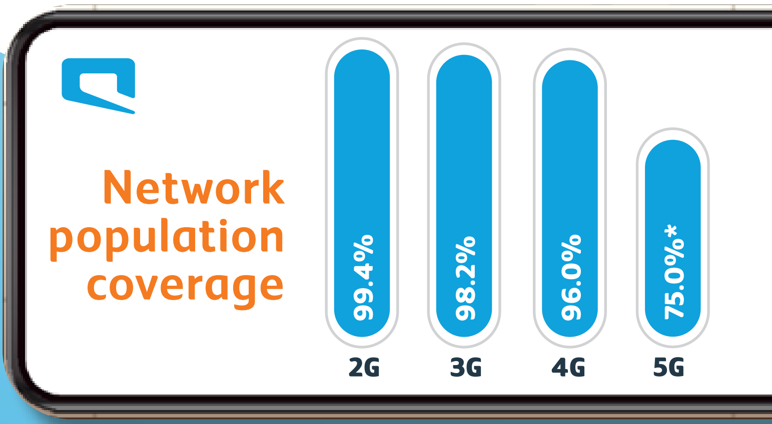


MOBILY'S INTERNATIONAL GATEWAY

MOBILY'S SAUDI FIBER NETWORK



Mobily's total retail footprint comprises 538 outlets (74 flagship stores, 362 fully branded outlets and 102 modern trade outlets) and around 2,300 third party retailers.



538 OUTLETS

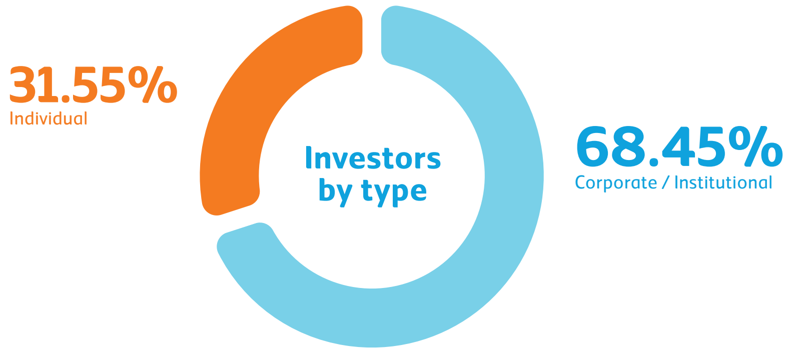
~2,300 RETAILERS

Operated in partnership with a range of global partners, Mobily's International Gateway 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.

*The ratio represents coverage of 5G across 6 main cities in Saudi Arabia

SHAREHOLDERS INFORMATION

Mobily Shareholders by type



Major investors	No. of shares held	Ownership percentage
Emirates Telecommunication Corporation	215,541,832	27.99%
General Organization for Social Insurance	73,515,154	9.55%

Mobily Shareholders by type	No. of investors	No. of shares held	Ownership percentage
Corporate/Institutional	624	527,058,212	68.45%
Individual/Retail	141,091	242,941,788	31.55%
Total	**141,715**	**770,000,000**	**100.00%**

Nationality	No. of investors	No. of shares held	Ownership percentage
Saudi	140,319	454,229,926	58.99%
GCC	155	226,689,628	29.44%
Other	1,241	89,080,446	11.57%
Total	**141,715**	**770,000,000**	**100.00%**

Top 5 international Shareholders	No. of shares held
Vanguard Emerging Markets Stock Industrial Fund	5,136,746
Vanguard Total International Stock Index Fund	4,894,746
Calif Public Emplloyes Retirement System	3,188,416
iShare Core MSCI Emerging Markets ETF	3,186,820
Goldman Sachs International	2,932,031

Size of ownership (no. of shares held)	No. of investors	Ownership percentage	No. of shares held
More than 1,000,000	59	71.49%	550,456,530
500,000 – 999,999	64	5.67%	43,694,365
100,000 – 499,999	353	9.21%	70,898,528
50,000 – 99,999	332	2.88%	22,210,940
10,000 – 49,999	2,042	5.42%	41,718,171
5,000 – 9,999	1,757	1.52%	11,666,920
1,000 – 4,999	7,559	2.04%	15,713,189
Fewer than 1,000	129,549	1.77%	13,641,357
Total	**141,715**	**100.00%**	**770,000,000**


Gender
30%
70%
10/1/21

INVESTMENT CASE

A unique investment proposition driven by a record financial performance and stable, continuous and sustainable growth.

01
Comprehensive corporate strategy that delivers results

- Increase in dividend payments in 2021
- Rising revenues trend over last 8 years
- Rising EBITDA trend over last 8 years
- Robust local, regional and international shareholder mix
- Revamped digital channel including highest rated mobile app among the 3 operators

02
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 COVID-19 pandemic
- Comprehensive local content strategy and second consecutive year receiving Local Content Certificate from Local Content and Government Procurement Authority
- Partnered with General Authority for Small and Medium Enterprises (Monsha'at) to provide consulting services to entrepreneurs in IoT, cybersecurity and AI
- MoU with Al Yamamah University to develop Mobily's and the University's Saudi national staff
- Partnered with Ericsson to scale up 5G technology applications in the region

Become part of one of the Middle East's leading telecommunications companies, as we gain trust by delivering consistent and profitable growth while accelerating our transformation into a digital telecommunications company fit for the future.

03
Leading Saudi company and brand

- Seventh most valuable Saudi Arabian brand - brand value reached SAR 4.8 billion[1]
- Fastest growing top 10 brand in Saudi Arabia, recording 17% brand value growth[1]
- #1 Saudi telecommunications company in customer care by lowest number of complaints[2]
- Experienced Saudi leadership team
- Maintained ISO certification for Business Continuity Management Systems[3]
- Winner of 'Best Recruitment and Talent Management Strategy Award'[4]
- Winner of 'Best Customer Experience Award 2021 for the Individual Sector'[5]

04
Technological trailblazer investing in the future

- #1 in Snapchat, Instagram, Facebook, Twitter and video conferencing platforms response time[2]
- 5G network coverage in 52 cities across Saudi Arabia
- #1 rated mobile network in Saudi Arabia by Ookla[6]
- Achieved the lowest mobile 5G average latency in Saudi Arabia by reaching 23ms[2]
- Achieved highest throughput with mmWave in its live 5G network with Nokia
- Piloted world's first 4G and 5G Fixed Wireless Access (FWA) network slicing with Nokia

[1] Brand Finance
[2] CITC Q4 2021 Report
[3] British Standards Institution (BSI)
[4] CIPD – Middle East People Awards 2021
[5] Communications and Information Technology Commission (CITC) Awards
[6] Customer satisfaction data submitted to Speedtest Intelligence Q1–Q2

"Mobily continues to be guided by our robust GAIN strategy, which seeks to maximize value by leveraging the key enablers of our success.

02

STRATEGIC REVIEW

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CHAIRMAN's STATEMENT

Amid the ongoing fallout of the COVID-19 pandemic in 2021, Mobily remained firmly committed to the realization of our GAIN strategy and the digitization objectives of Saudi Arabia's Vision 2030 and ICT Strategy 2023. Our relentless efforts in this regard have seen Mobily fulfil its promises to our Shareholders, employees and the community by delivering highly encouraging financial returns alongside increasingly advanced and customer centric services for the people and businesses of the Kingdom.

> **Mobily is supporting an economic resurgence that will position the Kingdom for unprecedented economic diversification and growth.**

Gaining value. Maximizing returns.

As Saudi Arabia enters a new phase of growth in the wake of the pandemic, driven by its extensive range of investment programs, goals and initiatives, Mobily is supporting an economic resurgence that will position the Kingdom for unprecedented economic diversification and growth.

Mobily continues to be guided by our robust GAIN strategy, which seeks to maximize value by leveraging the key enablers of our success, strengthening our proposition through improved customer journeys, new and innovative channels and fit-for-purpose business models.

This strategy has directly resulted in the impressive gains secured by Mobily in 2021 across all performance metrics, continuing our trajectory of faster, more profitable and sustainable growth.

Among the core components of GAIN are our efforts to accelerate digital revenue streams while improving customer service – 2 areas in which Mobily has excelled in 2021, outperforming our market and generating widespread acclaim.

We remain committed to realizing further benefits from GAIN as we enter the final year of the strategy, delivering increased value and returns for all our Shareholders and Stakeholders, whilst also supporting the Kingdom's comprehensive development journey encapsulated in Saudi Vision 2030.

Serving the Kingdom

Mobily remains dedicated to supporting the goals and aspirations of Saudi Vision 2030 and the ICT Strategy 2023 to establish a fully connected and innovative Saudi Arabia.

We play an active role at the forefront of the Kingdom's efforts to develop the ICT sector, empower small and medium-sized enterprises (SMEs), entrepreneurs and end users, and realize increasing levels of government integration.

Working to complement the objectives of the Saudi Arabian Communications and Information Technology Commission (CITC), we are proud to play our part in bringing about a new era of digitization in the Kingdom.

Throughout 2021, therefore, Mobily continued to improve our capacity to deliver complex digital projects in line with the Saudi Vision 2030 for increasing digitization.

Notably, we delivered the world's biggest ever rollout of a Smart metering solution covering the domestic and industrial segments. This project not only earned praise from the Kingdom's leadership, but also solidified our position as a leading digital service provider in Saudi Arabia.

In the SME space, we extended credit facilities to the SME segment to ensure continuity of services and support from Mobily, cementing our position as a strategic partner in SME business growth in the Kingdom.

We also entered into an agreement with Monsha'at, the General Authority for Small and Medium-sized Enterprises, to support the adoption by SMEs of innovative technologies to achieve sustainability, efficiency and growth in the Saudi market leveraging 5G.

Throughout the pandemic, Mobily has supported the Government's various efforts to establish efficient and effective distance learning infrastructure and has played a critical role in the health sector by facilitating the activation of a Kingdom-wide Health Information System to support the Kingdom's digital health initiatives.

We engaged with the Government to support its plans for the transportation segment and smart city initiatives, and successfully provided connectivity services to Saudi diplomatic missions in conjunction with the Ministry of Foreign Affairs (MOFA) in 160+ countries worldwide.

Mobily's exceptional investment proposition

Through our expansion, innovation and growing customer base, Mobily continues to maximize value for our Shareholders. Our outstanding financial and operational performance in 2021 has positioned us as one of the top telecommunications investment opportunities in the MENA region.

Based on the Company's valuation discount, dividend outlook and growing ROI, EFG-Hermes and HSBC Global Research upgraded Mobily to Buy, Bank of America upgraded Mobily twice from Underperform, and Al Jazira Capital updated Mobily to an Overweight rating.

In November 2021, the Board of Directors recommended the distribution of SAR 654.5 million in cash dividends to Shareholders for the fiscal year 2021 on 770 million eligible shares, at a dividend value per share of SAR 0.85. This represents an 8.5% dividend return on share par value and it will be distributed on a date to be approved by the General Assembly.

Ensuring robust Governance and Risk Management

In 2021, with the conclusion of the term of Mobily's Board of Directors that covered 1 December 2018 to the end of November 2021, Mobily held its General Assembly to elect our new Board of Directors for a 3-year term starting from the beginning of December 2021 to the end of November 2024. A new Board of Directors was elected, with Dr. Nabeel Mohamed Al Amudi as the new Chairman, and Mr. Suliman Abdulrahman Al Gawiz as the new Vice Chairman.

Unlocking value through sustainability

Sustainability, and environmental, social and corporate governance (ESG), are deeply embedded in Mobily's corporate strategy and internal culture.

Guided by our dedicated sustainability strategy, which reflects both the sustainability goals of Saudi Vision 2030 and the United Nations Sustainable Development Goals (SDGs), we are working to unlock Saudi Arabia's digital future by incorporating socially and environmentally sustainable practices across our operations, whilst upholding global best practices in terms of governance, transparency and accountability.

Throughout 2021, Mobily delivered a program of initiatives to safeguard our operating environment and that of the communities we serve through resource rationalization, reduced energy consumption and increasing environmental awareness.

The health and wellbeing of our people and customers remained a priority during 2021, especially given the lingering effects of the pandemic, and Mobily continues to strive to set an example for the sector as a responsible, equitable and diverse employer.

The sustained safety and security of the broader society also remains an important focus for Mobily, with our Investor Relations Department taking the lead in implementing the Mobily ESG strategy through activities to ensure significant and sustainable positive impacts for the Kingdom and its people.

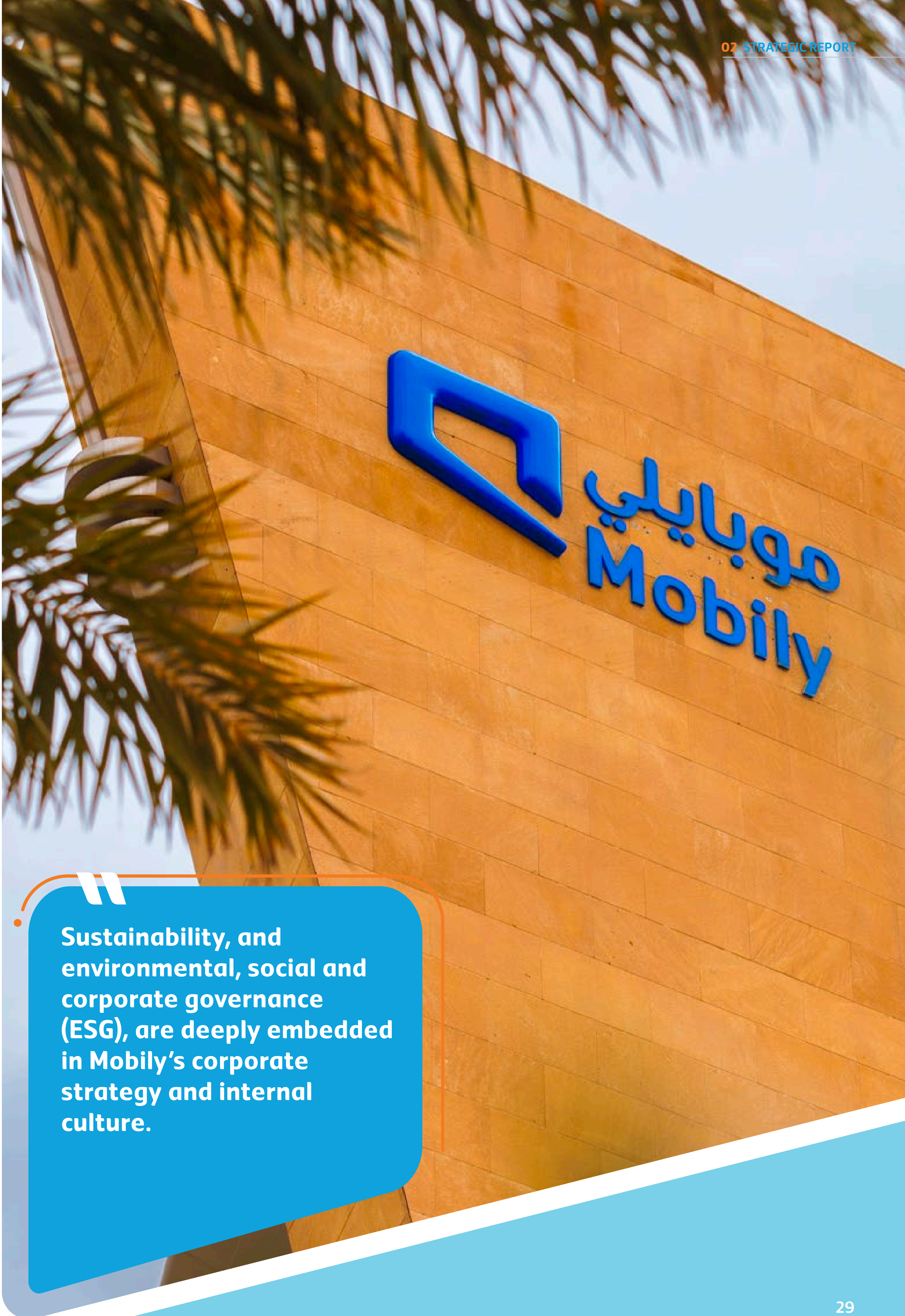
Acknowledgements

On behalf of myself and my colleagues on the Board, I wish to thank our Executive Management for their continued resilience in the face of the uncertainty and challenges of this year. Their exceptional foresight and perceptive decision-making during 2021 have been vital factors in the remarkable success Mobily has achieved this year.

Finally, I would also like to express our gratitude and loyalty to The Custodian of the Two Holy Mosques, and His Royal Highness, The Crown Prince, for the progress and prosperity the Kingdom has achieved under their wise leadership, and to our strategic partners and Shareholders for their trust and support, as we continue our journey of expansion, growth and success.

Mr. Suliman Abdulrahman Al Gwaiz

Chairman



Sustainability, and environmental, social and corporate governance (ESG), are deeply embedded in Mobily's corporate strategy and internal culture.

CEO's MESSAGE

A year of exceptional performance and results

98.69%
Increase in mobile internet average download speed

5G
48.03%
Increase in 5G average download speed

While the green shoots of recovery were seen across the economy in 2021, it was a year of significant challenges for the Kingdom and its people. Despite the lingering effects of the pandemic and the sluggish return to pre-COVID activities, Mobily recorded an outstanding year of performance, rewarding the trust placed in us by our customers, Shareholders and employees by delivering sustainable growth and outpacing the competition.

> **Mobily's performance continues to grow from strength to strength. We increased our market share in 2021, and achieved our highest annual revenues and profits in the last 8 years.**

We remained true to our dynamic GAIN strategy throughout the year, securing significant progress toward our goal of establishing Mobily as the digital telecommunications provider of choice for the people of Saudi Arabia by delivering excellence across all aspects of our business, adding value for our customers and securing increased returns for our Stakeholders.

This allowed us to increase our market share, grow our income and revenue, and cement the value of our brand despite the ongoing economic disruption.

Delivering GAIN

Despite the challenges remaining in the wake of the pandemic, Mobily delivered excellent progress in implementing our 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.

A major aspect of the strategy is our continuing digitization journey, including our extensive 5G activities. The 5G program gained pace in 2021, with the extension of our network to serve 52 cities through 4,120 5G sites across the Kingdom, bringing our 5G coverage to 75% in 6 main cities.

As well as providing exceptional consumer network access, our investments in 5G are positioning Mobily at the forefront of change, and as a torch bearer for the technology in Saudi Arabia as businesses begin to leverage 5G capabilities to drive their development going forward.

Mobily's Fiber-to-the-Home (FTTH) services also saw encouraging growth throughout 2021, as demand remained high for premium home services. We also accelerated the rollout of open access FTTH utilization.

Strong performance amid a slow recovery

Mobily's performance continues to grow from strength to strength. We increased our market share in 2021 and achieved the highest annual revenues in the last 8 years, with an overall revenue growth of 5.6% to reach SAR 14.83 billion.

Mobily recorded a net profit of SAR 1.07 billion in 2021, representing a rise of 36.8% over that achieved in 2020, whilst our EBITDA increased to reach SAR 5.59 billion – the highest ever annual EBITDA in the last 8 years.

Our Business Unit has consistently generated double digit growth in revenues, collections and gross margins; secured steady improvements in customer satisfaction in terms of performance and preferences; and grown our subscriptions across all product categories.

Our growing customer base and client retention strategies saw internet data consumption increase throughout the year, supported by a rise in Mobily's mobile internet average download speed by 98.69% to reach 155.18 Mbps, and an increase in our fixed internet average download speed of 16.94% to reach 89.17 Mbps. In addition, our mobile 5G average download speed rose 48.03% to reach 326.94 Mbps.

We continued to focus on our key value segments, advancing sales of higher post-paid packages and promoting the uptake of pre-paid bundles.

Award-winning services

Our achievements in 2021 received widespread recognition, with Mobily being named the Top-Rated Mobile Network in Saudi Arabia by the Ookla Speedtest Awards.

Our commitment to customer experience excellence was recognized by receiving the 'Best Customer Experience Award 2021 for the Individual Sector' from the Communications and Information Technology Commission (CITC), the first company to win this award that aims to stimulate and develop the Saudi telecommunications sector, raising competitiveness, increasing transparency and improving user experience.

We received a record 9 Platinum Awards at the VIDDY awards for digital video excellence, as well as 6 Platinum and 1 Gold award at the Hermes Creative Awards.

Mobily was also awarded 16 Platinum and 1 Gold Award at the 2021 AVA Digital Awards, as well as 1 Gold, 1 Silver and 2 Bronze Awards at the Dubai Lynx International Festival of Creativity.

We also received the Best Recruitment and Talent Management Strategy Award at the CIPD Middle East People Awards for presenting a clear talent acquisition roadmap aligned with business needs, whilst our Annual Report for 2020 received awards for Best Annual Report in both the print and digital categories of the Middle East Investor Relations Association (MEIRA) Awards.

Committed to ESG

Mobily is committed to ensuring the highest global standards of environmental, social and corporate governance across our operations and footprint, supporting our country, our people, our environment and the communities we serve through a carefully formulated strategy.

This strategy focuses our sustainability efforts over the coming years to achieve rapid improvements in ESG performance whilst also supporting the Kingdom's broader sustainability commitments in line with the United Nations Sustainable Development Goals.

The objectives of the strategy range from the integration of sustainability at the corporate level, to maximizing customer care and satisfaction and supporting the Saudi Green initiative, which seeks to place the Kingdom and its people on a path to a sustainable future.

It has inspired a range of Mobily initiatives, including our agreement with Ericsson to recycle old electronic devices in ways that contribute to preserving the environment. The partnership leverages Ericsson's Product Take-Back Program – which ensures that end-of-life products are either recycled or disposed of in a responsible way – to co-manage our waste in an environmentally sustainable way.

We also continue to reduce the carbon intensity of our operations and products as a whole, using advances in ICT to create more sustainable pathways and meet the challenge of climate change, in line with the objectives of Saudi Vision 2030

Furthermore, our ESG strategy seeks to guide our community investment decisions going forward to maximize benefits in the areas of: education; technical support; personal and public health; responsible resource use and waste management; global climate change mitigation; equal opportunities for men, women and people of determination; and support for the needy in society.

We continue to develop internal metrics and targets for all Mobily departments to ensure the delivery of this strategy, whilst maintaining a high level of transparency and consultation to continuously refine our actions and outputs.

A customer centric approach

Mobily is dedicated to following customer centric approaches to the development and delivery of our services and solutions. Our customer satisfaction score (CSAT) and all other Customer Experience metrics witnessed significant improvements in 2021.

A testament to the value we place on customer satisfaction, Mobily maintained the lowest number of complaints for more than 2 years in mobile telecommunications services and fixed internet services, and the lowest number of complaints for more than 4 years in mobile internet services, among the Kingdom's 3 national operators.

We remain committed to providing exceptional service quality for our customers, and continue to facilitate improved download speeds, and deliver innovative apps and web touchpoints.

Engaged and productive talent

Given the ongoing fallout of the COVID-19 pandemic in 2021, we continued to support and safeguard our people throughout the year, reflecting the high value we place on our human resources and the broader communities we serve.

By implementing strict policies and procedures and establishing new workplace controls, we ensured a safe and healthy environment for our employees and customers, particularly as all of our people returned to in-office work in October 2021.

We also continued to actively attract, develop and empower our people in a way that strengthens our success as a company whilst also reflecting our dedication to the goals and objectives of Saudization and female empowerment in the Kingdom.

Mobily in 2022

As we look ahead to 2022, Mobily's unique digital capabilities and technologies ensure that we are well positioned to capitalize on future growth opportunities.

Mobily will continue to execute our comprehensive GAIN strategy, which has positioned us for another year of growth. We will seek to further enhance our position as an integrated digital telecommunications provider, fit to meet the diverse demands of a revitalized economy and achieve the goals and aspirations of Saudi Vision 2030.

Under GAIN, our technology focus will endure, as we rollout an extensive program of pipeline projects to improve efficiency, deliver industry-leading services and secure even greater customer satisfaction throughout 2021.

Mobily's investment in the 5G rollout and our expansion into new, complementary business areas to better serve our customers will also serve to capture more revenue, securing increased returns for our Shareholders and other Stakeholders.

Further investment in submarine cables around the world will also be forthcoming, as well as in our data centers and other leading-edge technologies.

We will also further integrate our new ESG strategy into the GAIN strategy to deliver world-class governance standards across our organization.

Acknowledgements

I wish to express my deep gratitude to our Board of Directors for their guidance in what has been another challenging year, and to our Executive Management for their leadership and foresight in navigating adverse circumstances.

I am also indebted to our employees across Mobily for their professional approach, commitment and dedication, which has allowed us to reach new heights and look to the future with considerable optimism. Their efforts represent the driving force behind our performance in 2021, and a key differentiator for our Company going forward.

Eng. Salman Abdulaziz Al Badran

Chief Executive Officer

MARKET REVIEW

A return to positive growth for the Saudi economy and its future-focused telecommunications sector

Saudi Arabia's robust response to the COVID-19 pandemic has allowed it to overcome the considerable challenges of 2020 and emerge stronger in 2021, with positive GDP growth, government surplus and reduced unemployment on the back of a global economic rebound and higher oil prices. With the accelerating vaccine rollout and investments into economic diversification, green energy and human capital, Saudi Arabia is well positioned to continue this positive momentum into 2022.

Saudi Arabia is positioned for strong and sustainable growth

- The Kingdom's robust response to COVID-19 has brought the country back to positive growth
- Projected real GDP growth of 2.9% for 2021
- Projected growth in total revenues of 19.0% for the year 2021 compared to the year 2020
- Rising global demand for oil, prices and KSA volumes
- Rising interest rate environment globally and nationally
- Partial resumption of Hajj, Umrah and other tourism activities
- Launch of the Saudi Green Initiative to championing climate action
- Launch of Saudi Arabia's ambitious SAR 12 trillion program to boost the role of the private sector in diversifying the economy, increasing resilience and supporting sustainable growth

Continuous investment for a globally competitive telecommunications sector

- 5-year ICT Sector Strategy 2023
- CITC strategy positions Saudi Arabia for a new era of digital regulation
- Saudi Arabia Ministry of Communications and Information Technology (MCIT) launched a series of technology initiatives worth SAR 4 billion, in alignment with Vision 2030
- CITC launched the fourth phase of the free local roaming service in villages and migrations
- 2 new Mobile Virtual Network Operators (MVNOs) licenses
- CITC launched the second phase of the open access project, dedicated to the business sector (FTTB)

Fixed internet average download speed
KSA AVERAGE
104.19 Mbps
+35.58%

Fixed internet average upload speed
KSA AVERAGE
47.09 Mbps
+75.12%

Mobile internet average download speed
KSA AVERAGE
169.52 Mbps
+73.80%

Mobile internet average upload speed
KSA AVERAGE
24.08 Mbps
+20.52%

Mobile 5G average download speed
KSA AVERAGE
368.69 Mbps
+16.84%

Number of governorates with 5G
KSA TOTAL
84
GOVERNORATES

Source: CITC report Q4 2021 vs Q4 2020

Enabling Saudi Vision 2030 and ICT Strategy 2023 through continuous innovation

Mobily is a key digital enabler for the Kingdom and plays a critical role in supporting the Government to deliver on its ambitious goals for the future, by providing the Government, businesses and consumers across Saudi Arabia with access to the latest ICT technologies.

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 Hihlights	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.

Themes of CITC Strategy 2023	Mobily's Role
Protect consumers and ensure the provision of quality services	Providing best customer experience to customers to close the gap with the market leader in terms of customer satisfaction, achieving #1 ranking in 2021 in lowest number of customer complaints per 100 customers across services
Promote investment and competition	Based on overall performance, we aim to become the best pick among MENA telecommunications stocks
Enable digitalization of Saudi Arabia	End-to-end digitalization of customer journeys, introduction of digital products and services and entry into adjacent and new digital business (i.e. fintech)
Achieve regulatory excellence and enhance organizational effectiveness	Development and implementation of a governance mechanism in line with the digital operating environment, achieving #1 ranking in Regulatory Compliance Index amongst CITC licensees in Q2 2021

CFO's STATEMENT

Net profit
SAR 1.07
billion

EBITDA for
2021 rose by
4.6%

Mobily contined to achieve an outstanding financial performance in 2021, building on the strong momentum in the previous 2 years to overcome ongoing turbulence in global and local markets due to the impact of COVID-19. Delivering record and best-in-class profitability on the back of increasing revenues and strong results across the business, Mobily's GAIN corporate strategy continues to grow our market share, cash flow and distributed dividends, coupled with continued improvements in operational efficiencies to create increasing value for our Shareholders, laying the foundation for sustainable growth and success in the years ahead.

It is my pleasure to report that during 2021, the exceptional efforts and continued dedication of the entire Mobily team continued to pay dividends for Shareholders, as we achieved impressive financial results across the board while continuing to invest for the future. Mobily's strong cash flow generation enabled us to continue to invest in our growth this year, while paying attractive dividends and carrying out a deleveraging strategy.

Mobily's net profit continued its rapid rise to reach SAR 1.07 billion, the highest annual profit in the last 8 years, based on 5.6% growth in revenues and EBITDA margin stability, cost discipline and deleveraging. Through the diligent execution of our GAIN strategy, we accelerated our digitization agenda, enhanced customer experience, diversified our income streams and, overall, made significant strides towards our vision of 'Empowering the Digital Economy to Unlock Possibilities.'

> **Through the diligent execution of our GAIN strategy, we diversified our income streams and, overall, made significant strides towards our vision.**

Highlights (SAR millions)	2021	2020	% Change
Revenues	14,834	14,046	5.6%
EBITDA	5,594	5,350	4.6%
CAPEX	2,092	2,792	(25.1%)
Operational cash flow (EBITDA – CAPEX)	3,502	2,558	36.9%
Net debt	12,128	13,109	(7.5%)
Net profit	1,072	783	36.8%

Top line results rose by 5.6% from SAR 14.05 billion in 2020 to reach SAR 14.83 billion this year. This was driven by solid performance by our Business Unit and Consumer Unit, including FTTH growth, along with healthy subscriber base growth. Our Consumer Unit and Business Unit delivered revenue growth, demonstrating their resilience and capitalizing on increased market activity, which accelerated towards year-end 2021.

EBITDA for 2021 rose by 4.6% and maintained last year's margin of 38% – the highest since 2014. This result was driven primarily by healthy top line performance and supported by continuing improvements in operational efficiency and cost optimization. This strong performance drove our net debt to EBITDA ratio to 2.17x - its lowest level since 2016 – a downward trend supported by Mobily's ongoing deleveraging strategy and 10% reduction in financing charges year-on-year to SAR 505 million.

Investment in 5G infrastructure continued in 2021 while overall CAPEX eased by 25.1% during the year to reach SAR 2,092 million compared to SAR 2,792 million in the previous year, as various capital intensive strategic initiatives were successfully completed. 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 since 2019, as our GAIN Corporate Strategy continued to accelerate and create value for our business and Shareholders, this year again saw a large increase in profitability, with a 36.8% increase in full-year net profit to reach SAR 1.07 billion, compared to last year's net profit of SAR 783 million. In addition to a gross profit of SAR 8.67 billion compared to SAR 8.15 billion in the previous year, this outstanding achievement, which represents the highest net profit since 2014, is equivalent to earnings per share of SAR 1.39 versus SAR 1.02 in 2020.

Our cash position has also witnessed significant improvement during 2021, with operational cash flow (EBITDA-CAPEX) rising 36.9% year-on-year to reach SAR 3.50 billion for the year, while cash and cash equivalents also rose by 13.0%, from SAR 929 million in 2020, to surpass SAR 1 billion for this year.

In the year ahead, we will continue to drive positive performance and results through the execution of the strategic pillars of our GAIN corporate strategy. By investing in our human capital, infrastructure and digitization, we will accelerate our transformation to fulfill our role as a catalyst of positive change in the Kingdom while enhancing services and experience for our customers. Our strong brand and excellent financial performance for the year gives us confidence in our strategic direction and our ability to generate increasing value for our Company and our valued Shareholders.

Mr. Khalid Abdulrahman Abanami
Chief Financial Officer

Balance Sheet Highlights (SAR'000s)	2021	2020	% Change
Total assets	39,363,908	38,408,057	2.5%
Total liabilities	24,167,662	23,962,830	0.9%
Total equity	15,196,246	14,445,227	5.2%

Income Statement Highlights (SAR'000s)	2021	2020	% Change
Gross profit	8,671,515	8,152,408	6.4%
Operating profit	1,667,784	1,366,517	22.0%
Net income	1,071,541	783,254	36.8%

Cash Flow Statement Highlights (SAR'000s)	2021	2020	% Change
Net cash generated from operating activities	4,812,157	4,169,800	15.4%
Net cash used in investing activities	(2,916,092)	(2,866,272)	1.7%
Net cash used in financing activities	(1,774,900)	(1,625,710)	9.2%
Cash and cash equivalents	1,050,663	929,498	13.0%

BUSINESS MODEL

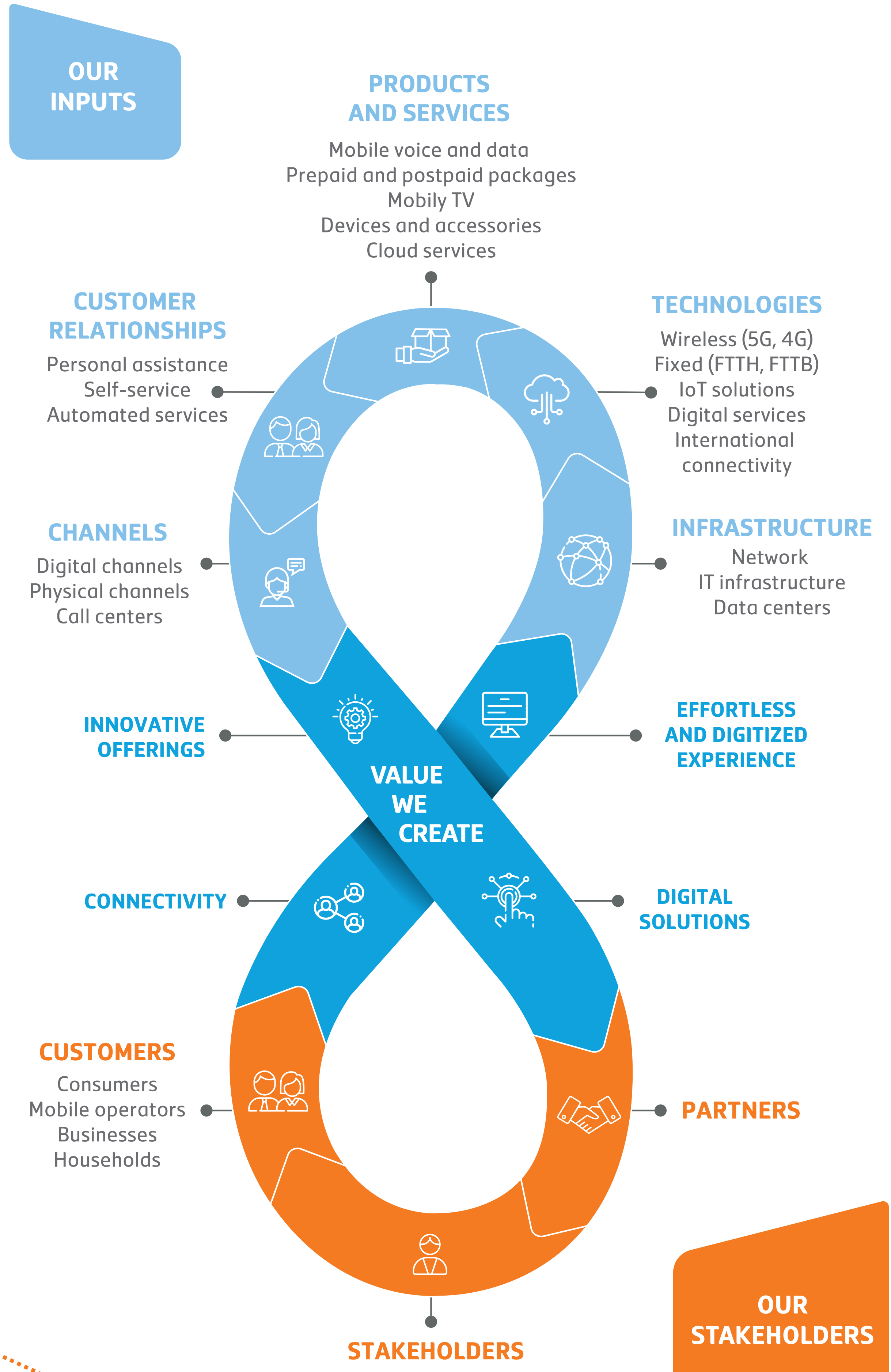
Mobily is a one-stop-shop of best-in-class telecommunication services, serving 5 distinct categories of customers – consumers, mobile operators, businesses, small-to-medium enterprises (SMEs), and households.

We support them through effective sales and optimal customer care, including personal, automated and self-services delivered across a range of customer relationship touchpoints, including digital, physical and call centers.

Our portfolio of products and services, which we tailor and bundle to meet the unique needs of our customers, is built on a robust foundation of world-class infrastructure, which includes our telecommunications network, IT infrastructure and data centers.

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 products and services, tailored to our business customers and consumers.

In this away, we create value by delivering trusted connectivity, innovative offerings, valued services and solutions, and exceptional experiences to our customers across Saudi Arabia.


OUR INPUTS
PRODUCTS AND SERVICES
Mobile voice and data
Prepaid and postpaid packages
Mobily TV
Devices and accessories
Cloud services
CUSTOMER RELATIONSHIPS
Personal assistance
Self-service
Automated services
TECHNOLOGIES
Wireless (5G, 4G)
Fixed (FTTH, FTTB)
IoT solutions
Digital services
International connectivity
CHANNELS
Digital channels
Physical channels
Call centers
INFRASTRUCTURE
Network
IT infrastructure
Data centers
INNOVATIVE OFFERINGS
EFFORTLESS AND DIGITIZED EXPERIENCE
VALUE WE CREATE
CONNECTIVITY
DIGITAL SOLUTIONS
CUSTOMERS
Consumers
Mobile operators
Businesses
Households
PARTNERS
STAKEHOLDERS
OUR STAKEHOLDERS

STRATEGY AND KPIs

Through the diligent execution of our GAIN strategy, accelerating digital transformation and the commitment of our dedicated workforce, Mobily took major strides across all areas of our business in 2021, delivering a strong financial and operational performance to gain trust and create value for all our Stakeholders.

Empower the Digital Economy to Unlock Possibilities.

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

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

OUR STRATEGIC PILLARS

Mobily's 4 strategic pillars come together to form our GAIN strategy, designed and executed to deliver profitable and sustainable growth. During 2021, our strategic focus was to maximize value through convergence, new models, channels, customer journeys and propositions, supported by our key strategic enablers.

KPIs	2021 Achievements
Revenues 2021: SAR **14.83** billion 2020: SAR **14.05** billion 2019: SAR **13.45** billion +5.6% YoY	• Consumer Revenues: +1.7% YoY • Business Revenues: +27.7% YoY • Wholesale Revenues: +1.8% YoY • Outsourcing Revenues: +15.4% YoY
Grow digital B2B revenue and develop associated capabilities Grow digital consumer revenue streams and develop associated capabilities	• Launch of Mobily TV service • Signed an agreement with Tech Mahindra to implement advanced e-commerce platform (Blue Marble) • Launch of Direct Carrier Billing service on Huawei Mobile Services • Launch of new fintech
EBITDA 2021: SAR **5.59** billion 2020: SAR **5.35** billion 2019: SAR **4.95** billion +4.6% YoY	• Awarded 'Top Rated Mobile Network in KSA' by Ookla • IT Transformation Program Completion: +73% • Mobily mobile internet average download speed increased by 98.69% • Chatbot handled 38.6% of overall incoming requests on social channels • First telecommunication company to win the 'Best Customer Experience Award'
Brand Value 2021: SAR **4.8** billion (USD 1.3 billion) 2020: SAR **4.1** billion (USD 1.1 billion) 2019: SAR **3.4** billion (USD 0.9 billion) +17.5% YoY	• Seventh most valuable brand in Saudi Arabia • First in Regulatory Compliance Index by CITC • First in Customer Experience • 4.8/5 mobile app rating • Launch of API Marketplace

2022 Goals

Our GAIN strategy is focused on achieving the ambition of an integrated telecommunications company along with accelerating the preparation to be a digital telecommunications company by:

- Building new revenue streams across digital, information and communications technology (ICT)
- Enhancing partnership-ready agile operating model
- Differentiating through innovative products and services
- Optimizing cost per transaction

GAIN and our Stakeholders

Market
Gain confidence of the market

Regulator
Gain respect of CITC

Shareholders
Gain trust of the Shareholders

Consumers
Gain loyalty of the consumers

Businesses
Gain attention of the businesses

Employees
Gain engagement of employees

Business Partners
Gain interest of the business partners

Society
Gain appreciation of the society

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

SAR

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.

RISK MANAGEMENT

Risk Management and Business Continuity

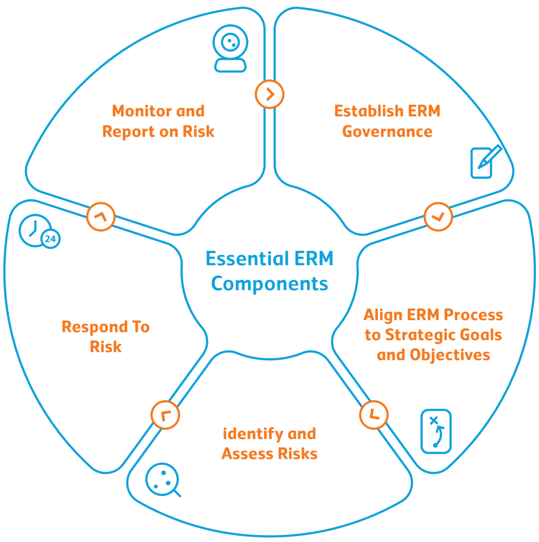
Mobily is committed to robust risk management to ensure the sustainability of our business and the mitigation of risks to the effective and efficient execution of our strategy. Our Enterprise Risk Management (ERM) and Business Continuity Management (BCM) functions is responsible for enhancing Mobily's business resiliency by establishing effective risk and recovery management disciplines to better execute and achieve Mobily objectives.

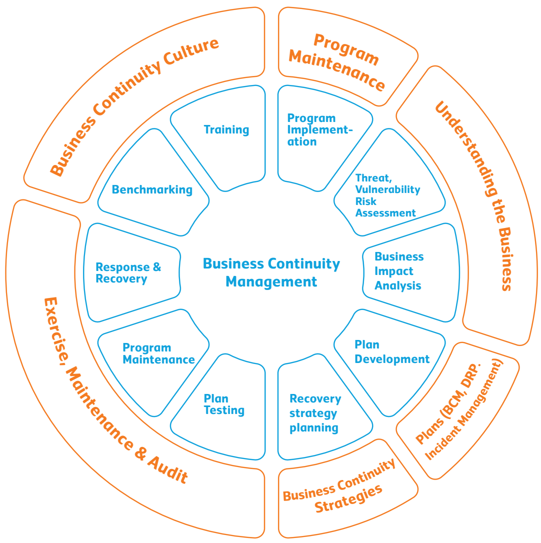
Overview of Enterprise Risk Management

Mobily's ERM function implements organization-wide risk management practices to proactively identify and prepare for potential risk events that can negatively impact company's strategic, reputational, financial, compliance and operational objectives.

Overview of Business Continuity Management

Mobily's BCM function implements and embeds effective BCM practices within the organization to enhance Mobily's ability to effectively respond and ensure availability of operations and services during disasters.





- Annual update of risk appetite
- Regular Risk Registers update
- Quarterly Emerging Risks Scan (Internal & External)
- Comprehensive monitoring and reporting for Top Risk Profile
- Objective Risk Rating Criteria considering Controls, Mitigations & Key Risk Indicators
- Continuous Training & Awareness

- ISO 22301 Certified (for consecutive 9 years)
- BCP in place for all Critical services and operations
- Regular Testing and exercises are conducted for BCP and DRP
- Continuous Training & Awareness
- Proactive Identification and assessment of vulnerabilities and SPOF

How we Manage Risks & Incidents

Mobily has developed a comprehensive framework to identify and manage risks and incidents that could impact the sustainability of our business. Our Risk Management team applies the elements shown in fig. (1) to conduct regular scanning of the internal and external environments to identify the potential risk events that can negatively impact Mobily's business.

As shown in fig. (2), the identified potential risks are then assessed as per the ISO 31000 recommended process to prioritize and determine mitigating actions to eliminate or reduce its impact. The risks exceeding defined appetite levels and escalation criteria are communicated and monitored under the supervision of the Executive Risk Management and Board Risk Management Committees. In case a risk materializes, the business continuity plans are activated, under the supervision of the Crisis Management Committee.

fig. (1)

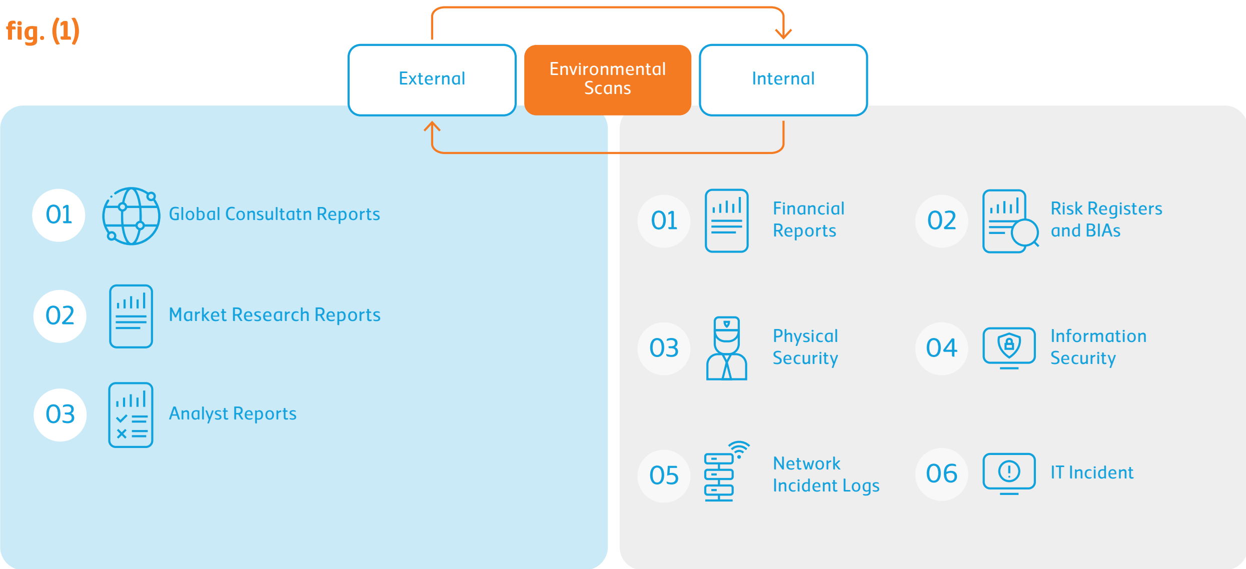
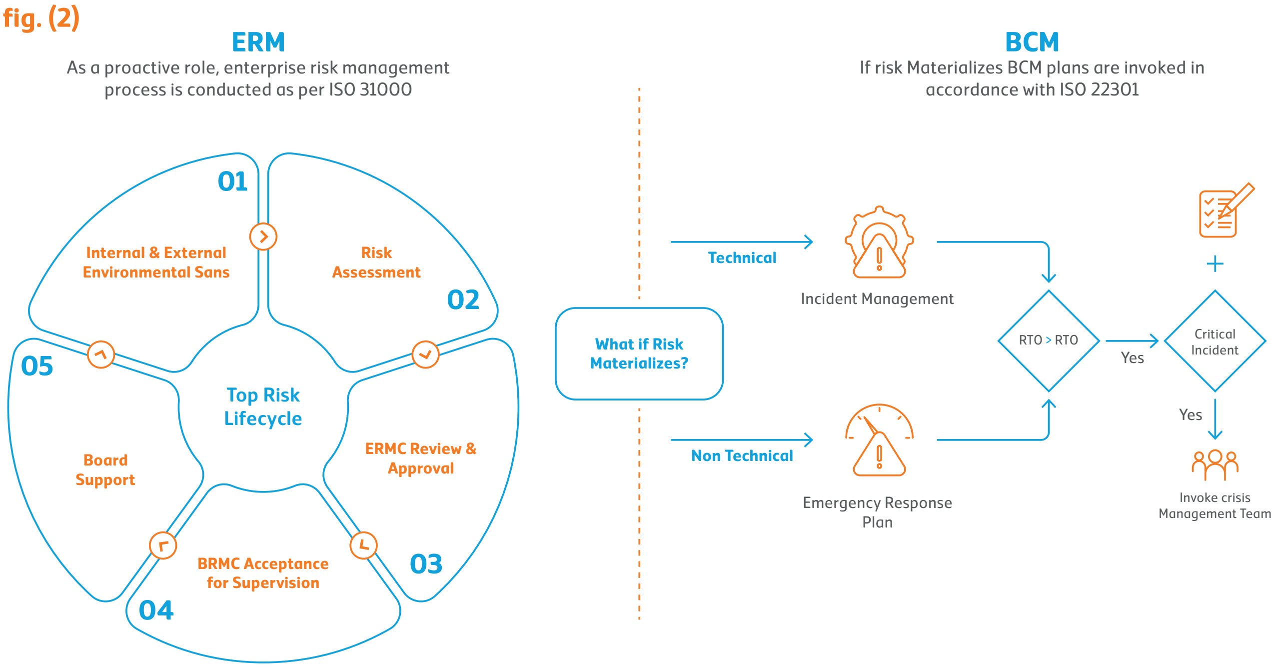


fig. (2)



Mobily's business units continued to innovate and deliver exceptional value for our customers and Shareholders in 2021.

03

BUSINESS REVIEW

2021 was another highly successful year of positive momentum and achievements for Mobily. Leveraging the diverse skills and exceptional commitment of our talented employees, and powered by the implementation of our GAIN Strategy, we maximized returns and drove sustainable value for all of our Stakeholders.

Under Mobily's new, fit-for-purpose operating model and governance mechanism, we continued our transition to establishing the Company as the digital telecommunications provider of choice for the people of Saudi Arabia, offering new and enhanced services to expand our customer base and grow our core revenues.

Mobily outperformed across all key metrics in 2021, increasing our market share, growing our income and revenues, and adding to the value of our brand in the market. These results reflect our continued commitment to delivering excellence across all aspects of our business, adding value for our customers and securing increased returns for our Stakeholders throughout Saudi Arabia.

CONSUMER UNIT

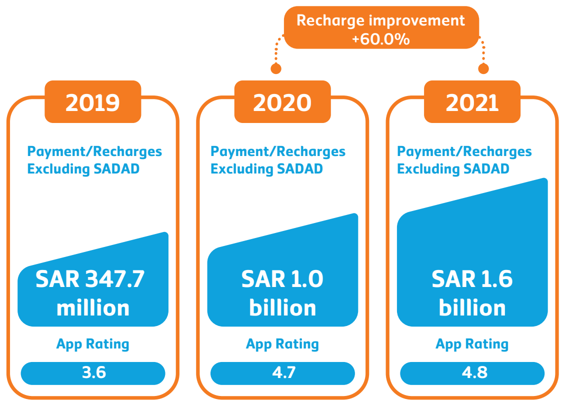
Continuing to capitalize on the rapid, ongoing shift toward digital services in 2021, we achieved progressive market growth and increased our consumer revenue, providing a raft of innovative personal products and services to a growing pool of satisfied customers across the country.

Despite a sluggish return to pre-pandemic travel seen in 2021, which affected sales and revenues in the first quarter, and the consequent dip in roaming returns caused by the restricted Hajj and Umrah attendance from abroad, our Consumer Unit successfully grew core revenues over the course of the year compared to 2020.

While consumer spending on high-end services continued to face pressure from the 15% VAT levy and an increasingly competitive marketplace, Mobily's carefully planned digital promotions and innovative new Family and eSIM50 packages served to neutralize the effects of these headwinds, increase our customer base and reduce churn year-on-year.

Our stores resumed their normal operations, contributing significantly to monthly sales. However, our digital channels remained the key focus of the Consumer Unit in 2021, leading to the introduction of new products and services to meet the growing demand for better customer experiences and convenience.

With a relentless focus on key value segments, we succeeded in advancing sales of higher post-paid packages whilst also promoting the uptake of pre-paid bundles. We also continued to support the growing customer preference for digital recharges, resulting in improved margins and savings on sales commissions.



Award-winning Performance in 2021

Our successes in 2021 received noteworthy recognition, with Mobily being named the Top-Rated Mobile Network in Saudi Arabia by the Ookla Speedtest Awards. We also received 9 Platinum Awards at the VIDDY awards for digital video excellence, as well as 6 Platinum and 1 Gold Award at the Hermes Creative Awards, and 16 Platinum and 1 Gold award at the 2021 AVA Digital Awards.

Top-rated mobile network

Mobily is Saudi Arabia's mobile network top-rated Speedtest awards winner during Q1-Q2 2021. Mobily achieved a rating of 3.7

Rating	
Mobily	3.7

To further reduce churn throughout the year, the Unit emphasized proactive retention, engaging customers through multiple channels. Highly competitive offers were introduced to bolster voluntary and involuntary customer churn, complemented by "Win Back" campaigns and new inbound channels to capture extra customers.

The rollout of 5G across the Kingdom also supported our performance in the consumer space, as Mobily continued its activities to increase penetration in major cities throughout Saudi Arabia, offering customers exceptional network service and quality to improve their mobile experiences. Therefore, 2021 saw exponential growth in data usage among those connected to our 5G network, resulting in more data consumption and better average revenue per user (ARPU) in a number of Global System for Mobile communications (GSM) and data packages.

Furthermore, we expanded our fixed wireless access customer base in 5G coverage areas, providing steady growth in our home segment revenue and customer base. And according to CITC's Report in 2021, Mobily's mobile 5G average download speed increased by 48.03% to reach 326.94 Mbps compared to 220.86 Mbps in 2020.

Mobily's Fiber-to-the-Home (FTTH) services also saw highly encouraging growth throughout 2021, as demand remained high for premium home services. We accelerated the rollout of open access FTTH utilization, expanding our customer base growth by 147% year-on-year. Mobily's network is also now fully prepared for 1G FTTH services in our areas of coverage.

By the end of 2021, Mobily's mobile internet average download speed increased by 98.69% to reach 155.18 Mbps, while the fixed internet average download speed improved by 16.94% to reach 89.17 Mbps compared to 2020, according to the CITC Report.

We achieved the lowest latency for four most popular social media platforms in the Kingdom (Snapchat, Instagram, Facebook and Twitter) and the lowest latency for one of the most popular video conferencing platforms in the Kingdom (Google Meet).

Looking Ahead

As we enter 2022, our relentless focus on customer experience, backed by Mobily's extensive range of products and offers, will continue to reduce churn among all customer segments. We will also continue to invest in our digitalization program to drive continuous improvement in our products and services and enhance efficiency and user experience to better serve our customers.

5G will also remain a key area of growth in 2022, as Mobily continues to rollout products and increase coverage to serve a growing customer preference for hyper-efficient services in major cities and beyond.

This push forward will be complemented by perceptive new over-the-top (OTT) and content bundling initiatives for our high-end products, as well as further fixed and mobile convergence (FMC) activities to promote Fiber-to-the-Home (FTTH) services among Mobile customers, and vice versa, going forward.

Latency for Most Used Social Media Platforms in the Kingdom

Twitter	Instagram	Facebook	Snapchat
36 ms	4 ms	4 ms	23 ms

Latency for Most Common Video Conferencing Platforms in the Kingdom

Webex	Zoom	MS Teams	Google Meet
98 ms	209 ms	95 ms	39 ms

Key Achievements

01
Launch of Mobily TV service, video-on-demand viewing service that provides a large number of the greatest and most recent films, series, documentaries and other entertainment for children.

02
Won 17 Awards as part of AVA DIGITAL AWARDS, an international competition that evaluates excellence and creativity of marketing campaigns.

03
Signed an agreement with Tech Mahindra to implement advanced e-commerce platform (Blue Marble). The platform will help automate all digital channels in addition to enhancing time-to-market and customer experience.

04
Launch of Direct Carrier Billing service on Huawei mobile services, which allows mobile customers to buy digital content on Huawei smartphones.

05
Winner of the KSA Data Center Service Provider of the Year award.

BUSINESS UNIT

In yet another highly successful year, the Mobily Business Unit acted as the primary driving force behind the overall growth of the Company, closing 2021 with the highest revenue and gross margins achieved in its history.

Complementing its impressive expansion and market penetration in 2021, the Business Unit also recorded its best ever performance in terms of cash collection, capitalizing on the gradual economic recovery from the COVID-19 pandemic by maintaining its focus on securing new customer acquisitions across all segments, whilst also tactically solidifying its existing client base.

Success Amid a Slow Recovery

The economic recovery was slow in 2021 and the market is yet to return to pre-pandemic levels. However, although the sluggish pace of economic activity presented a significant challenge to the Business Unit's progress, our agile business response – rolling out improvements across our operations and services and enhancing business processes – backed by the robust Mobily GAIN strategy, resulted in exceptional gains in 2021.

The Business Unit achieved its highest ever revenue in 2021, witnessed double digit growth in margins compared to 2020, and provided a solid foundation for the financial success of Mobily as a whole.

Maintaining our Strategic Focus

The Business Unit succeeded in maintaining a consistent approach and steady focus in 2021, primarily aimed at Key, Small and Medium-sized Businesses (SMBs) and Government accounts, offering a steadily improving value proposition. By continuing to target the business segment through our sales and presales teams, while also adding significant enhancements to the customer experience, the Business Unit succeeded in both cementing and growing our customer base across Saudi Arabia.

In alignment with the objectives of the GAIN strategy, we solidified our position in the digital space, enhancing the coverage footprint of our services through various strategic investments in core and digital solutions that will position Mobily for further long-term growth. Other digital achievements included the introduction of a disaster recovery and back-up service solution – representing a key contribution in meeting the evolving requirements of the digital era.

We fortified our mobile voice portfolio in 2021 by realigning our offering in response to the changing demands and requirements of the market. The Business Unit also introduced Smart Edge (technically known as SDWAN, a software base solution that utilizes centralized control functions to direct traffic across the Wireless Access Network securely and intelligently) in the fixed connectivity segment, further enhancing the positioning of our portfolio to meet future demand.

Our V-SAT service – part of Mobily's fixed connectivity solutions – was refined and improved to increase our service capabilities by enhancing access to strategic customers in remote locations, while the fixed voice (SIP) service offering was also reviewed and enhanced to assist in penetrating a saturated market.

Supporting the Kingdom

Our Business Unit continued to engage with the government sector as well as the corporate segment to ensure a smooth transition back to the office. We also focused on our education vertical, supporting the realization of several initiatives related to distance learning.

We also played a critical role in the health sector by expanding the cooperation with the Ministry of Health, and engaged with the Government to support its plans for the transportation segment and smart city initiatives.

In addition, we continued to improve our capacity to deliver complex digital projects in line with the Kingdom's Vision 2030 for increasing digitization. Notably, the Business Unit delivered the world's biggest ever rollout of a Smart metering solution covering the domestic and industrial segments. This project not only earned praise from the Kingdom's leadership, but also solidified our position as a leading digital service provider in Saudi Arabia.

In the SME space, we extended credit facilities to the SME segment to ensure continuity of services and support from Mobily, cementing our position as a strategic partner in SME business growth in the Kingdom.

In April 2021, we entered into an agreement with the Small and Medium Enterprises General Authority (Monsha'at), to support the adoption by entrepreneurs and owners of SMEs of innovative technologies to achieve sustainability, efficiency and growth in the Saudi market leveraging 5G. Through the partnership, Mobily will provide consulting services to entrepreneurs in the fields of IoT, cybersecurity and AI, including a 5G intelligence center to support product testing.

Key Projects in 2021

Successfully deployed the smart metering project across the Kingdom – representing one of the largest IoT smart metering projects worldwide.

Facilitated the activation of a Kingdom-wide Health Information System to support the country's digital health initiatives.

Monsha'at partnership to enable Saudi entrepreneurs and SME owners to adopt innovative technologies to drive business growth, efficiency and performance.

Successfully provided connectivity services to Saudi diplomatic missions for the Ministry of Foreign Affairs (MOFA) in 160+ countries.

Enabled connectivity between King Abdulaziz University and multiple international knowledge centers.

Award-winning Performance in 2021

Mobily received the '2021 Saudi Arabian Internet of Things Enabling Technology Leadership Award' from Frost & Sullivan.

First operator in Saudi Arabia to be accredited as an SIP Trunk service provider on the Cisco Interoperability Portal.

Ranked #7 in the Leading IT Services Companies in Saudi Arabia by IDC, up from #32 in 2018.

Ranked #1, for the third consecutive time, for our Hosted Infrastructure Service in Saudi Arabia.

Enhancing Customer Experience through Digitization

The Business Unit implemented several initiatives for digitization of business processes in 2021, focused on improving the customer journey. With the aim of improving our engagement with the customers, we launched the Mobily Business app to provide solutions that enhance convenience through a range of user-friendly services.

In terms of operational improvements, during this year, we introduced digital contracts, an enhancement in the customer contracts management, including the monitoring of those contracts. In order to empower and modernize our sales teams, we also implemented a sales force automation (SFA) tool that provides our sales team with better visibility and automates the process of sales.

Looking Forward to 2022

As the economy slowly returns to pre-pandemic activities throughout 2022, we will focus on our key business priorities, including initiatives to ensure our position as the leading cloud services provider in Saudi Arabia by further extending our offering.

We will also continue to enhance our core and digital infrastructure through strategic and tactical investments, offering increasingly high-quality experiences by digitizing key elements of the customer journey, and raising operational efficiency by deploying leading edge digital solutions.

The SMBs segment will represent a key focus of the Business Unit going forward, with various initiatives to build our market share in this burgeoning sector. We will also pursue further engagement in our other core verticals in the Government and Key segments.

Currently at a nascent stage in its deployment, the 5G rollout is expected to have a significant impact on overall data demand and utilization in the Kingdom. Therefore, Mobily's Business Unit is exploring applications in a host of areas including education, manufacturing and security solutions, that will allow Mobily to penetrate new markets and segments as significant rollout milestones are reached.


Product Sales Comparison
Sales
50%
Product A
Product B
Product C
A
B
C
2018
2019
2020
Year
1 / 1
BenQ

TECHNOLOGY AND INNOVATION

Technology and innovation are the key drivers of our success in meeting the rapidly evolving needs of our customers. We remain committed to the rollout of increasingly effective digital services that are redefining Saudi Arabia's connectivity and transforming the way people communicate, do business, and access entertainment.

We continued to radically improve our network and services in 2021, reaching a number of significant milestones throughout the year and remaining firmly on course despite the disruption of the COVID-19 pandemic. Our 4G layer expansion (L800) was extended to 2,900 sites across the country, whilst our ongoing fiberization activities resulted in increasing coverage, reaching 266 sites, including 8 Riyadh Metro stations.

Meanwhile, Mobily's 5G network coverage reached 75% in 6 main cities of the Kingdom in 2021, and we extended the coverage areas with 5G network to serve 52 cities across the Kingdom of Saudi Arabia through 4,035 5G sites across the country.

Launching the Mobily Developer Portal

In our journey to transform into a fully-integrated digital telecommunications company, Application Programming Interfaces (APIs) will play a critical role as the fundamental building blocks in the creation of a digital economy.

This year saw an important milestone towards that ambition, as we launched the Mobily Developer Portal. A web-based application that is aligned with Mobily's website design principles, the portal allows digital companies, ecommerce, developers and all prospect partners to integrate and utilize Mobily's APIs directly, in order to:

- Empower and facilitate the drive with partners to promote revenue growth and explore new digital business opportunities.
- Create new revenue streams to unlock possibilities in embracing the API ecosystem and platform, resulting in API monetization through an API marketplace.
- Rapidly assemble and launch new digital products and services by leveraging both internal and third-party APIs.
- Reduce costs associated with integration touchpoints between systems, lowering implementation and operational costs.

Automating Treasury Management

Together with Mobily's Treasury Department in the Finance Unit, the Information Technology Department launched the Treasury Management System (TMS) – a cloud-based platform to integrate and streamline financial processes for increased visibility and transparency, as well as enhanced reconciliation and profitability analysis.

The system went live in March 2021, and provides a complete transformation of the Treasury operating model through the automation of processes, enabling real-time reliable data for effective decision-making, and efficient utilization of resources for analytics and process enhancement.

Strength through Partnerships

Our technological advances are driven by the aim of our GAIN strategy to achieve a complete transformation of our IT infrastructure to facilitate Mobily's network expansion and customer service solutions. To this end, we maintain a number of key partnerships with technology pioneers around the world.

In 2021, Mobily and Nokia successfully piloted 4G and 5G Fixed Wireless Access (FWA) network slicing – the first of its kind to be developed worldwide. The ongoing pilot in Riyadh will ultimately lead to a solution that enables slicing per application, including voice, data, online gaming or home office applications, supporting new services and high-quality customer experiences for consumers and enterprises in Saudi Arabia.

Mobily and Nokia expanded their partnership and announced the completion of a narrowband 'Internet of Things' (NB-IoT) network deployment in L800 band, which connects more than 4,000 sites and facilitates an average NB-IoT cell radius coverage of 20 km per cell, representing a significant improvement over normal LTE cells.

The partnership also saw a successful trial of mmWave technology on Mobily's live 5G commercial network in Riyadh. The findings from the trial will provide Mobily with a critical competitive advantage in addressing the growing network capacity demand in busy locations such as stadiums, malls and industrial areas.

Reflecting on the close ties between the 2 companies, Mobily extended its decade-long managed services partnership with Nokia in 2021, signing a new 3-year agreement under which Nokia will also manage and maintain the radio and transport network in Riyadh and other regions.

Mobily has also partnered with Ericsson to deploy a new software package on its 5G network to boost upload speeds and enhance the user experience. This rollout is part of Mobily's aim to provide high-quality network performance in line with Saudi Vision 2030.

Given the significant increase in data traffic due to the use of platforms such as video conferencing, the new software package – which enables 256 Quadrature Amplitude Modulation (QAM) – will increase both network efficiency and uplink speeds for Mobily customers. This means a significantly improved user experience for Mobily subscribers while browsing the internet on their mobile devices or streaming media.

The recent rollout was part of a series of enhancements conducted by Mobily, in collaboration with Ericsson, for the continuous improvement of network quality and speed across the Kingdom. These included an agreement to exchange experiences through partnerships between communications service providers, leading companies and startups aiming to develop innovative solutions and applications over 5G, and providing access to Ericsson's ConsumerLab and to a worldwide network of 5G startups who aim to digitally transform 5G networks in the Middle East.

Technological Development in 2022

Going forward, our range of IT Transformation programs will enable Mobily to continue providing world-class communications services and exceptional digital experiences for the people and businesses of the Kingdom. To this end, we will continue to significantly expand our 4G and 5G networks to better serve our clients.

We are also building a state-of-the-art digital Business Support System (BSS) software environment that will enable Mobily to provide evolving digital capabilities and support new business channels in the areas of fintech, healthcare, IoT, autonomous transport and Smart Cities.

We also remain committed to ensuring future readiness through continuous enhancement in our product offering and the expansion of our product portfolio in the areas of connectivity Software-defined Wide Area Network (SD-WAN), security services, IoT solutions and other digital services.

Other key focus areas include the expansion of our current data center capacity to meet growing demands in data center services; enhancing cloud services capacity to meet increasing demand; and implementation of operational enhancement systems for sales force automation and collection management.

CUSTOMER CARE

Leveraging the rapid development of our customer communication capacities, Mobily Customer Care continued to enhance customer experiences and improve satisfaction through 2021, achieving exceptional progress toward our strategic aims.

Guided by the overarching vision to transition from a cost center to a profit center, encapsulated in our 3-year GAIN strategy, Mobily Customer Care delivered on its objectives in 2021 to become cost neutral by generating growth of almost 100% over 2020, leveraging our close cooperation with the Marketing Team through a dedicated Synergy Group.

This entailed various initiatives, complemented by changes to business flow and operational set-up, that reoriented Customer Care towards incremental revenue generation through all Care channels.

Optimizing Mobily Customer Care in 2021

Whilst the challenges of the COVID-19 pandemic endured through 2021, Customer Care optimized its remote working infrastructure to increase efficiency and customer satisfaction. Through our Care Planning Forum, we devised solutions to tackle challenges such as increased handling time of transactions due to connectivity issues, thereby progressively improving performance.

The Customer Care Unit also worked through the year to improve communication through digital and social media channels. For example, in early 2021, our new Chatbot was piloted on WhatsApp and Twitter. This innovative AI concept lies at the heart of Mobily's Customer Care proposition going forward, and has significant potential to improve the efficiency and quality of customer interactions. Chatbot will soon be deployed on all social and digital media channels to streamline the consistency of our service across all channels. The Chatbot was complemented by the introduction of the (iMessaging) Apple Chat channel, exclusively for iPhone users.

Several enhancements were also applied to our Interactive Voice Response (IVR) offering in 2021, with a number of new self-service options added, which led to gradually improving rates of IVR utilization and a reduction in agent call handling in our Call Center.

Thanks to these measures, as well as to enhanced training, learning and development among our Staff, our customer satisfaction score (CSAT) and all other attributes of Customer Experience witnessed great improvements in 2021.

Customer Care operations also underwent a comprehensive review in 2021 to identify potential cost efficiencies. Several initiatives were deployed, and processes were reviewed and redrafted, resulting in cost savings of 10% for the year. Moving forward, we will continue to identify and apply further efficiency measures to drive down costs in the future.

Customer Care in 2022

Mobily's Customer Care will continue its trajectory of continuous improvement across all metrics in 2022. It plans to significantly enhance Mobily's customer experience through better service level achievements via each customer touchpoint, whilst expanding front line staff knowledge to increase satisfaction and the First Call Resolution (FCR).

This will be partly enabled by the full deployment of our Chatbot on multiple social media channels in 2022, providing consistent and efficient service at all times.

As part of our Care Transformation Plan, we will continue to increase revenues with a view to achieving our target of establishing Care as a Profit Center in the coming year. This includes enhancing revenues from social and digital media, as well as exploring write-off options within debt collection.

Furthermore, the Customer Care Unit intends to optimize its cost efficiencies by reducing fixed costs in physical infrastructure, leveraging the success of our new home-working model.

2021 Achievements

01

Mobily's Customer Care Complaint Management function has set new records in 2021 and achieved consistent recognition by the Saudi Communication and Information Technology Commission (CITC) and maintained recording the lowest number of complaints among the 3 operators for:

- More than two years in mobile telecommunications services
- More than two years in fixed internet
- More than four years in mobile internet

02

FOC reduced from 42% in 2020 to 36% in 2021.

03

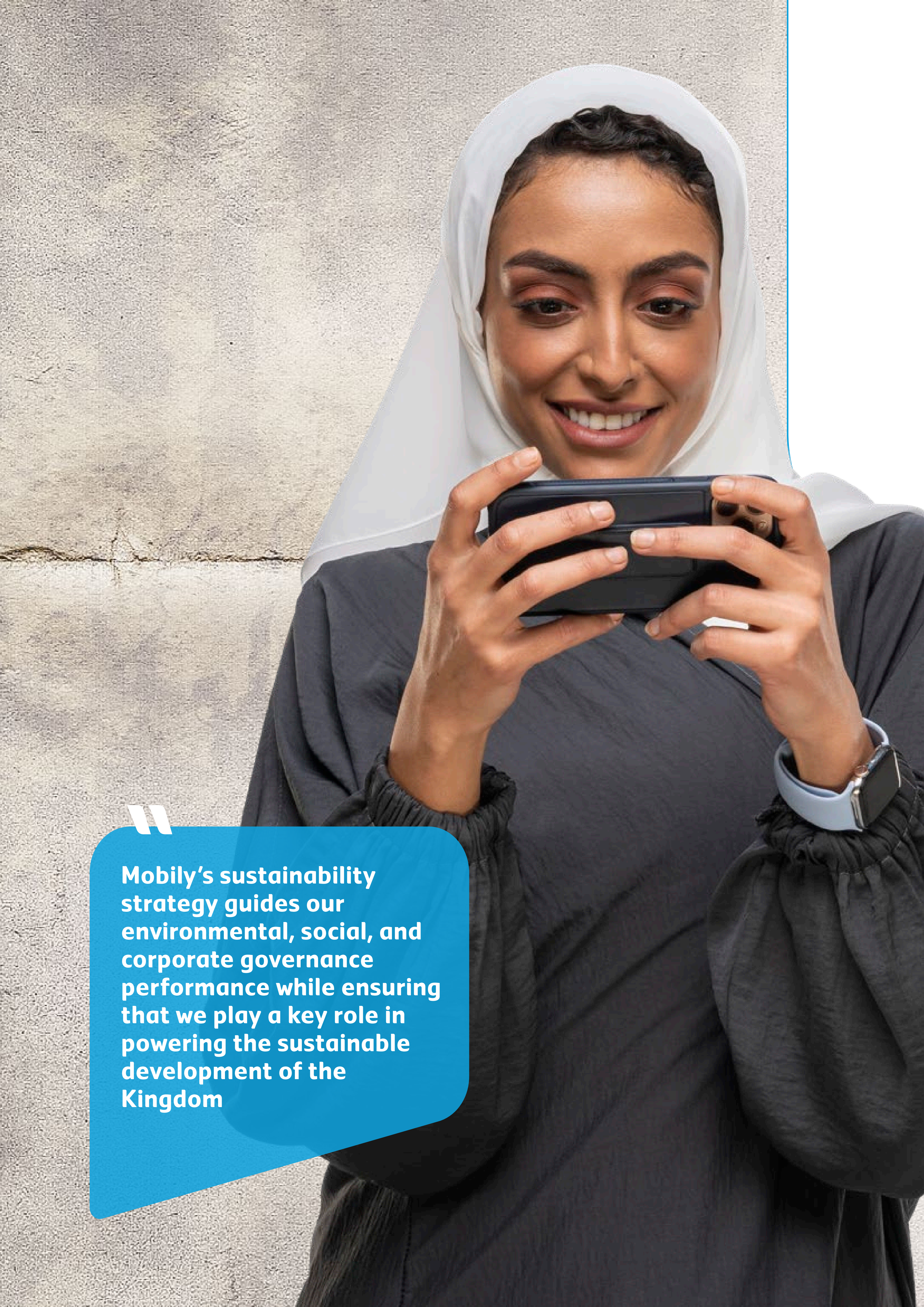
We consistently achieved Service Level and an ongoing reduction in our abandonment rate, indicating better customer service and out-reach.

04

Customer Care achieved a reduction in Frequency Of Call through enhanced first contact resolution (First Call Resolution) and Customer Satisfaction

05

FCR increased from 83% in 2020 to 85% in 2021.



"Mobily's sustainability strategy guides our environmental, social, and corporate governance performance while ensuring that we play a key role in powering the sustainable development of the Kingdom

04

ESG

SUSTAINABILITY STRATEGY AND FRAMEWORK

As a responsible corporate leader in Saudi Arabia, Mobily is committed to doing its part to achieving a sustainable future. Through our commitment to high standards of corporate governance, integrity and transparency, we lead by example, share our ambitions, and then engage our Stakeholders in our sustainability journey, as together we are stronger.

We recognize our responsibility to address more than the profitability of our Company and the importance of identifying and addressing the opinions and concerns of all our Stakeholders. We are proud of the support we continue to provide to numerous initiatives that benefit our communities, our customers, and our employees. We are hopeful that our initiatives can impact the lives of people in the Kingdom by innovating and deploying telecommunication solutions and other resources to increase digital access and help those in need.

Our Sustainability Performance at a Glance

Accountable Enterprise	Marketplace and Customers	Responsible Employer	Positive Community Impacts	Safeguarding the Planet
Launched 3-year Mobily Sustainability Strategy	Achieved zero data breaches	Hired 43 new female employees	Set up more than 13,000 free WiFi Access Points in public places	Reduced electricity consumption by 21%

Our Associations and Memberships

Asia-Africa-Europe 1

Cullen

Global System for Mobile Communications

International Telecommunication Union

SAMENA Telecommunications Council

TM Forum

Our Strategic Focus on Sustainability

Sustainability is incorporated into Mobily's corporate strategy and culture. We strive to embrace sustainability at the core of our operations. We work to operate responsibly and transparently by 'Gaining value. Maximizing returns.' We are committed to having a positive impact on our communities. We are embarking on a progressive trajectory to monitor, benchmark and enhance our economic, environmental and social performance.

Safeguarding our Environment

In 2021, Mobily continued to deliver a range of initiatives to benefit the environment across our operating footprint. These included 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.

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 2021, given the ongoing impact of the COVID-19 pandemic on communities where we live and work across Saudi Arabia.

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 2021. Our Investor Relations Department took the lead in putting our ESG strategy and program into action through activities to ensure significant and sustainable positive impact for our communities and country.

Engaging our Stakeholder Community

Many people and organizations have an interest in what we do and how we work. Understanding their views and concerns influences our corporate priorities and business practices. For this reason, we continuously engage with our key internal and external Stakeholders through various channels to help shape and drive our sustainability strategy.

Internally our primary Stakeholders are our employees, Executives, and the Board of Directors. Externally our customers, Shareholders, suppliers and contractors, communities, regulators, and government are key Stakeholders.

In 2021, we engaged all our Stakeholders through bespoke channels to ensure they feel empowered and that their voice is heard. The result of these dialogues is strategic guidance that helps us adjust our business practices and adopt a long-term risk management approach, taking complex sustainability issues into consideration.

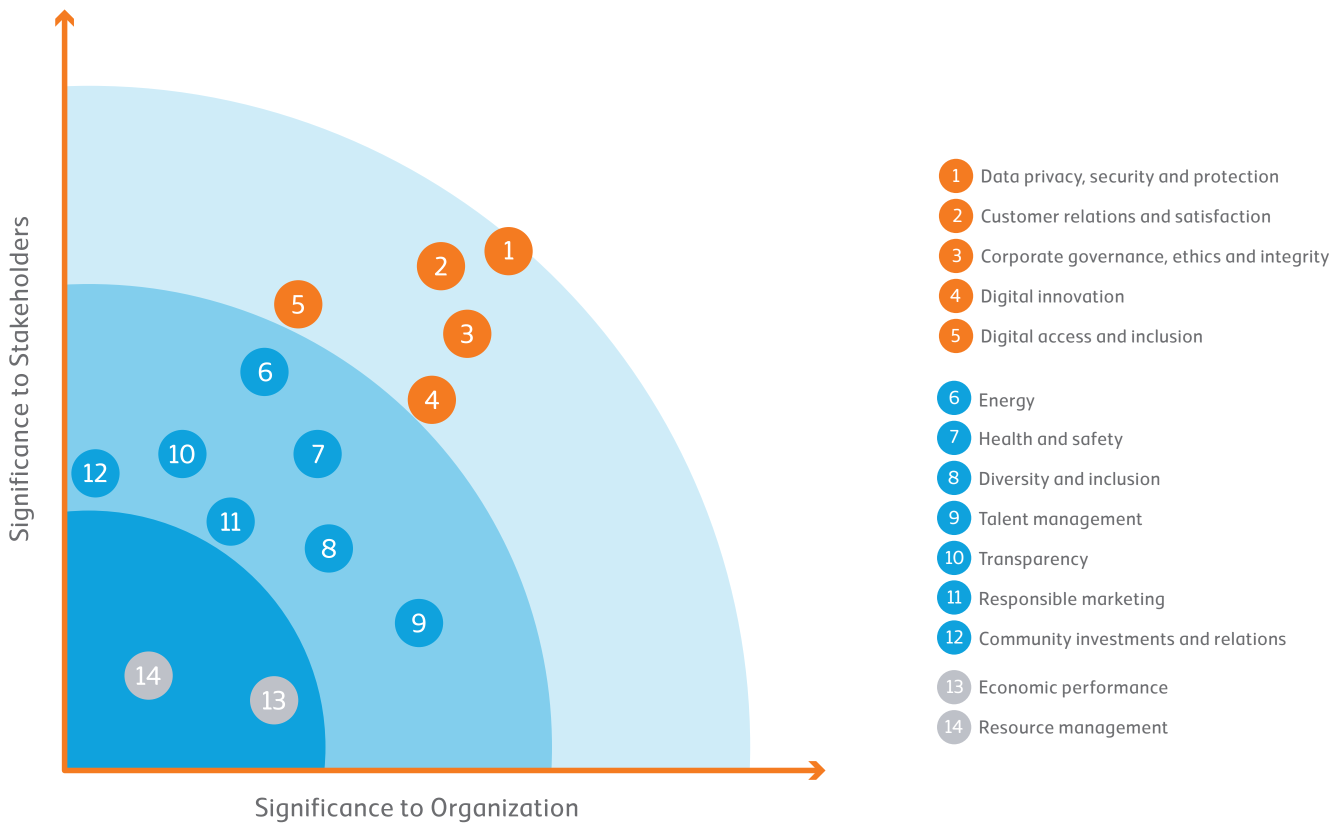
MOBILY KEY STAKEHOLDER GROUPS

Assessing What Matters Most to our Stakeholders

Our materiality assessment process identified the social, economic, environmental, and governance factors of greatest relevance to our business, Stakeholders and society. Guiding our materiality assessment was our strategy, our values, the wants and needs of our Stakeholders, recent regulatory developments, the Saudi Vision 2030, peer companies, industry standards, and the United Nations Sustainable Development Goals (UN SDGs).

The analysis resulted in the identification of 14 issues considered most material to Mobily and our Stakeholders. We mapped these 14 issues to form the 5 principles of our sustainability framework to frame our overarching priorities.

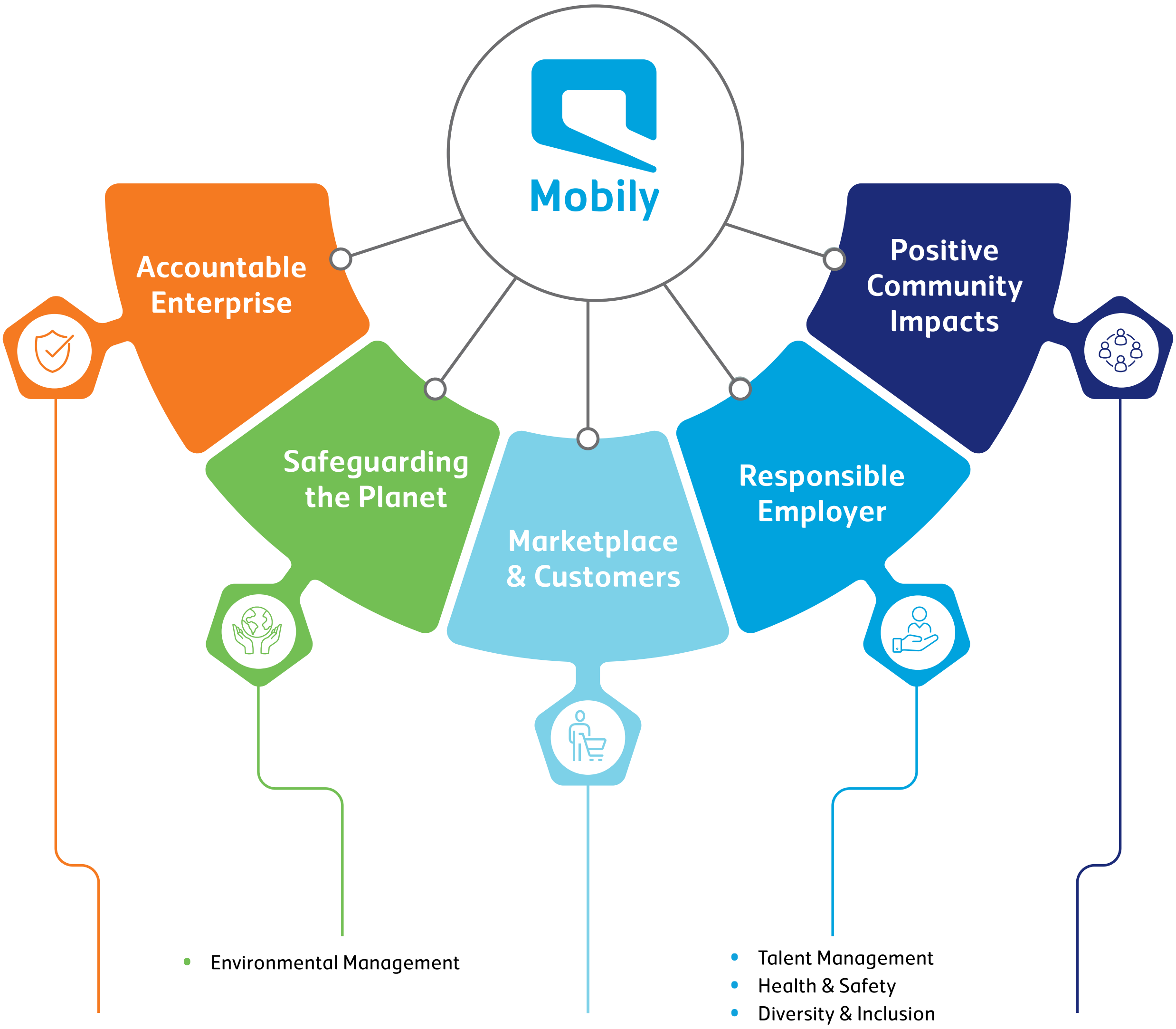
The findings of our materiality assessment are presented in our materiality matrix. We will continue to evaluate these topics annually to reflect the views of our internal and external Stakeholders.



Our Sustainability Framework

Our sustainability framework was created on the basis of the United Nations' Sustainable Development Goals (SDGs), the Saudi Vision 2030 and the Global Reporting Initiative (GRI) to direct our efforts towards maximizing the telecommunication sector's contribution to national and global sustainable development objectives. Our framework is built on 5 pillars: Accountable Enterprise, Marketplace and Customers, Responsible Employer, Positive Community Impacts, and Safeguarding the Planet.

We rely on this framework to conceptualize sustainability at Mobily to implement progressive improvement programs and achieve our strategic business objectives. We have grouped our material topics against the 5 pillars of Mobily's sustainability framework:



- Environmental Management

- Talent Management
- Health & Safety
- Diversity & Inclusion

- Corporate Governance, Ethics, & Integrity
- Economic Performance

- Digital Innovation
- Data Privacy, Security & Protection
- Customer Relationships & Satisfaction
- Responsible Marketing

- Community Investments & Relations
- Digital Access & Inclusion


Mobily
موبايلي

Our Sustainability Strategy

Global trends shape our world and impact business, the economy, environment, and society. These global trends can be classified under technological advancements, urbanization, and climate change and resource scarcity.

At Mobily, we recognize the significance of trends and the importance of acting decisively to capture opportunities and mitigate risks to generate social and economic value. For this reason, we are adopting a sustainability strategy to focus our efforts for the coming years in the realm of sustainability. This strategy will guide Mobily on the path to improving environmental, social, and corporate governance performance, and contribute to the development of the Kingdom, on the basis of key objectives targeted at each pillar of our sustainability framework. The objectives range from the integration of sustainability at the corporate level, to maximizing customer care and satisfaction, and from contributing to the Saudi Green initiative for a sustainable future for the Kingdom to ensuring fair treatment and protection of our people.

Accountable Enterprise	Safeguarding the Planet	Marketplace and Customers	Responsible Employer	Positive Community Impacts
Formally integrate sustainability at the corporate level	Contribute to the Saudi Green Initiative, leading the way to a sustainable future for Saudi Arabia	Enable rapid societal development through well designed and executed digital platforms and services	Ensure high levels of motivation, satisfaction, and commitment to sustainability	Support local communities in which Mobily operates, and positively impact them
Strive for transparency, integrity, and good governance by following international best practices	Follow international best practices to safeguard shared resources	Ensure privacy and security of customer data	Understand our duty of care to protect our employees and contractors from any harm	Work with communities to address issues of opportunity, access, knowledge and skill in relation to using technology
Achieve sustainable growth contributing to a thriving KSA economy, through direct economic activities and infrastructure, platforms, and digital services		Achieve high levels of customer satisfaction with excellent customer care	Ensure everyone has access to the same opportunities and the same, fair treatment	
		Adopt socially responsible elements in our marketing strategies		

Aligning with the UN Sustainable Development Goals

We recognize our role to deliver meaningful contributions to the United Nations Sustainable Development Goals (UN SDGs). We have aligned our sustainability plans and efforts to support these ambitious goals to ensure sustainable development of a robust economy and a motivated society.

Ensure healthy lives and promote well-being for all at all ages

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

Achieve gender equality and empower all women and girls

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

Reduce inequality within and among countries

Make cities and human settlements inclusive, safe, resilient and sustainable

Ensure sustainable consumption and production patterns of natural resources and waste

Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

Strengthen the means of implementation and revitalize the global partnership for sustainable development

AN ACCOUNTABLE ENTERPRISE

Mobily is committed to the highest standards of governance and transparency across our business and the broader Saudi telecommunications sector, as well as to positioning our Company as a leading force for governance, ethics and integrity in our sector, reflecting the Kingdom's commitment to adhering to the highest international governance and compliance standards and practices.

We are committed to maintaining international governance best practices across our operations. Our integrated system of policies and mechanisms, essential to the fast-paced and growing telecommunications sector, allow us to run our operations both effectively and responsibly.

2021 saw the development and implementation of a dedicated Sustainability Strategy that will guide our progress in the coming 3 years. The strategy reflects our deep commitments to global standards of social, environmental, governance, risk management, transparency, integrity and accountability.

The resultant sustainability framework will inform all aspects of our reporting processes going forward, advocates for a more responsible value chain as a fundamental factor in long-term value creation, and presents a central narrative, based on our values, that Mobily and its Stakeholders can support and engage with.

Mobily delivered a broad range of initiatives to enhance our role as an accountable enterprise in 2021. For example, our Treasury and Financing Department (TFD) transitioned its manual processes to leading-edge automated processes through the implementation of a new Treasury Management System (TMS). The platform enables improved business processes and cash management decisions for both inflows and outflows, as well as integrated real-time financial reporting and reconciliation functions that are linked to robust monitoring, control and compliance tools.

Mobily successfully digitized the entire payments process, removing the need for human intervention for enhanced accuracy and speed, reflecting some of the core environmental and technological development goals of Saudi Vision 2030. It also successfully deployed the Treasury Management System Mobile App to provide efficient approvals for financing and operational payments.

Meanwhile, our Revenue Assurance and Fraud Management Department began monitoring fraudulent SMS bypass activities in March 2021, resulting in the detection and prevention of multiple unauthorized routing requests.

Mobily strives to create an optimal governance environment by integrating sustainability into our systems and processes. Achieving our sustainable development goals requires strong governance, accountability and transparency to ensure support and engagement from our Stakeholders.

Building on our Success in 2022

The focus for Mobily in the coming year will be to expand the formal integration of sustainability policies and ESG metrics at the corporate level, including through the establishment of a dedicated Sustainability Team and Management Committee to oversee and regularly review our practices and performance going forward.

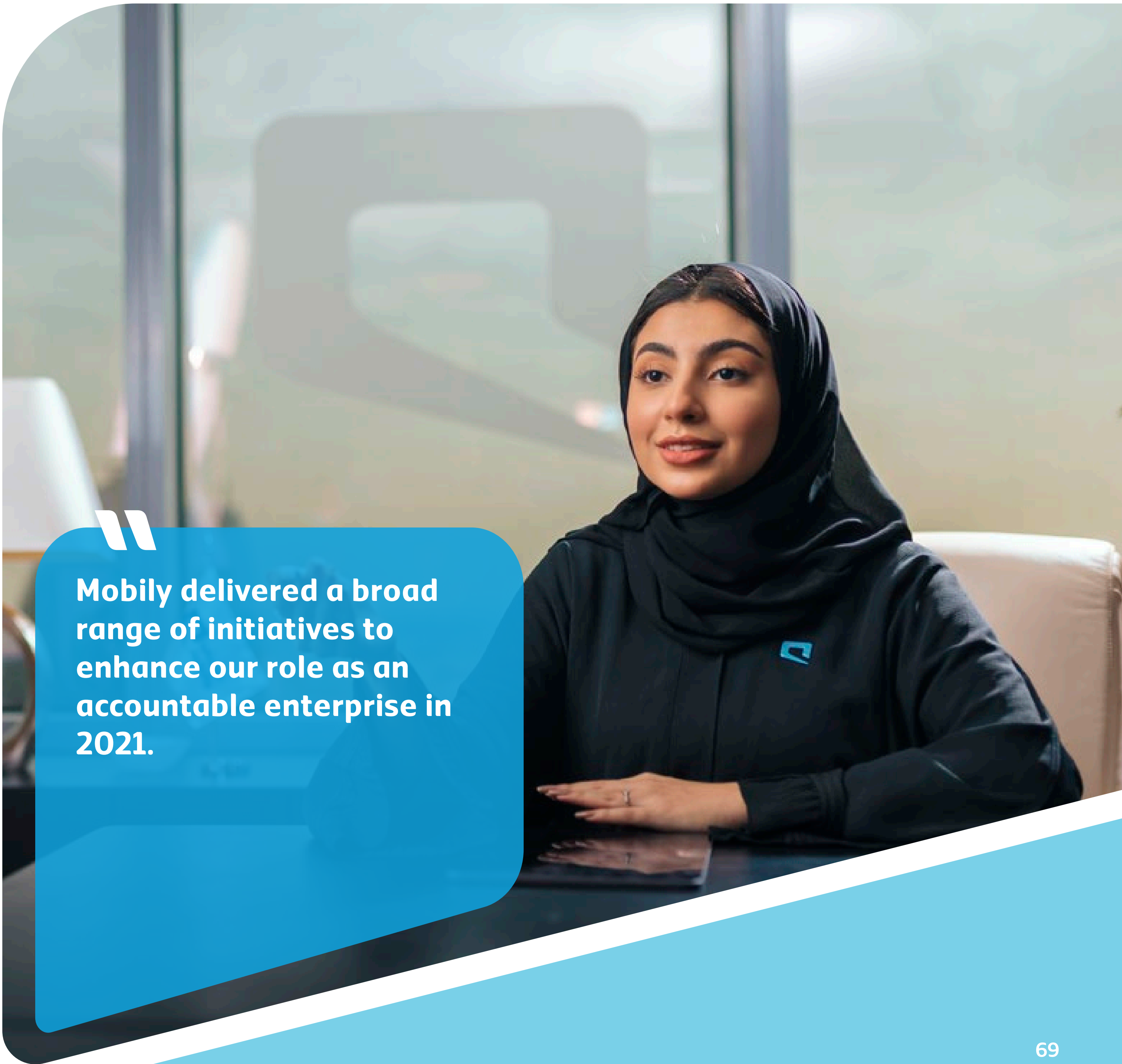
We continue to advance toward our goal to establish best-in-class transparency, business integrity and corporate governance capabilities, in line with international standards and expectations.

This ongoing journey will see the development and implementation of a new Mobily Human Rights policy in 2022, as well as a grievance mechanism that will provide a means for more effective violation reporting and employee complaint handling.

Mobily also aims to publicly disclose anti-money-laundering (AML) and anti-corruption policies and related codes of conduct, as part of its ongoing efforts in this important space, whilst also maintaining its schedule of non-financial sustainability annual reporting products.

We will therefore continue to document the benefits for our Shareholders, community Stakeholders and the Kingdom of our adoption of further sustainability controls, while also enhancing local content and sourcing to support socio-economic development across the country – particularly among SMEs and female owned businesses.

Our ultimate goal remains to achieve sustainable growth that represents a meaningful contribution to the development of a thriving national economy, leveraging our growing range of advanced infrastructure, platforms and digital services.



Mobily delivered a broad range of initiatives to enhance our role as an accountable enterprise in 2021.

ENVIRONMENT
SAFEGUARDING THE PLANET

As a leading proponent of environmental stewardship in the Saudi telecommunications sector, Mobily has embedded sustainable resource use and best practices throughout our operations with a view to eliminating any negative impacts on the natural world. We remain committed to delivering on the emissions reduction goals of the global community and the collective efforts to mitigate the impacts of climate change.

Our initiatives to manage the environmental impacts of our business require deep employee engagement to achieve alignment with our vision for environmental best practices. To this end, we continue to raise awareness through engagement campaigns and our internal social network platform, mCan, as well as via Safety Surveys carried out by our employees.

We have successfully identified operations and activities that have an adverse impact on the environment through our Hazard Identification and Risk Assessment (HIRA) functions, enabling us to monitor and manage those impacts more effectively.

Mobily's Facilities and Administrations (F&A) unit employs periodical reading analyses as well as measurement and reporting tools to monitor hazard risks and ensure environmental activities are controlled to achieve our goals. We also conduct regular site inspections and generate compliance assurance reports.

Energy and the environment are covered in Mobily's Operations and Maintenance standard operating procedures (SOPs) and policies, which provide for the implementation of methods and techniques to consume power efficiently, as well as special tools to control our cooling systems.

Furthering our environmental efficiency agenda, Mobily continues to automate our financial operations by deploying further enhancements to our ERP system, moving away from hard copy materials and documentation to reduce our paper use.

We have also adopted engineering controls to reduce our energy consumption, such as the replacement of existing conventional lighting with LED bulbs in all Mobily outlets, the installation of air containment solutions in all data centers, and the study of smart meter system deployment to monitor power consumption directly.

Meanwhile, our administrative controls, aimed at engaging our entire workforce, address sustainability measures and initiatives, including the implementation of Mobily environmental policies and procedures, encouraging the participation of all Staff in environment related activities, the enhancement and enforcement of control measures related to the environment, and the implementation of our paperless policy.

2021 Highlights and Achievements

In 2021, we continued to deliver a variety of initiatives to benefit the environment. These included efforts to drive down our energy consumption through efficiency gains and rationalized resource consumption, as well as to enhance awareness of environmental issues and best practices throughout the organization.

Our project to replace conventional lighting with LED bulbs in flagship Mobily locations, resulted in lower carbon emissions. The LED lighting solution also reduces the need for frequent maintenance and brings down ambient indoor temperatures, thereby also minimizing air conditioning demand.

	2021	2020	2019
Electricity consumption (GWh)	202	245	269

Similarly, the installation of air containment systems in our data centers has achieved significant energy and cost savings. The aim of the project is to reduce the temperature of these spaces by separating the cold air supply from the hot air produced by equipment, thereby reducing energy consumption whilst also improving overall equipment performance and efficiency.

Reflecting the growth of the smart energy segment in the Kingdom and the corresponding rise in the deployment of green energy projects, Mobily developed a comprehensive ecosystem of partners and manufacturers in 2021 to support our green energy ambitions going forward.

More broadly, the deployment of our smart metering project is aiding the Kingdom's transition to a low-carbon economy. The project leverages Narrow Band (NB-IoT) technology that consumes less bandwidth and less power to transmit data, while also providing a secure and sustainable energy supply to businesses and communities, as well as a greater visibility of energy consumption and consistency metrics.

Mobily HR has initiated a 3R methodology (Reduce, Reuse and Recycle) that will be promoted extensively among our employees. The 3 elements of the approach seek to: reduce paper use by discouraging the printing of emails and other documents while promoting electronic document archiving; encourage reuse of envelopes and other stationary wherever possible for distributing internal documents; and both develop and promote recycling programs for paper, plastics and printer cartridges.

Through the application of this comprehensive methodology, Mobily is playing its part in protecting the environment for future generations, complementing our commitments to compliance with environmental advice and regulations, including the prevention of atmospheric and other forms of pollution.

We support the universal view that urgent action is needed to address climate change and have begun to implement measures across our business to reduce greenhouse gas emissions, rationalize energy and resource use, and drive down waste.

Our Commitment to a Cleaner, Greener World in 2022

Through 2022, Mobily will seek to implement additional initiatives to raise employee environmental awareness and reduce our carbon footprint going forward. These will include further advancement toward the goals of our LED lighting project.

We will continue to engage in national level programs and initiatives to lead the transition to a sustainable future for the Kingdom and its people. Most prominently, Mobily is committed to delivering the objectives of the Saudi Green Initiative by incorporating further targets to reduce GHG emissions, establish baseline environmental performance to develop suitable resource targets, and conduct awareness activities to enhance Staff capabilities in the areas of environmental management and protection.

Across all aspects of Mobily's business, we will continue to entrench international best practices to safeguard shared resources, including commitments to reduce the impacts of waste and rationalize water and energy consumption through the implementation of monitoring and reporting systems for increasingly accurate management.

SOCIAL

OUR MARKETPLACE AND CUSTOMERS

As a responsible member of the corporate community, we are steadfastly committed to protecting our customers and their data in a rapidly-evolving digital world, and apply the highest international standards in the areas of customer service, and sustainable marketing.

Mobily maintains robust compliance and risk requirements through ISO 22301 standard Business Continuity Management Systems, which covers all the Company's technical and commercial services and support for our customers.

In keeping with our vision to empower the digital economy and unlock possibilities, Mobily continues to implement a range of customer centric digitization initiatives to deliver increasing efficiency across our processes, including enhancements to our Mobily Business app that provides enhanced digital customer interaction across our range of products and services.

These capabilities are complemented by our robust cybersecurity controls, which are fully aligned with our corporate vision and strategy as a leading digital provider and provide resilience in the face of evolving cyber threats in an increasingly digitized world. All our cybersecurity services are fully compliant with relevant regulations and government standards including the National Cybersecurity Authority (NCA) and the Saudi Data and Artificial Intelligence Authority (SADAIA). Consequently, Mobily did not experience any data breaches in 2021.

Furthermore, Mobily has implemented new regulations approved by the Ministry of Labor and Social Development in 2021 providing for disciplinary action in response to data breaches and non-compliance with information security protocols.

These new regulations adhere to the Saudi Personal Data Protection Law, and are due to take effect from April 2022, complementing our existing Data Leakage Prevention (DLP) and Role-Based database access controls.

As well as ensuring the security of customer data, Mobily continues to enrich our offering to consumers through reduced package prices offering an increasing menu of services, thereby growing value for our clients.
We are committed to empowering the digital economy and unlocking opportunities for our Stakeholders by providing excellent customer service and safeguarding the privacy of personal information.

Supporting our Customers in 2022

Complementing our customer centric approach in 2022, Mobily will continue to enable rapid technological development for societies across the Kingdom through well designed and executed digital platforms and services.

Whilst delivering on this promise to our customers and communities, we will continue to engage with local suppliers to boost the national economy whilst also addressing and resolving ESG issues in consultation with national Stakeholders.

We will also explore opportunities to build upon existing e-health initiatives, both directly and via collaborative partnerships, and engage with a growing range of programs to promote local and youth employment across the Kingdom.

Data privacy will remain a key focus area for Mobily in 2022 through our ongoing efforts to identify and eliminate gaps in our data privacy policy, ensuring the security of customer information. These include new data security targets and reporting schemes, as well as a major transparency initiative.

Other improvements scheduled for 2022 include a review of customer policies, the implementation of a new customer strategy, scheduled enhancements to Mobily's customer management system IT architecture integration, and the resumption of our customer satisfaction surveys.

We will also adopt further sustainably focused strategies within our customer messaging and product marketing functions, including through customer information campaigns that promote responsible, efficient, cost effective and environmentally friendly practices.

"We are committed to empowering the digital economy and unlocking opportunities for our Stakeholders by providing excellent customer service and safeguarding the privacy of personal information.

SOCIAL

A RESPONSIBLE EMPLOYER

Our people represent Mobily's most prized asset, and we remain dedicated to ensuring the health, wellbeing and professional development of all our employees across the Company. As a responsible member of the business community, we strive to deliver the Kingdom's vision for a dynamic and highly qualified workforce fit for the digital age.

The safety and security of our people is a central theme of our strategy and corporate values. Mobily continues to undertake rolling hazard assessments across our working environments, and to deliver regular training and communication with employees to draw attention to health and safety best practices, reflecting our proactive HSE policies.

Throughout 2021, Mobily's maintained its close cooperation with the Ministry of Health to ensure company employees had direct access to vaccinations offering protection from a number of key health threats, including COVID-19.

Key Performance Indicators	2021	2020	2019
Total number of employees (excluding trainees, students and outsourced staff)	2,316	2,300	2,453
Saudization (organization-wide)	1,975	1,919	2,029
Number of new female employees	43	31	22
Total hours of training for employees	57,243	7,920	80,846

We also maintained the positive momentum of our efforts in the realm of continuous professional development with the launch in 2021 of the fifth edition of our Elite Program, which welcomed 16 new candidates to the scheme. The Elite Program provides skills development opportunities that reflect the increasing pace of global digital transformation, supporting a key aspect of the Kingdom's Vision 2030 in the area of digital education and competency.

The program provides experience and skills through job rotation between departments, advanced training from leading international universities, counseling and guidance sessions, and ongoing evaluations to measure candidate performance.

In 2021, we launched the first phase of our new internal employee portal (mCan), which represents a unique, centralized platform and employee touchpoint providing efficient tracking and follow-up of services.

Testifying to the success of our efforts to gain recognition as an employer of choice in our sector in 2021, Mobily was recognized by CPID for the Best Recruitment and Talent Management Strategy and was shortlisted by Informa for its Best Talent Management Strategy award.

We strive to create an open, diverse and inclusive environment that provides our people with the knowledge and skills to achieve our long-term business objectives. Our ambition is to ensure all our people feel equally valued and share a common commitment to our corporate ethos. We therefore remain dedicated to developing a workforce that is inspired by innovation, quality and productivity.

Enhancing our Employee Value Proposition in 2022

As we continue to build upon the success achieved in our ongoing journey to deliver an exceptional employee value proposition, Mobily will pursue a variety of new initiatives to ensure our people remain motivated, satisfied and committed to sustainability.
These will include a new training and development policy to further enhance sustainability awareness among our employees through specific company-wide training programs, as well as the rollout of advanced e-learning opportunities with associated targets and KPIs.

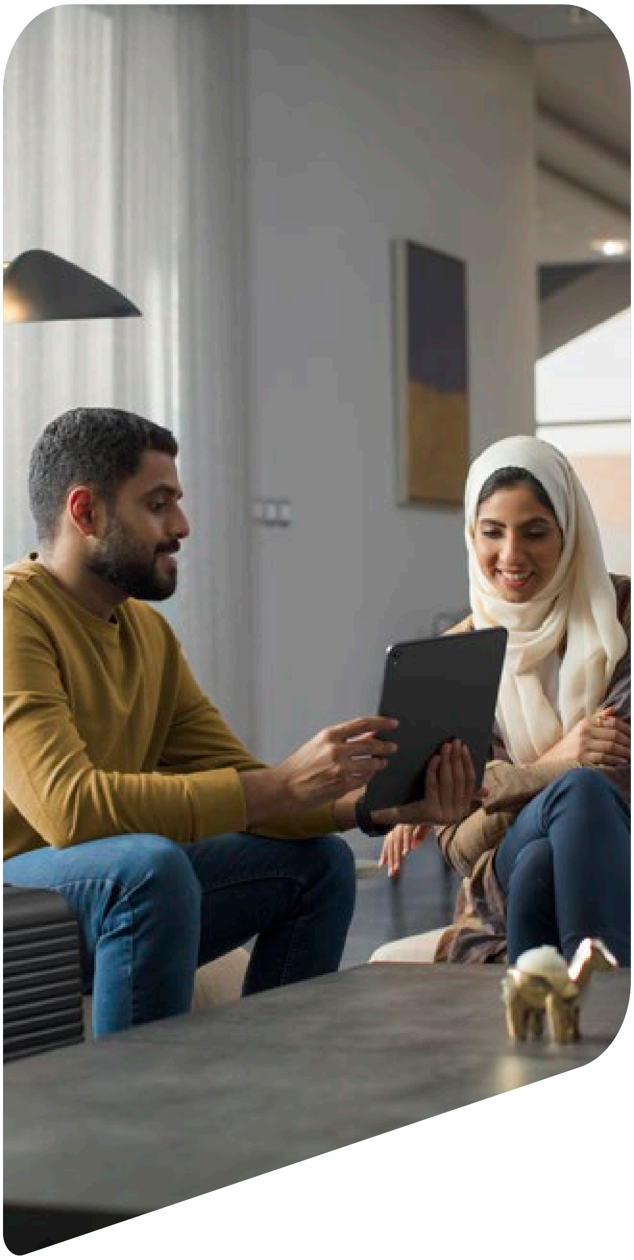
Mobily will also continue to develop and update our health and human security policies and protocols, working from new baseline performance benchmarks and targets, while also performing further detailed H&S risk assessments to ensure the safety and wellbeing of our Staff.

Above all, we will continue to strive to ensure a fair and equitable working environment that celebrates diversity and equality through new focused policies, while also raising awareness of key aspects of inclusion within our workforce at all levels.

SOCIAL

POSITIVE COMMUNITY IMPACTS

Across all aspects of our business, we are committed to delivering positive impacts, by applying the highest social standards and investing in the local community that we are a part of. This guiding principle influences all our actions as a Company, an employer and a proactive advocate for sustainable socio-economic development.



Mobily ESG and Sustainability Program aims to develop, deliver and sustain multiple initiatives and create valuable partnerships with our community in a way that benefits all national Stakeholders, including our partners throughout the supply chain.

We retain deep connections with the communities we serve and are committed to investing in the resources they require to thrive and prosper. Leveraging Mobily's dedicated sponsorship policy, we evaluate all opportunities based on their alignment with our sustainability objectives, as well as our strategy and values, target audiences, locations, employees and investment requirements.

We rely on the following principles and priorities when evaluating community investment prospects:

- Supporting education.
- Driving awareness of the importance of sports in community and social development, including through sponsorship activities.
- Protecting the natural environment through waste management, recycling and climate change mitigation strategies.
- Providing technical support, education and awareness concerning evolving technologies.
- Ensuring equal opportunities for women and people with disabilities.
- Increasing awareness of, and providing support for, health issues, such as diabetes and mental health.
- Supporting the needy, including those with special needs, orphans and prisoners.

Throughout 2021, Mobily engaged in a broad program of social responsibility initiatives, including our support for CITC's successful bid to secure the ITU Distinguished Prize at its World Summit on the Information Society. As a key partner in the delivery of the winning project, Mobily installed 13,014 free WiFi hotspots in public places across Saudi Arabia during the year to power tangible progress toward the Kingdom's social development objectives.

Our assistance to national entities with regards to security and public interest campaigns in 2021 included our role in supporting Nazaha, the Oversight and Anti-Corruption Authority, by facilitating a SMS public information campaign, while we also lent support to the Government's efforts to combat the pandemic by offering free data usage for the Tawakkalna tracing app.

We signed a key Agreement with Monsha'at – the General Authority for Small and Medium-sized Enterprises – in April to enable entrepreneurs and owners of SMEs to adopt leading edge technologies leveraging advanced 5G connectivity. Under the agreement, Mobily will offer consulting services to entrepreneurs in the fields of IoT, cybersecurity and AI. We will also provide a dedicated intelligence center, fully equipped with 5G networking capabilities, to support entrepreneurs in testing their related products and services utilizing the network.

Mobily is keen to further support these participating SMEs by evaluating their products and selecting qualifying entries to be featured on the Mobily Business platform to serve our customers. Meanwhile, the Company will also evaluate projects for potential start-up investment opportunities.

We complemented our existing network of education partnerships in 2021 through a memorandum of understanding with Al Yamamah University in November that will strengthen the cooperation between the 2 parties and contribute to the development of our respective workforces. The MoU covers reciprocal training, studies and joint research projects, as well as discounts on tuition fees for the families of Mobily employees to further our aim to advance the digital economy and create opportunities in the field of ICT. Mobily was also invited to sponsor and engage with the Ministry of Education's My School is Programing competition, and provided event support for the King Fahad University of Petroleum and Minerals. Demonstrating our commitments to global efforts to rationalize energy use, Mobily also participated in Earth Hour during 2021, reducing the electricity consumption of our advertising LED display boards by 90% and encouraging individuals and communities to rationalize their electricity consumption by turning off non-essential electric lights.

Our Investor Relations Department has taken the lead in the implementation of our ESG strategy and program, activating our approach by launching a range of activities designed to ensure significant and sustainable positive impacts for our communities and the Kingdom as a whole.

Supporting our Community in 2022

Mobily will continue to establish productive partnerships and implement initiatives in 2022 to benefit the nation and its communities in a variety of key areas, building on our sustainability commitments and policies, and engaging with a growing number of Stakeholders across Saudi Arabia to deliver, monitor and improve our various engagement programs.

In particular, as a leading national partner in Saudi Arabia's digitalization efforts, we will pursue further opportunities to work with communities to address issues relating to technology access, knowledge and skills by breaking down barriers to effective digital technology use across the Kingdom.

BOARD OF DIRECTORS

Members of the Board of Directors

H.E. Dr. Nabeel Mohamed Al Amudi

Chairman – Independent Member

H.E. Dr. Al Amudi is the CEO of the Olayan Financing Company (OFC) and is a Board member for the Olayan Saudi Holding Company (OSHCO) and several other Olayan-related companies. Previous to this role, he was the President of OFC.

Dr. Al Amudi served as the Minister of Transport for the Kingdom of Saudi Arabia between 2017 and 2019. Moreover, Dr. Al Amudi oversaw the activities of the Saudi Ports Authority (SPA) as President and Vice Chairman.

Dr. Al Amudi has had the opportunity to assume several leadership positions in many companies and was a member of the Board of Directors for companies that are among the most prominent and leading companies in the Kingdom of Saudi Arabia. He was also a member of Saudi Aramco's Board as the company went public and was a member of the Risk and Audit Committees. He also served as a Board member on the Sulaiman Alhabib Medical Group, the leading private medical services provider in the Kingdom, Hapag-Lloyd AG, a German listed container shipping company, the Neom Development Company and the Red Sea Development Company. Dr. Al Amudi also chaired the Saudi Railways Company (SAR), United Arab Shipping Company and the Saudi-based Tabadul Company.

Prior to his government appointments, Dr. Al Amudi enjoyed a distinguished career with Saudi Aramco. He joined Saudi Aramco in 1995 and held a series of positions of increasing responsibility in various areas of the company within the Kingdom, particularly in the Law and Corporate Planning functions.

Dr. Al Amudi obtained a Bachelor's degree in Chemical Engineering from Stanford University, earned with distinction in 1995. He also received a JD (Juris Doctorate) from Harvard Law School in 2001 and is also a graduate of Stanford's Graduate School of Business Executive Program and is a member of the New York State Bar Association.

Current Board memberships

Within Saudi Arabia:

- Olayan Saudi Holding Company – Limited Liability Company
- Imam Abdulrahman bin Faisal University – Government University

Previous Board memberships

Within Saudi Arabia:

- Saudi Aramco – Listed Joint Stock Company
- Dr. Sulaiman Al-Habib Medical Services Group – Listed Joint Stock Company
- Neom Company – Limited Liability Company
- The Red Sea Development Company – Limited Liability Company
- Saudi Railways Company – Limited Liability Company
- General Authority of Civil Aviation – Government Entity
- Saudi Ports Authority – Government Entity
- Transport General Authority – Government Entity
- Tabadul – Limited Liability Company

Outside Saudi Arabia:

- United Arab Shipping Company – Limited Liability Company
- Hapag-Lloyd A.G. – Listed on Frankfurt stock exchange
- Aramco Services Company – Corporation incorporated in Delaware, United States of America
- Motiva Enterprises – Limited Liability Company

Mr. Suliman Abdulrahman Al Gwaiz

Vice Chairman – Non-Executive Member

Mr. Al Gwaiz was the Governor of the General Organization for Social Insurance (GOSI) from 2013 until his retirement in January 2021. He previously held various positions at Riyad Bank from 1992, and the last position he held there was the Deputy CEO from 2002 to 2013. Prior to that, he held various positions at the Saudi American Bank (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. Mr. Al Gwaiz holds a Bachelor's degree in Business Administration from the University of Portland, USA. He has also completed the 2 Citibank advanced programs in Banking Operations Management (1982) and Corporate Finance (1990).

Current Board memberships

Within Saudi Arabia:

- Saudi British Bank (SABB) – Listed Joint Stock Company
- Almunajem Foods – Listed Joint Stock Company
- Saudi Industrial Investment Group – Listed Joint Stock Company
- Saudi Arabian Mining Company (Maaden) – Listed Joint Stock Company
- SMCG – Limited Liability Company

Previous Board memberships

Within Saudi Arabia:

- Hassana Investment Company (HIC) – Closed Joint Stock Company
- 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

BOARD OF DIRECTORS (CONTINUED)

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 Group, before which he was the Chief Marketing Officer and Head of Mobile Networks for Etisalat UAE. Eng. Al Shamsi has 28 years of experience in digital transformation, marketing, strategy, technology and telecommunications. Eng Al Shamsi 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

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, manufacturing, strategic management, economics, financial management, information technology, legal affairs, enterprise risk management, compliance and governance. Previously, Eng. Al Tuwaijri was Saudi Basic Industry Corp.'s (SABIC) Executive Vice President for Strategic Planning and Finance, Petrochemical Strategic Business Units Coordination and Supply Chain Management and last as SABIC's Executive Vice President for Corporate Governance and Control. Eng. Al Tuwaijri held Board memberships in the manufacturing, utilities, banking and insurance sectors, in addition to his memberships on the Boards of Royal commission for Jubail and Yanbu, and Saudi Ports Authority. He is currently a member of the Board of Directors of the Company for Cooperative Insurance (Tawuniya). Eng. Al Tuwaijri holds a Bachelor's degree in Business and Engineering from the University of Washington in 1980, and a Master's degree in Industrial 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 telecommunication and finance management experience in Eastern Europe, Middle East, Asia and Africa. Mr. Okandan 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

GOVERNANCE

BOARD OF DIRECTORS (CONTINUED)

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 telecommunications 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 telecommunications company into a digital telecommunications 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 Entity

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. Eng. Al Subaihin 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 Northwester 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 Entity
- WASEEL – Unlisted Joint Stock Company
- Najm for Insurance Services – Unlisted Joint Stock Company
- Council of Cooperative Health Insurance – Government Entity
- 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

Mr. Mohammed Hadi Al Hussaini
Independent Member

Mr. Al Hussaini is 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 has extensive professional experience in the banking, finance, real estate, telecommunications and investment sectors. Mr. Al Hussaini 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
Non-Executive 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. Mr. Al Asmari holds a Bachelor's degree in Computer Science from King Abdulaziz University, KSA.

GOVERNANCE

BOARD OF DIRECTORS (CONTINUED)

Eng. Mutaz Kusai Al Azzawi

Independent Member

Eng. Al Azzawi is the Managing Director of his group of companies. Eng. Al Azzawi has decades of corporate experience including strategy, governance, mergers and acquisitions, engineering projects, telecommunications and strategic planning. He also has first-hand experience in financial markets, FX markets, money markets, equity markets, asset management, derivatives, and structured products. Eng. Al Azzawi 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 – Chairman of the Board – Listed Joint Stock Company
- Savola Foods – Unlisted Joint Stock Company
- United Sugar Company – Unlisted Joint Stock Company
- Afia International 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:

- United Sugar Company (Egypt) – Unlisted Joint Stock Company
- Alexandria Sugar Company – Unlisted Joint Stock Company
- Elmalika Foods – Unlisted Joint Stock Company
- El Farasha Food Industries – Unlisted Joint Stock Company
- Qatrana Cement – Chairman of the Board – 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

Dr. Khaled Abdulaziz Al Ghoneim

Independent Member

Dr. Al Ghoneim is the founder of Hawaz, a company specialized in behavioral economics and digitization. He is the Chairman and co-founder of Mozn, a company focusing on artificial intelligence (AI) and data science. He also established Takamul Company and was an executive of Takamol Holding Company. Dr. Khaled has had several leading positions in the fields of information technology (IT) and digital transformation, including the position of the CEO of Saudi Telecom Company (STC). He was also the founding CEO of Elm Information Security Co., which he developed within 10 years, achieving outstanding growth rates and transformed it from a small cost center into a major profit-generating entity. Dr. Al Ghoneim started his career more than three decades ago as an associate professor at King Saud University. In 2001, he was elected as the Chairman of the Saudi Computer Society where he had the opportunity to lead the first IT strategic plan ICT in the Kingdom of Saudi Arabia based on his business transformation skills.

He has experience in the fields of telecommunications, technology, and engineering. Dr. Al Ghoneim holds a BSc degree in Computer Engineering from King Saud University, Riyadh, Saudi Arabia; and a MSc and PhD in Electrical and Computer Engineering from Carnegie Mellon University, Pittsburgh, PA, USA.

Current Board memberships

Within Saudi Arabia:

- The Company for Cooperative Insurance (Tawuniya) – Listed Joint Stock Company
- Al Obeikan – Limited Liability Company
- Bayan Credit Bureau – Limited Liability Company

Previous Board memberships

Within Saudi Arabia:

- King Abdulaziz City for Science and Technology (KACST) – Government Entity
- Etihad Etisalat Company (Mobily) – Listed Joint Stock Company
- Takamol Holding Company – Limited Liability Company
- Unifonic Company – Limited Liability Company
- Saudi Human Resources Development Fund (HADAF) – Government Entity
- THIQAH Business Services – Limited Liability Company
- The Saudi Company for Electronic Information Exchange (TABADUL) – Limited Liability Company
- National Water Company – Public Joint Stock Company
- The Saline Water Conversion Corporation (SWCC) – Government Entity
- Elm Company – Limited Liability Company

Mr. Hatem Mohamed Dowidar
Non-Executive Member

Mr. Dowidar is the Chief Executive Officer of Etisalat Group. He joined Etisalat Group in September 2015 as Group Chief Operating Officer and was appointed as Chief Executive Officer, International Operations in March 2016. He sits on the subsidiaries' Boards in Saudi Arabia, Morocco, Egypt and Pakistan as well as the Abu Dhabi Chamber of Commerce and Industry. Prior to joining Etisalat Group, Mr. Dowidar was the Group Chief of Staff for Vodafone Group based in London, reporting to Vodafone Group CEO. He brings 30 years of experience in multinational companies, and more than 24 years of these within the telecommunications industry across various leadership positions in multinational companies.

Mr. Dowidar has a long track record of achievements in the various leadership positions he held at Vodafone Group and its subsidiaries, including Group Core Services Director, CEO of Vodafone Malta, CEO of Partner Markets with partnerships covering over 45 markets and Regional Director Emerging Markets. He also has extensive Corporate Governance experience from his representation as Chairman and Board Member in several Corporate Boards within and outside the Telecommunications industry.

Mr. Dowidar holds a Bachelor's degree in Communications and Electronics Engineering from Cairo University and an MBA from the American University in Cairo.

Current Board memberships

Outside Saudi Arabia:
- Maroc Telecom – Listed Joint Stock Company
- Etisalat Misr (Etisalat Egypt) – Unlisted Joint Stock Company
- Pakistan Telecommunications Company (PTCL) – Limited Liability Company
- Abu Dhabi Chamber of Commerce and Industry – Government Entity

Previous Board memberships

Outside Saudi Arabia:
- GSMA (Global System for Mobile Communications) – Unlisted Joint Stock Company
- Etisalat Nigeria – Limited Liability Company
- Attijariwafa Bank Egypt – Listed Joint Stock Company
- Barclays – Listed Joint Stock Company
- Vodacom South Africa – Limited Liability Company

Mr. Mohammed Karim Bennis
Non-Executive Member

Mr. Bennis is the Chief Financial Officer of Etisalat Group, a leading company in the telecommunications market within the Middle East, Asia and Africa, where his area of responsibility is the Etisalat Group footprint which includes 16 countries including the United Arab Emirates, Morocco, Egypt, Saudi Arabia and Pakistan. Mr. Bennis has international experience in Europe of various industries including manufacturing, retail and heavy equipment along with his expertise in telecommunications. Mr. Bennis is a member of the Board, Investment/Finance Committee and Audit Committee of Etisalat Egypt and Pakistan Telecommunication Company Ltd (PTCL Group). He also serves on the Board and Audit Committee of Maroc Telecom Group and Atlantique Telecom Holding. In his previous roles, Mr. Bennis served as Deputy Managing Director in charge of Finance at Tractafric Motors Corp. (Optorg Group) and his roles included Finance Controller, Strategic Planning and Subsidiaries Management of Maroc Telecom (7 years as a Secondee of Vivendi Group) and Group Financial Controller European Division of Crown Cork & Seal Company in Paris.

Mr. Bennis holds a Master's degree in Economics and Corporate Finance from Sciences-Po Paris, an MBA from Ecole Nationale des Ponts & Chaussees and a PhD in Economics and Technology from Conservatoire National des Arts & Metiers in Paris. He also successfully completed the Executive Chief Financial Officer Program at Columbia Business School in New York.

Current Board memberships

Outside Saudi Arabia:
- Etisalat Misr – Unlisted Joint Stock Company
- PTCL/Ufone – Limited Liability Company
- Atlantique Holdings – Unlisted Joint Stock Company
- Maroc Telecom – Listed Joint Stock Company

BOARD OF DIRECTORS (CONTINUED)

Eng. Ahmed Abdelsalam Aboudoma

Independent Member

Eng. Aboudoma is a seasoned telecommunications expert with over 27 years in the MICT industry. Through his journey, he was at the helm of many telecommunication operators in exciting startup phases as well as through challenging turnarounds. He overlooked an operations portfolio spanning 14 countries in 3 continents.

As the CEO of Mobily (Etihad Etisalat Company) between 2017 and 2019, he led the successful turnaround of the 2nd largest telecommunications operator in KSA.

Eng. Aboudoma dedicated the following 2 years on a full-time basis volunteering to help the Egyptian Government on a pro-bono basis in the Ministry of Planning and the Suez Canal economic zone as Chief Investment Advisor.

Between 2011 and 2014 Eng. Aboudoma held the positions of Group CEO of Orascom Telecom Holding, "OTH" later Global Telecom, listed on both the London and Cairo stock exchanges, and Group EVP for Asia and Africa Business Unit in Vimpelcom (listed in Nasdaq).

Eng. Aboudoma holds a Bachelor of Science in Electronics and Communication Engineering from Cairo University. He has received the "Telecom Business Planning Award" from the ITU (agency under United Nations) based in Switzerland. He completed the International Executive Program (IEP) from INSEAD Business School in France and Singapore.

Current Board memberships

Outside Saudi Arabia:

- National Bank of Kuwait – NBK, Egypt – Listed Joint Stock Company
- Unimas Capital – Unlisted Joint Stock Company

Previous Board memberships

Outside Saudi Arabia:

- National Telecommunication Regulatory Authority (NTRA) Egypt – Government Entity
- Global Telecom Holding, Egypt – Listed Joint Stock Company
- Orascom Telecom and Media Technology (OTMT), Egypt – Listed Joint Stock Company
- International Telecommunications Consortium Limited, UK – Unlisted Joint Stock Company
- Vimpelcom, Netherlands – Listed Joint Stock Company
- Pakistan Mobile Communications Limited, Pakistan – Unlisted Joint Stock Company
- Orascom Telecom Ventures, Egypt – Unlisted Joint Stock Company
- Orascom Telecom Bangladesh – Unlisted Joint Stock Company
- Oratel International Inc. Limited, Malta – Unlisted Joint Stock Company
- Orascom Telecom Algerie, Algeria – Unlisted Joint Stock Company
- Sotelco Ltd. Cambodia – Unlisted Joint Stock Company
- Millicom Lao Co. Laos Republic – Unlisted Joint Stock Company

Mr. Abdulkarim Ibrahim Al Nafie

Independent Member

Mr. Al Nafie joined the Board of Directors of Mobily in December 2021 and is a Board member of a number of joint stock companies. He has extensive experience in industrial facilities in the public and private sectors. He previously held many different supervisory and leadership positions including the Director General of The Saudi Industrial Development Fund and the CEO of Saudi Ceramic Company.

Mr. Al Nafie is a graduate of Accounting and Management from Whitworth University in 1980. He has completed a number of advanced finance and management studies at several international universities and institutes such as Chase Manhattan Bank, INSEAD, MCE Europe, UCLA and University of Cranfield.

Current Board memberships

Within Saudi Arabia:

- Saudi Ceramic Company – Listed Joint Stock Company
- Astra Industrial Company – Listed Joint Stock Company
- Bawan Industrial Company – Listed Joint Stock Company.
- United Cement Company – Closed Joint Stock Company
- Ceramic Pipes Company – Closed Joint Stock Company.
- Riyadh Steel Company – Closed Joint Stock Company
- Maan Aljaser & Partners Closets Company – Closed Joint Stock Company

Previous Board memberships

Within Saudi Arabia:

- Saudi National Shipping Company – Listed Joint Stock Company
- Naseej – Listed Joint Stock Company
- United Juices Company – Closed Joint Stock Company

Outside Saudi Arabia:

- Syrian Saudi Company – Government Entity


Mobily

BOARD OF DIRECTORS (CONTINUED)

Board of Directors' Meetings and Attendance

The Company's Board of Directors held 7 meetings during 2021 as shown in the table below. The Board has allocated sufficient time to carry out its duties, including preparing for Board meetings and the meetings of the Company's committees, and ensuring their attendance at meetings.

It is worth noting that on 30 November 2021, the term of the Board of Directors was ended, and then it was reconstituted for the new term, which began on 1 December 2021 for a period of 3 years ending on 30 November 2024; that was during the Company's Ordinary General Assembly meeting held on 28 November 2021. The Ordinary General Assembly meeting resulted in the election of the members of the Board of Directors for its new term.

The following are the Board's meetings and members' attendance record:

Sr.	Name	Position/ Membership type	15 March	23 May	1 July	19 October	21 October	28 October	24 November
1	Suliman Abdulrahman Al Gwaiz	Chairman – Non-Executive Member	Present*	Present*	Present*	Present*	Present*	Present	Present*
2	Abdullah Mohammed Al Issa	Vice Chairman – Independent Member	Present*	Present*	Present*	Present*	Present*	Present*	Present*
3	Khalifa Hassan Al Shamsi	Non-Executive Member	Present*	Present*	Present*	Present*	Present*	Present	Present*
4	Mohammed Hadi Al Hussaini[1]	Independent Member	Present*	Present*	Present*	-	-	-	-
5	Homood Abdullah Al Tuwaijri	Independent Member	Present*	Present*	Present*	Present*	Present*	Present	Present*
6	Ali Abdulrahman Al Subaihin	Independent Member	Present*	Present*	Present*	Present*	Present*	Present	Present*
7	Serkan Sabri Okandan	Non-Executive Member	Present*	Present*	Not Present	Present*	Not Present	Not Present	Present*
8	Saleh Abdullah Al Abdooli	Non-Executive Member	Present*	Present*	Present*	Present*	Present*	Present*	Present*
9	Hussein Ali Al Asmari	Non-Executive Member	Present*	Present*	Present*	Present*	Present*	Present*	Present*
10	Mutaz Kusai Al Azzawi	Independent Member	Present*	Present*	Present*	Present*	Present*	Present	Present*

* Joined via video call
[1] Member of the Board of Directors, Mr. Mohammed Hadi Al Hussaini, resigned from his position on 30 September 2021.

Below is the composition of the Board of Directors for the new term, which began on 1 December 2021 and will end on 30 November 2024. In its new term during 2021, the Board of Directors held 2 meetings, and the following are the meetings of the Board of Directors and the members' attendance record:

Sr.	Name	Position/ Membership type	6 December	26 December
1	Nabeel Mohamed Al Amudi	Chairman – Independent Member	Present*	Present*
2	Suliman Abdulrahman Al Gwaiz	Vice Chairman – Non-Executive Member	Present*	Present*
3	Khalifa Hassan Al Shamsi	Non-Executive Member	Present*	Present*
4	Ahmed Abdelsalam Aboudoma	Independent Member	Present*	Present*
5	Hatem Mohamed Dowidar	Non-Executive Member	Present*	Present*
6	Mohammed Karim Bennis	Non-Executive Member	Present*	Present*
7	Mutaz Kusai Al Azzawi	Independent Member	Present*	Present*
8	Homood Abdullah Al Tuwaijri	Independent Member	Present*	Present*
9	Khaled Abdulaziz Al Ghoneim	Independent Member	Present*	Present*
10	Abdulkarim Ibrahim Al Nafie	Independent Member	Present*	Present*

* 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 the Board of Directors for the current term, which started from 1 December 2018, and will end on 30 November 2021.

The Audit Committee was also formed for the new term on 1 December 2021, until 30 November 2024.

The following are precedent 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 CEO 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. Mr. Almulhem 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 served as a member and then Vice President of the Capital Market Authority (CMA) Board of Commissioners for 9 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. Dr. Al Barrak holds a Bachelor's degree in Accounting and a Master's and a PhD in Finance.

Following are the current members of the Committee who are not members of the Board of Directors:

Mr. Abdulaziz Ibrahim Alnowaiser

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

Mr. Alnowaiser is currently the CEO of Tahakom Investment Co., and he is the Chairman and member of the Boards of Directors and Audit Committees for several listed and unlisted companies. Previously he held a number of leadership and advisory positions in other companies and worked as a lecturer in the Accounting Department at King Saud University in Riyadh.

Mr. Alnowaiser holds a Master's degree in Accounting with 2 majors in Finance and Information Systems from Case Western Reserve University in the United States, a Bachelor's degree in Accounting from King Saud University in Riyadh, as well as a number of professional certificates in accounting, auditing and financial management.

Mr. Mohammed Othman Alsubaie

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

Mr. Alsubaie, retired, has more than 35 years of experience in the areas of internal audit, finance, governance and risk management. His last position was the Auditor General at Saudi Aramco during the period from 2015 to 2018.

He has also held a number of leadership positions in Saudi Aramco from 1993 to 2013. Currently, he is a member and chair of a number of audit committees in joint stock and government companies. In addition, he is active in a number of professional businesses.

Mr. Alsubaie is a graduate of the Executive Management Program from Oxford University in the United Kingdom. He has a Master's degree in Accounting from King Fahd University of Petroleum and Minerals in 1991 and a Bachelor's degree in Management from Columbia College in the United States in 1981.

BOARD OF DIRECTORS (CONTINUED)

The Audit Committee held in its previous term 4 meetings during 2021, below are the meetings of the Audit Committee and the attendance record of members:

Name	Position/ Membership type	20 February	18 April	25 July	18 October
Jameel Abdullah Almulhem[1]	Chairman of the Committee – Non-Board Member	Present*	Present*	-	-
Abdulaziz Ibrahim Alnowaiser[2]	Chairman of the Committee – Non-Board Member	-	-	Present*	Present
Homood Abdullah Al Tuwaijri	Independent Member	Present*	Present*	Present*	Present
Abdulrahman Mohammed Al Barrak	Non-Board Member	Present*	Present*	Present*	Present
Mohammed Hadi Al Hussaini[3]	Independent Member	Present*	Present*	Present*	-
Serkan Sabri Okandan	Non-Executive Member	Present*	Present*	Present*	Present*

* Joined via video call
[1] Chairman of the Committee, Mr. Jameel Abdullah Almulhem resigned on 20 April 2021.
[2] Mr. Abdulaziz Ibrahim Alnowaiser was appointed on 23 May 2021.
[3] Member of the Audit Committee, Mr. Mohammed Hadi Al Hussaini resigned on 26 September 2021.

Below is the composition of the Audit Committee for the new term, which began on 1 December 2021 and will end on 30 November 2024. It should be noted that the new Committee has not held any meeting since the beginning of its term until the end of 2021:

Name	Position/ Membership type
Abdulaziz Ibrahim Alnowaiser	Chairman of the Committee – Non-Board Member
Mohammed Othman Alsubaie	Non-Board Member
Homood Abdullah Al Tuwaijri	Independent Member
Mohammed Karim Bennis	Non-Executive Member
Ahmed Abdelsalam Aboudoma	Independent Member

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 work, 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 Auditors the extent to which the changes or improvements to financial or accounting practices have been implemented
- Regularly reviewing with the External Auditors 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's response, and monitoring the implementation of the Committee's recommendations and agreed action steps in this regard

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 headquarter 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 publishedReporting 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 3 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

BOARD OF DIRECTORS (CONTINUED)

Executive Committee

The Executive Committee was formed by the Board of Directors for the new term after the precedent term was ended on 30 November 2021. The Committee, in its previous term during 2021, held 3 meetings, below are the Committee's meetings and the members attendance record:

Name	Position/ Membership type	29 March	30 September	15 November
Suliman Abdulrahman Al Gwaiz	Chairman of the Committee – Non-Executive Member	Present*	Present*	Present*
Abdullah Mohammed Al Issa	Independent Member	Present*	Present*	Present*
Khalifa Hassan Al Shamsi	Non-Executive Member	Present*	Present*	Present*
Saleh Abdullah Al Abdooli	Non-Executive Member	Present*	Present*	Present*
Mutaz Kusai Al Azzawi	Independent Member	Present*	Present*	Present*

* Joined via video call

Below is the formation of the Executive Committee for the new term, which began on 1 December 2021 and will end at the end of the Board's term on 30 November 2024. It should be noted that the new Committee has not held any meeting since the beginning of its term until the end of 2021:

Name	Position/ Membership type
Nabeel Mohamed Al Amudi	Chairman of the Committee – Independent Member
Suliman Abdulrahman Al Gwaiz	Non-Executive Member
Hatem Mohamed Dowidar	Non-Executive Member
Khalifa Hassan Al Shamsi	Non-Executive Member
Mutaz Kusai Al Azzawi	Independent Member

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 new term after the precedent term was ended on 30 November 2021. The Committee, in its previous term during 2021, held 7 meetings, and below are the Nomination and Remuneration Committee's meetings and the members attendance record:

Name	Position/ Membership type	1 March	13 March	28 March	31 May	8 July	27 September	4 October
Ali Abdulrahman Al Subaihin	Chairman of the Committee – Independent Member	Present*	Present*	Present*	Present*	Present*	Present*	Present*
Mutaz Kusai Al Azzawi	Independent Member	Present*	Present*	Present*	Present*	Present*	Present*	Present*
Khalifa Hassan Al Shamsi	Non-Executive Member	Present*	Present*	Present*	Present*	Present*	Present*	Present*

* Joined via video call

Below is the formation of the Nomination and Remuneration Committee for the new term, which began on 1 December 2021 and will end at the end of the Board's term on 30 November 2024. It should be noted that the new Committee has not held any meeting since the beginning of its term until the end of 2021:

Name	Position/ Membership type
Mutaz Kusai Al Azzawi	Chairman of the Committee – Independent Member
Khalifa Hassan Al Shamsi	Non-Executive Member
Abdulkarim Ibrahim Al Nafie	Independent Member

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. Recommending 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.
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

BOARD OF DIRECTORS (CONTINUED)

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 new term after the precedent term was ended on 30 November 2021. The Committee, in its previous term during 2021, held 4 meetings, and below are the Committee's meetings and the members attendance record:

Name	Position/ Membership type	25 January	26 April	26 July	21 October
Homood Abdullah Al Tuwaijri	Chairman of the Committee – Independent Member	Present*	Present*	Present*	Present
Khalifa Hassan Al Shamsi	Non-Executive Member	Present*	Present*	Present*	Present
Serkan Sabri Okandan	Non-Executive Member	Present*	Present*	Present*	Present*
Hussein Ali Al Asmari	Non-Executive Member	Present*	Present*	Present*	Present*

* Joined via video call

Below is the formation of the Risk Management Committee for the new term, which began on 1 December 2021 and will end at the end of the Board's term on 30 November 2024. It should be noted that the new Committee has not held any meeting since the beginning of its term until the end of 2021:

Name	Position/ Membership type
Homood Abdullah Al Tuwaijri	Chairman of the Committee – Independent Member
Khaled Abdulaziz Al Ghoneim	Independent Member
Mohammed Karim Bennis	Non-Executive Member
Ahmed Abdelsalam Aboudoma	Independent Member

The duties and responsibilities of the Committee include:

- Reviewing and evaluating the safety and efficiency of risk management within the Company
- Monitoring the implementation of the risk management framework and strategy
- 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.

Statement of 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 2021	No. of shares at end of 2021	Net change	Percentage change
Nabeel Mohamed Al Amudi[1]	55	55	-	-
Suliman Abdulrahman Al Gwaiz	17,093	17,093	-	-
Abdullah Mohammed Al Issa[2]	34,600	34,600	-	-
Khalifa Hassan Al Shamsi	-	-	-	-
Homood Abdullah Al Tuwaijri	217,005	217,005	-	-
Ali Abdulrahman Al Subaihin[2]	21,600	21,600	-	-
Mohammed Hadi Al Hussaini[3]	-	-	-	-
Serkan Sabri Okandan[2]	-	-	-	-
Saleh Abdullah Al Abdooli[2]	-	-	-	-
Hussein Ali Al Asmari[2]	-	-	-	-
Mutaz Kusai Al Azzawi	500	500	-	-
Ahmed Abdelsalam Aboudoma[1]	-	-	-	-
Hatem Mohamed Dowidar[1]	-	-	-	-
Mohammed Karim Bennis[1]	-	-	-	-
Khaled Abdulaziz Al Ghoneim[1]	20,000	33,500	13,500	67.50%
Abdulkarim Ibrahim Al Nafie[1]	20,109	20,109	-	-

[1] Number of shares at the start of the year is considered since the beginning of his membership on 1 December 2021.
[2] Number of shares at the end of the year is considered until the end of his membership on 30 November 2021.
[3] Board member Mr. Mohammed Hadi Al Hussaini resigned from his position, and the number of shares at the end of the year is considered until the end of his membership on 30 September 2021.

It is worth noting that there are no interests, contractual securities or rights issues 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, Etihad Etisalat Company (Mobily) Board of Directors developed procedures to assess its work and emanating committees thereof periodically. 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.

GOVERNANCE
EXECUTIVE MANAGEMENT

Senior Executives

Eng. Salman 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 GSM Network at the Saudi Telecom Company (STC), managing large scale telecommunication projects.

Eng. Al Badran has over 24 years of experience with a proven track record of delivering operational excellence. This includes 19 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 Abdulrahman Abanami
Chief Financial Officer

Mr. Abanami has over 24 years of experience in academic and professional areas, financial and strategic management, accounting, operation management and telecommunications. 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 12 years in the telecommunications sector, where he managed the finance, logistics, facility management and contract teams for VIVA, the Kuwait telecommunications subsidiary of Saudi Telecom Company (STC). He headed the reporting, planning and budgeting activities for STC Group.

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 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), Mobily Digital Financial Company, and Sehati 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 Director 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 Abdulaziz Al Otaibi
Chief Business Officer

Eng. Al Otaibi is Chief Business Officer of Mobily. He brings more than 20 years of Executive ICT experience in the leading ICT players of the KSA. He joined Mobily in 2016.

Eng. Al Otaibi is a highly efficient, innovative and methodical business leader with extensive experience of B2C & B2B marketing and sales with an innate ability of attention to detail. He believes in people engagement to get the maximum out of them, and his leadership has been instrumental in putting Mobily on the B2B ICT map in Saudi Arabia. He is especially proficient in managing the high value relationships on an executive level.

Before joining Mobily, Eng. Al Otaibi worked in different positions in STC for 14 years.

Eng. Al Otaibi holds a Bachelor's degree in Electrical, Electronics and Communication Engineering from King Saud University. He has attended executive programs from leading international universities like INSEAD, Hult Ashridge Executive Education and the University of Chicago's Booth School of Business.

Eng. Alaa Abdulhameed 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 22 years of experience in the telecommunications sector. During his 16-year career in the Company, he has gained strategic and operational experience in managing network & IT projects and has contributed to the commercial success of the Company while operating within challenging regulatory conditions.

Eng. Malki held the position of Chairman for Bayanat Co. from 2019 until 2021. He is currently the Chairman of Saudi National Fiber Network (SNFN).

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. He has also completed a Leadership Development Program at Harvard Business School, USA.

Mr. Majed Abdullah Al Shabana

Chief Legal and Corporate Affairs 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 and studies, contracts and agreements, investigation, compliance, digitalization, legal strategies, and corporate governance.

He has more than 18 years of excellent legal and corporate affairs 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 15 years of experience in the HR Management fields, including corporate strategy and organizational development, talent management, strategic planning, shared services, leadership coaching and capability building. Early in his career, Eng. Al Shammari worked in different sectors and successfully contributed and led the HR teams to create business solutions that are not only effective and add value, but also lean and adaptable to the ever-changing needs to any business.

Eng. Al Shammari's outstanding experience started with Saudi Electricity Company before he moved to the banking sector when he joined Bank Al Bilad in the Manpower Planning function. In 2014, Eng. Al Shammari joined Al Faisaliah Group as the Head of HR and Administration. 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. Currently, Eng. Al Shammari is leading the Mobily HR unit and our current transformation project where he has successfully managed to kick-start the transformation efforts with the overall new restructuring project and workforce sizing, along with rolling out the best practices in the HR field.

Eng. Al Shammari holds a Bachelor's degree in Industrial Engineering from King Saud University in Riyadh. He also holds a Mini Master's in Business Administration Management and Strategic Leadership from Harvard Business School, and completed an Executive Education Program in Leadership Development from INSEAD.

Mr. Omar Saud Al Rasheed

Chief Corporate Strategy and Digitalization Officer

Mr. Al Rasheed is Chief Corporate Strategy and Digitalization Officer at Mobily. He has over 20 years' experience in technology, media, and telecommunications (TMT) with a deep visionary spirit and tech mindset and his mission is to pioneer change and innovation towards Mobily's sustainable growth and digital transformation.

Mr. Al Rasheed has experience in the strategy, IT, and business domains. In his 16 years at Mobily, he has had several senior roles such as Chief Digital and Customer Experience Officer, General Manager for Mobily Infotech, and Executive General Manager for Mobily Mega Projects.

Mr. Al Rasheed holds a BSc. in Computer and Information Sciences from King Saud University and several distinguished Executive Education programs from Harvard, Massachusetts Institute of Technology (MIT), London Business School (LBS), and Project Management Institute (PMI).

EXECUTIVE MANAGEMENT (CONTINUED)

Statement of any 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 2021	No. of shares at end of 2021	Net change	Percentage change
Eng. Salman Abdulaziz Al Badran	Chief Executive Officer	-	-	-	-
Mr. Khalid Abdulrahman Abanami	Chief Financial Officer	-	-	-	-
Mr. Ismail Saeed Al Ghamdi	Chief Consumer Officer	-	-	-	-
Eng. Alaa Abdulhameed Malki	Chief Technology Officer	-	-	-	-
Mr. Majed Abdullah Al Shabana	Chief Legal and Corporate Affairs Officer	-	-	-	-
Eng. Mohammed Khalil Al Shammari	Chief Human Resources Officer	-	-	-	-
Eng. Majed Abdulaziz Al Otaibi	Chief Business Officer	-	-	-	-
Mr. Omar Saud Al Rasheed	Chief Corporate Strategy and Digitalization Officer	-	-	-	-

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

GOVERNANCE
RELATED PARTY TRANSACTIONS

During 2021, 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. It is worth noting that on 30 November 2021, the term of the Board of Directors was ended, and then it was reconstituted for the new term, which began on 1 December 2021 for a period of 3 years ending on 30 November 2024, and there is an indirect interest for the Board members, namely: Eng. Khalifa Al Shamsi, Mr. Hatem Dowidar and Mr. Mohammed Karim Bennis.

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.

RELATED PARTY TRANSACTIONS (CONTINUED)

Following are the details of related party transactions during the financial year ended 31 December 2021:

Major Transactions with Related Parties in 2021 (SAR '000s)

	2021	2020
Interconnection services and roaming services rendered		
Founding shareholder	41,542	40,309
Associate	2,271	3,927
Interconnection services and roaming services received		
Founding shareholder	228,372	216,298
Associate	119,263	111,318
Management fees		
Founding shareholder	120,838	34,250
Other management expenses		
Founding shareholder	6,645	9,571
Other telecommunication services		
Associate	4,294	7,053
Related party balances		
Due from related parties		
Founding shareholder	108,895	85,464
Associate	3,768	3,569
Joint venture	30,666	23,166
	143,329	**112,199**
Due to related parties		
Founding shareholder	243,675	129,016
Associate	37,888	23,820
	281,563	**152,836**

Mobily renewed the contract for the establishment of a call center for the Public Pension Agency, which is valued at SAR 4,087,235 for a period of 1 year starting from 11 April 2021, to 10 April 2022, and there is an indirect interest for the Board Vice 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 Vice Chairman Mr. Suliman Al Gwaiz and the Board member Mr. Hussein Al Asmari.

In addition, the Company signed a contract with the Company for Cooperative Insurance (Tawuniya) to provide medical insurance services to Mobily employees at a value of SAR 53,279,897.90 starting from 1 April 2021 until 31 March 2022, where there is an indirect interest for the member of the Board of Directors, Eng. Homood Al Tuwaijri.

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. The agreement was approved during the Ordinary General Assembly meeting held on 23 May 2021.

GOVERNANCE
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.

COMPENSATION AND REMUNERATION (CONTINUED)

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' Members' Compensation and Remuneration (SAR '000s)

	Fixed remuneration							Variable remuneration								
	Specific amount	Allowance for attending Board meetings	Total Allowance for attending Committee 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 Members																
Nabeel Al Amudi [2]	0	6	0	0	0	0	6	0	0	0	0	0	0	0	6	0
Abdullah Al Issa [1]	0	21	9	0	0	0	30	0	400	0	0	0	400	0	430	0
Homood Al Tuwaijri	0	27	36	6.175	0	0	69.175	0	400	0	0	0	400	0	469.175	0
Ali Al Subaihin [1]	0	21	21	0	0	0	42	0	450	0	0	0	450	0	492	0
Mohammed Al Hussaini [3]	0	9	9	0	0	0	18	0	400	0	0	0	400	0	418	0
Hussein Al Asmari [1]	0	21	12	0	0	0	33	0	400	0	0	0	400	0	433	0
Mutaz Al Azzawi	0	27	30	0	0	0	57	0	450	0	0	0	450	0	507	0
Khaled Al Ghoneim [2]	0	6	0	11.406	0	0	17.406	0	0	0	0	0	0	0	17.406	0
Abdulkarim Al Nafie [2]	0	6	0	7.298	0	0	13.298	0	0	0	0	0	0	0	13.298	0
Ahmed Aboudoma [2]	0	6	0	10.771	0	0	16.771	0	0	0	0	0	0	0	16.771	0
Total	**0**	**150**	**117**	**35.650**	**0**	**0**	**302.650**	**0**	**2,500**	**0**	**0**	**0**	**2,500**	**0**	**2,802.650**	**0**
Second: Non-Executive Members																
Suliman Al Gwaiz	0	27	9	0	0	0	36	0	400	0	0	0	400	0	436	0
Serkan Okandan [1]	0	12	24	0	0	0	36	0	425	0	0	0	425	0	461	0
Saleh Al Abdooli [1]	0	21	9	0	0	0	30	0	400	0	0	0	400	0	430	0
Khalifa Al Shamsi	0	33	42	0	0	0	75	0	425	0	0	0	425	0	500	0
Hatem Dowidar [2]	0	6	0	0	0	0	6	0	0	0	0	0	0	0	6	0
Mohammed Bennis [2]	0	6	0	0	0	0	6	0	0	0	0	0	0	0	6	0
Total	**0**	**105**	**84**	**0**	**0**	**0**	**189**	**0**	**1,650**	**0**	**0**	**0**	**1,650**	**0**	**1,839**	**0**

[1] His membership expired at the end of the previous Board of Directors term on 30 November 2021.
[2] He was elected by the Company's General Assembly for the Board of Directors' term that commenced on 1 December 2021.
[3] Mr. Muhammad Hadi Al-Husseini, member of the Board of Directors, resigned from his position on 30 September 2021.

Board of Directors' members' remunerations are recorded on a cash basis, and includes payments for the previous year.

The above-mentioned amounts reflect cash received in 2021, where the annual remunerations are recorded for 2020 and they were paid during 2021.

COMPENSATION AND REMUNERATION (CONTINUED)

Committees Members' Compensation and Remuneration (SAR '000s)

	Fixed remuneration (except (attendance allowance	Attendance of meetings allowance	Total
Audit Committee			
Jameel Almulhem [4]	120	6	126
Homood Al Tuwaijri	50	18	68
Serkan Okandan [1]	50	12	62
Abdulrahman Al Barrak [1]	120	18	138
Mohammed Al Hussaini [6]	50	9	59
Abdulaziz Alnowaiser [5]	0	12	12
Mohammed Alsubaie [2]	0	0	0
Ahmed Aboudoma [3]	0	0	0
Mohammed Bennis [3]	0	0	0
Total	**390**	**75**	**465**
Executive Committee			
Nabeel Al Amudi [3]	0	0	0
Suliman Al Gwaiz	0	9	9
Abdullah Al Issa [1]	0	9	9
Khalifa Al Shamsi	0	9	9
Saleh Al Abdooli [1]	0	9	9
Mutaz Al Azzawi	0	9	9
Hatem Dowidar [3]	0	0	0
Total	**0**	**45**	**45**
Nomination and Remuneration Committee			
Khalifa Al Shamsi	0	21	21
Ali Al Subaihin [1]	0	21	21
Mutaz Al Azzawi	0	21	21
Abdulkarim Al Nafie [3]	0	0	0
Total	**0**	**63**	**63**
Risk Management Committee			
Homood Al Tuwaijri	0	18	18
Serkan Okandan [1]	0	12	12
Hussein Al Asmari [1]	0	12	12
Khaled Al Ghoneim [3]	0	0	0
Ahmed Aboudoma [3]	0	0	0
Mohammed Bennis [3]	0	0	0
Khalifa Al Shamsi	0	12	12
Total	**0**	**54**	**54**

[1] His membership expired at the end of the previous Board of Directors's term on 30 November 2021.
[2] He was appointed by the Board of Directors for the term of the Board, which began on 1 December 2021.
[3] He was elected by the Company's General Assembly for the Board of Directors' term that began on 1 December 2021.
[4] The Chairman of the Audit Committee, Mr. Jameel Abdullah Almulhem, resigned from his position on 20 April 2021.
[5] The Chairman of the Audit Committee, Mr. Abdulaziz Ibrahim Alnowaiser, was appointed on 23 May 2021.
[6] Member of the Audit Committee, Mr. Mohammed Hadi Al Hussaini, resigned from his position on 26 September 2021.

Committee members' remunerations were recorded on a cash basis and include payments for the previous year.

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	7,960
	Allowances	8,959
	In-kind benefits	30
	Total	**16,949**
Variable Remuneration	Periodic bonuses	9,151
	Earnings	0
	Short-term incentive plans	0
	Long-term incentive plans	0
	Shares awarded (value is entered)	0
	Total	**9,151**
End-of-service benefits		0
Total Executives' compensation and remuneration for the Board, if any		0
Total		**26,100**

Senior Executives remunerations were recorded on a cash basis and include payments for the previous year.

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 network 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 telecommunications 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 2021 results contributions (SAR '000,000s) are as follows:

	Consumer	Business	Wholesale	Outsourcing	Total
Usage	7,671	1,296	1,070	-	10,037
Activation and subscription fees	2,221	535	10	-	2,766
Others	884	750	163	234	2,031
Total	**10,776**	**2,581**	**1,243**	**234**	**14,834**

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.
- 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.
- 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 2021 and 31 December 2020:

Name	Country of incorporation	Country of operation	Capital	Ownership percentage				Initial investment (SAR '000s)
				31 December 2021		31 December 2020		
				Direct	Indirect	Direct	Indirect	
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[1]	Saudi Arabia	Saudi Arabia	SAR 150 million	-	-	100%	-	1,500,000
Zajil International Network for Telecommunication Company[2]	Saudi Arabia	Saudi Arabia	SAR 10 million	96%	4%	96%	4%	80,000
National Company for Business Solutions[3]	Saudi Arabia	Saudi Arabia	SAR 10 million	100%	-	95%	5%	9,500
National Company for Business Solutions FZE	United Arab of Emirates	United Arab of Emirates	AED 180 thousand	-	100%	-	100%	184
Mobily Ventures Holding W.L.L	Bahrain	Bahrain/ GCC/ MENA	BD 250 thousand	100%	-	100%	-	2,510
Etihad Fintech Company	Saudi Arabia	Saudi Arabia	SAR 10 million	100%	-	100%	-	10,000

[1]On 17 February 2021, the commercial registration of Bayanat Al-Oula for Network Services Company was cancelled and accordingly the assets and liabilities have been transferred to Etihad Etisalat Company at book value.
[2]On 15 March 2021, the Board of Directors of Etihad Etisalat Company approved to liquidate Zajil International Network for Telecommunication Company.
[3]During the year 2021, the Company acquired the remaining 5% owned by Bayanat Al-Oula for Network Services Company.

ABOUT MOBILY (CONTINUED)

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.

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

On 17 February 2021, the commercial registration of Bayanat Al-Oula for Network Services Company was cancelled and accordingly the assets and liabilities have been transferred to Etihad Etisalat Company at book value.

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.

On 15 March 2021, the Board of Directors of Etihad Etisalat Company approved to liquidate Zajil International Network for Telecommunication Company.

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.

During the year 2021, the Company acquired the remaining 5% owned by Bayanat Al-Oula for Network Services Company.

National Company for Business Solutions owns participation in Ecommerce Taxi Middle East (Luxembourg): 10% (2020: 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 owns participation in the following companies:

- Anghami LLC (Cayman Islands): 7.66% (2020: 7.97%)
- Dokkan Afkar (British Virgin Islands): 3.28% (2020: 3.28%)

On 3 February 2022 Anghami Inc. announced that it had completed its business combination with Vistas Media Acquisition Company ("VMAC") -Special Purpose Acquisition Company. On 4 February 2022 the shares of Anghami Inc. commenced trading on the Nasdaq stock exchange in the USA under the ticker ANGH. As result of that, the Group ownership become 5.1% of the ordinary shares of Anghami Inc.

Etihad Fintech Company – Single Person Company

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

GOVERNANCE
IMPORTANT EVENTS

Appointment of a Chairman and Vice Chairman of the Board of Directors and the formation of committees emanating from the Board of Directors

On 7 December 2021, Mobily announced the decision of its elected Board of Directors for the current term, which began on 1 December 2021 for a period of 3 years ending on 30 November 2024. At its first meeting held on 6 December 2021 Dr. Nabeel Mohamed Al Amudi (Independent Member) was appointed as Chairman of the Board and Mr. Suliman Abdulrahman Al Gwaiz (Non-Executive Member) was appointed as Vice Chairman of the Board of Directors. The Board also formed its committees in accordance with the approved tasks and powers.

Election of members of the Board of Directors and formation of the Audit Committee

Following Mobily's announcement to its Shareholders about commencing submissions for candidacy for membership of its Board of Directors for the period extending from 1 December 2021 for a period of 3 years ending on 30 November 2024, in accordance with the controls in the Companies Law and the Corporate Governance Regulations issued by the Capital Market Authority, the conclusions of the Ordinary General Assembly meeting, which was held on 28 November 2021 included the announcement of the candidates elected by the Company's Shareholders, as follows: Dr. Nabeel Mohamed Al Amudi, Mr. Suliman Abdulrahman Al Gwaiz, Eng. Khalifa Hassan Al Shamsi, Mr. Ahmed Abdelsalam Aboudoma, Mr. Hatem Mohamed Dowidar, Mr. Mohammed Karim Bennis, Eng. Mutaz Kusai Al Azzawi, Eng. Homood Abdullah Al Tuwaijri, Dr. Khaled Abdulaziz Al Ghoneim, and Mr. Abdulkarim Ibrahim Al Nafie. The conclusions of the Assembly also included the approval of the formation of the Audit Committee for the new term for a period of 3 years, extending from 1 December 2021 to 30 November 2024. Its members are: Mr. Abdulaziz Ibrahim Alnowaiser as Chairman of the Audit Committee, Mr. Mohammed Othman Alsubaie, Eng. Homood Abdullah Al Tuwaijri, Mr. Mohammed Karim Bennis, and Mr. Ahmed Abdelsalam Aboudoma.

Resignation of a member of the Audit Committee

On 12 October 2021, Mobily announced the resignation of a member of the Audit Committee, Mr. Mohammed Hadi Al Hussaini, as he submitted his resignation from his position on 11 October 2021, for personal reasons, provided that the resignation will take effect as of 26 September 2021.

Resignation of a member of the Board of Directors

On 3 October 2021, Mobily announced the resignation of its Board member, Mr. Mohammed Hadi Al Hussaini. Mr. Al Hussaini submitted his resignation from his position as a member of the Board of Directors (Independent Member) on 30 September 2021, for personal reasons, provided that the resignation will take effect as of 26 September 2021.

MoU signed with Mobile Telecommunications Company Saudi Arabia (Zain KSA)

On 4 July 2021, Mobily announced the latest developments regarding its signing of a memorandum of understanding on 2 July 2020 with the Mobile Telecommunications 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 2 parties and merging them into one company with other investors or operating them on their behalf. The Company announced that the direction to form an alliance with the Mobile Telecommunications Company Saudi Arabia (Zain KSA), Raidah Investment Company (Raidah) and IHS KSA Limited (IHS) to acquire the telecommunications towers owned by Mobily and Zain KSA and to merge and unify these towers under a commercial entity registered in the Kingdom of Saudi Arabia "Towers Company" does not align with Mobily's strategy and objectives of achieving financial and operational efficiency, and Etihad Etisalat Company (Mobily) will continue to evaluate other offers in order to achieve the best return for the Company and its investors and raise the participation rate in telecommunications towers, achieving maximum efficiency, and upgrading the telecommunications and information technology system, with the support and supervision of the Saudi Arabia's Communications and Information Technology Commission (CITC).

IMPORTANT EVENTS (CONTINUED)

Appointment of a member of the Audit Committee

The Board of Directors of the Company, in its meeting held on 23 May 2021, approved the recommendation of the Nomination and Remuneration Committee to appoint Mr. Abdulaziz Ibrahim Alnowaiser, as a member of the Audit Committee (Chairman of the Committee as an Independent Member - Non-Board Member) to substitute the resigned Chairman of the Committee, Mr. Jameel Abdullah Almulhem, as of 23 May 2021 until the end of the Audit Committee term, which ended on 30 November 2021. The approval of the Board of Directors is no longer final, and this appointment was presented to the Company's Ordinary General Assembly meeting for approval.

Resignation of the Chairman of the Audit Committee

On 21 April 2021, Mobily announced the resignation of the Chairman of the Audit Committee (Non-Board Member), Mr. Jameel Abdullah Almulhem, due to personal reasons, and the resignation will take effect as of 20 April 2021.

GOVERNANCE

FORWARD-LOOKING STATEMENTS

The progress achieved towards realizing Vision 2030 and Saudi Arabia's ICT Sector Strategy 2023, will offer the ICT sector exceptional and unique opportunities to invest in innovation and digital infrastructure, ensuring the ICT sector's ability to keep pace with the growing national needs, face challenges and seize opportunities. This will be achieved through the ambitious roadmap and path it has outlined towards a new, growing sustainable economy, as well as its continued support for the growth and development of the ICT infrastructure. Under the direction of its Board of Directors, Mobily has updated its strategy, in line with the Government's targets, to grow the Kingdom's ICT sector as part of Vision 2030 and help empower all sectors of the national economy. This will provide the Company with more prospects for growth in 2022 as it accelerates efforts to consolidate its position as a leading innovative player in the Saudi market and the ICT sector.

Mobily will continuously work to keep pace with the rapid developments witnessed by the communications and information technology sector, which will increase the capabilities of technology, and will continue to support the Kingdom's direction towards the development of the tourism, entertainment, sports and culture sectors by investing in the network's infrastructure and the Internet-of-things and expanding the space for faster Internet-of-things deployment. This will contribute to advancing the digital economy in line with the vision of the Kingdom of Saudi Arabia 2030.

Through its continued focus on GAIN strategy and its requirements, Mobily will continue growing core revenues; accelerating digital revenue streams; implementing and optimizing efficient delivery of services; and nurture a positive experience for all. Accordingly, it will ensure executing Mobily's cost-optimization program while continuing to pursue the digital transformation and automation of its services to promote business growth and continue its path towards leadership.

Mobily will also continue to deploy 5G service in the regions of the Kingdom during 2022 and will continue to develop innovative solutions and applications based on the capabilities of the 5G network, in order to support and increase data speed and improve network performance to meet and accommodate the increasing growth in data consumption and provide better services to its growing customer base. Mobily will continue to study and seize new investment opportunities in various projects, to keep pace with technical developments and to support and enable digital transformation, innovation, development, artificial intelligence, and increase the automation of Mobily's operations.

In addition, Mobily will continue to invest in a wide range of areas to apply the latest technologies and deliver high-quality services, in order to raise and improve the level of customer experience, improve its business, strengthen its partnerships, and make a positive change in what it can offer to its customers and Stakeholders.

It should be noted that the telecommunications sector is governed by public regulation, and future expectations may be affected depending on regulatory decisions taken by the relevant authorities.

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 Kingdom.

Mobily also continued to deliver free browsing and use for all its customers on electronic health platforms, including the (Sehhaty) application, which is an application that provides health services to individuals in the Kingdom of Saudi Arabia, and is delivered under the supervision of the Ministry of Health in the Kingdom of Saudi Arabia to develop the levels of health care provided and its services, as well as the "Tawakkalna" application, which is approved by the Ministry of Health in the Kingdom of Saudi Arabia, in support of the government's efforts to address the emerging COVID-19.

Mobily also continued to host the free and continuous broadcast of daily awareness messages issued by government agencies, which aims to raise awareness of the emerging COVID-19.

Based on its interest in the development of Saudi youth, preparing them for the labor market and supporting the empowerment of Saudi cadres in the ICT sector, Mobily signed a strategic partnership with the Alumni Center at King Saud University to launch the Alumni Portal, which allows KSU students and graduates to benefit from the portal services related to cooperative training and employment opportunities. The Company also continued its efforts throughout the year to support a number of national educational initiatives, such as the on-the-job training initiative (Tamheer) launched by the Human Resources Development Fund, and cooperative training programs for universities, in order to provide Saudi graduates from Saudi and foreign universities with the expertise and skills necessary to prepare them to participate and contribute effectively to the labor market.

During 2021, Mobily launched the Elite program in its fifth version, and about 16 members joined this program. The fifth version of the Elite program comes with changes that keep pace with the rapid pace towards digital transformation, as it is one of the pillars of the Kingdom of Saudi Arabia's Vision 2030. In its design, the program relied on several main axes, including job rotation between departments, advanced training with the best international universities, counseling and orientation sessions, in addition to continuous evaluation to measure performance progress.

Out of its interest in investing in human capital and developing human cadres, Mobily signed a memorandum of understanding with Al Yamamah University with the aim of enhancing joint cooperation between the 2 parties and contributing to the development of Saudi cadres, Mobily employees, and university students.

In support of charitable work and its interest in making a sustainable impact and achieving a broad social impact, Mobily contributed by donating SAR 1 million to the national campaign for charitable work through the "Ehsan" platform.

Moreover, 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.

In view of the environmental risks caused by electrical and electronic equipment waste, and based on Mobily's broader commitment to work to achieve the goals of the Kingdom's Vision 2030 in the sustainability field, Mobily signed a cooperation agreement with Ericsson to recycle expired electronic devices that are disposed of in a safe and responsible manner in order to protect the environment for future generations. This confirms Mobily's belief in the necessity of playing a leading role in environmental issues in order to reduce the impact of technology on the world around us. From this perspective, the Company will continue its responsible work to develop initiatives that enhance its sustainability and contribute to community service.

As a contribution to strengthening the local economy in various sectors, Mobily continued to support the local content initiative, which resulted in the signing of a cooperation agreement with the Local Content and Government Procurement Authority.

GOVERNANCE
SHAREHOLDERS

General Assembly of Shareholders

During 2021, the Ordinary General Assembly of Shareholders met twice. The first Ordinary General Assembly meeting was held on 23 May, through modern technology means using the Tadawulaty system, to ensure the safety of Shareholders, and to support the efforts and precautionary measures to prevent the spread of COVID-19, and as a further extension to the continuous efforts made by all government agencies in the Kingdom of Saudi Arabia in taking the necessary preventive measures to prevent its spread. The second Ordinary General Assembly Meeting was held on 28 November, through personal attendance and modern technology means.

Below is the members of the Board of Directors attendance record:

Sr.	Name	Position	23 May	28 November
1	Suliman Abdulrahman Al Gwaiz	Chairman	Present	Present
2	Abdullah Mohammed Al Issa	Vice Chairman	Present	Present
3	Khalifa Hassan Al Shamsi	Member	Present	Present
4	Hussein Ali Al Asmari	Member	Present	Present
5	Mohammed Hadi Al Hussaini[1]	Member	Present	-
6	Mutaz Kusai Al Azzawi	Member	Present	Present
7	Homood Abdullah Al Tuwaijri	Member	Present	Present
8	Ali Abdulrahman Al Subaihin	Member	Present	Present
9	Serkan Sabri Okandan	Member	Absent	Absent
10	Saleh Abdullah Al Abdooli	Member	Present	Present

[1] Member of the Board of Directors, Mr. Mohammed Hadi Al Hussaini, resigned from his position on 30 September 2021.

During the Ordinary General Assembly meeting, held on 23 May, the Shareholders voted to approve all items on the agenda. Below are the agenda items:

1. Approval on the Company's financial statements for the fiscal year ending on 31 December 2020.
2. Approval on the Auditor's report for the fiscal year ending on 31 December 2020.
3. Approval on the Board of Directors report for the fiscal year ending on 31 December 2020.
4. Approval on releasing the members of the Board of Directors from their liabilities for the fiscal year ending on 31 December 2020.
5. Approval on appointing KPMG Al Fozan and Partners Accountants and Auditors to examine, review and audit the (second and third) quarter and annual financial statements, of the fiscal year 2021, and the first quarter of the fiscal year 2022, as well as determine their fees.
6. Approval on the businesses and contracts made with Emirates Telecommunications Group Company, noting that the businesses and contracts that were made between the Company and Emirates Telecommunications Group Company during 2020 are as follows: interconnection and roaming services rendered of SAR 44,23,000, interconnection and roaming services received of SAR 327,616,000, management fees of SAR 34,250,000, other management expenses of SAR 9,571,000, and other telecommunications services of SAR 7,053,000, and obtain the approval for the year 2021 without preferential conditions, due to an indirect interest for the Board members, namely:

   - Eng. Khalifa Hassan Al Shamsi
   - Eng. Saleh Abdullah Al Abdooli
   - Mr. Serkan Sabri Okandan

7. Approval on the business and contracts made between the Company and the Public Pension Agency to establish a call center, amounting to SAR 4,291,596 for a period of one year starting from 11 February 2020, without preferential conditions, as there is an indirect interest for the Chairman of the Board of Directors, Mr. Suliman Abdulrahman Al Gwaiz, and a member of the Board of Directors, Mr. Hussein Ali Al Asmari.
8. Approval on the business and contracts entered between the Company and the Saudi Basic Industries Corporation (SABIC), to amend and renew the framework agreement to provide communication services, of SAR 69,400,222, starting from 25 October 2020 until 31 March 2025, without preferential conditions, as there is an indirect interest to the member of the Board of Directors, Eng. Abdullah Al Issa.
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

SHAREHOLDERS (CONTINUED)

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 term 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.

10. Approval on the recommendation of the Board of Directors to distribute cash dividends to the Shareholders for the fiscal year ending 31 December 2020 amounting to SAR 385,000,000 at SAR 0.5 per share representing 5% of the nominal value per share. The eligibility of the cash dividend will be to Shareholders who own the Company shares at the end of the trading day of the General Assembly of the Company and enrolled in the Company's registry at the Securities Depository Center Company (Edaa) at the end of the second trading day following the eligibility date. The distribution of the dividend will be starting from 6 June 2021.

During the Ordinary General Assembly meeting, held on 28 November, the Shareholders voted to approve all items on the agenda. Below are the agenda items:

1. Approval on the election of members of the Board of Directors from among the candidates, for the next term, which begins on 1 December 2021 and ends on 30 November 2024, for a period of 3 years. The names of the elected candidates are as follows: Mr. Suliman Abdulrahman Al Gwaiz, Eng. Khalifa Hassan Al Shamsi, Mr. Ahmed Abdelsalam Aboudoma, Mr. Hatem Mohamed Dowidar, Mr. Mohammed Karim Bennis, Eng. Mutaz Kusai Al Azzawi, Dr. Nabeel Mohamed Al Amudi, Eng. Homood Abdullah Al Tuwaijri, Dr. Khaled Abdulaziz Al Ghoneim and Mr. Abdulkarim Ibrahim Al Nafie.
2. Approval on the formation of the Audit Committee, controls and procedures of its work, and remunerations. starting from 1 December 2021 until the end of the term on 30 November 2024. Its members are Mr. Abdulaziz Ibrahim Alnowaiser (Chairman – Non-Board Member), Mr. Mohammed Othman Alsubaie (Non-Board Member), Eng. Homood Abdullah Al Tuwaijri (Independent Member), Mr. Mohammed Karim Bennis (Non-Executive member) and Mr. Ahmed Abdelsalam Aboudoma (Independent Member).
3. Approval on the Board of Directors' resolution to appoint the members of the Audit Committee; Mr. Abdulaziz Ibrahim Alnowaiser, an Independent Non-Board Member and Chairman of the Audit Committee, starting from 23 May 2021 until the end of the term of the Audit Committee, on 30 November 2021, substitute for the resigned Chairman of the Audit Committee, Mr. Jameel Abdullah Almulhem on 20 April 2021, provided that the appointment takes effect from the date when the resolution issued on 23 May 2021. This appointment is in accordance with the Audit Committee regulations.
4. Approval on the appointment of KPMG Al Fozan and Partners Accountants and Auditors to examine, review and audit the (second and third) quarters and annual financial statements, of the fiscal year 2022, and the first quarter of the fiscal year 2023, as well as determine their fees.

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's results and performance during the period in question and addressed the queries of the attendees.

Requests for the Shareholders' Register

During 2021, the Company requested the Shareholders register 9 times from the Securities Depository Center (Edaa). The dates and reasons for such requests are listed below:

No. of Requests	Request Date	Reason
1	4 January	For the Company's internal reporting purposes
1	3 February	For the Company's internal reporting purposes
1	23 May	For the Ordinary General Assembly purposes
1	25 May	Dividend file
1	2 September	For the Company's internal reporting purposes
1	22 September	For the Company's internal reporting purposes
1	4 October	For the Company's internal reporting purposes
1	2 November	For the Company's internal reporting purposes
1	28 November	For the Ordinary General Assembly purposes

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 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 bylaws, 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 2021, the Board of Directors recommended, on 24 November 2021, to distribute cash dividends to Shareholders for the fiscal year 2021. The total proposed amount of dividend distribution is SAR 654.5 million, at SAR 0.85 per share. The percentage of dividend to the share par value is 8.5%. 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 this recommendation by the General Assembly.

GOVERNANCE
RISKS

KSA and the rest of the world continued to face the impacts of new and highly transmissible COVID-19 variants during 2021, that impacted macroeconomic conditions and the overall business landscape. In addition to the pandemic related threats, Mobily was also exposed to risks on various other fronts, such as - changing geopolitical environment, uncertain regulatory changes, increased threat of cybersecurity, evolving business models due to innovation and emerging technologies, supply chain disruptions, etc.

To navigate safely through this challenging and ever-changing environment, Mobily has a dedicated Enterprise Risk and Business Continuity Management (ERM&BCM) division, that is responsible for proactively identifying, assessing and mitigating these risks and its impact on the business. The department ensures that all processes are in accordance with international standards such as, ISO 31000 and ISO 22301, and in compliance with Capital Market Authority (CMA) regulations in the Kingdom of Saudi Arabia. The department also assists the Board and Executive Risk Management Committees in identifying new and emerging risks, in order to implement strategic actions to mitigate them. The Management, through the ERM&BCM department has strengthened Mobily's ability to proactively manage risk and to ensure operational resiliency in case of any adverse event/impact.

The following are the top risks that are monitored under the supervision of the Board Risk Management Committee:

1. Enterprise Digital and IT Transformation:

Constraints facing frontline staff — retail store workers, customer support agents and technicians — have led to a greater focus on digital channels for serving customers during the crisis. Transformation Risk was one of the biggest challenges faced by most organizations during 2021. Management addressed this by accelerating the digital and IT transformation initiatives under GAIN strategy. Furthermore, the ERM&BCM department closely assessed and monitored potential risks that could impact the execution of these initiatives through established key risk indicators based on the program's objectives.

2. Regulatory Decisions:

Digital infrastructure's importance during the COVID-19 crisis is leading regulators to increase their focus on issues such as consumer protection, bridging the digital divide and enhanced data privacy. Mobily responded effectively to these regulatory actions and decisions during the year. The Company ensures full compliance to all regulatory requirements through effective governance and compliance controls implemented within the organization.

3. Increased threat of Cyber Attacks:

Privacy and security concerns among customers are rising. Less than half of the customers feel in control of their personal data, and COVID-19 has heightened these fears including increased cybersecurity threats on infrastructure. This risk continues to be on the top risk profile of multiple global organizations due to the potential to disrupt operations causing reputational damage and financial losses. In this regard, Mobily has strengthened its capacity to deal with such threats by continually upgrading its Network and IT infrastructure and implementing advanced tools for threat monitoring and mitigation.

4. Strategy execution:

Strategy execution is considered the most critical and challenging part of the strategy life cycle. Mobily's Board and Management committees are continuously monitoring and assessing the execution of GAIN strategy, to ensure the achievement of goals and underlying objectives. The strategic direction is also reviewed annually to ensure that ongoing market trends and dynamics are reflected appropriately.

To monitor and report on management of the above risks during the year, various other initiatives were undertaken by Management, to further enhance its Enterprise Risk and Business Continuity program. These included updating of ERM and BCM frameworks, revamped risk appetite and risk assessment methodologies, embedding processes automation and digitalization, and developing business continuity, disaster recovery and operational resiliency plans among others.

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 co-operation 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, Short term Murabaha and derivative financial instruments.

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

Cash and cash equivalents and Short term Murabahas

Cash and cash equivalents and Short term Murabaha 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 34% of total accounts receivable as at 31 December 2021 (31 December 2020: 28%). The rest of the balances do not have significant concentration of credit risk, with exposure spread over large number of counterparties and customers.

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

	31 December 2021	31 December 2020
Current	689	786
Within two months	736	600
From two months to three months	180	167
More than three months	2,977	2,342
	4,582	**3,895**

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 review 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.

RISKS (CONTINUED)

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 2021					
Loans and notes payable	1,554	9,290	1,592	12,436	10,834
Lease liabilities	1,044	1,620	815	3,479	3,120
Accounts payable	4,606	-	-	4,606	4,606
Due to related parties	282	-	-	282	282
Financial liabilities	-	155	115	270	224
Derivatives financial instruments	46	-	-	46	46
	7,532	**11,065**	**2,522**	**21,119**	**19,112**
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
Financial liabilities	-	155	154	309	250
Derivatives financial instruments	79	-	-	79	79
	7,468	**8,644**	**5,164**	**21,276**	**19,240**

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 is 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 on 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.

GOVERNANCE
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 Chartered and Professional 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 Board of Directors on 20 February 2022 (corresponding to 19 Rajab 1443H).

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 2021, 2020, 2019, 2018 and 2017:

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

	2021	2020	2019	2018	2017
Current assets	8,272	6,476	6,512	7,101	7,494
Non-current assets	31,091	31,932	32,704	31,461	32,993
Total assets	**39,363**	**38,408**	**39,216**	**38,562**	**40,487**
Current liabilities	11,299	10,985	11,367	11,554	11,936
Non-current liabilities	12,868	12,978	14,098	13,139	14,297
Total liabilities	**24,167**	**23,963**	**25,465**	**24,693**	**26,233**
Shareholders' equity	15,196	14,445	13,751	13,869	14,254
Total liabilities and equity	**39,363**	**38,408**	**39,216**	**38,562**	**40,487**

As at 31 December 2021, total assets amounted to SAR 39,363 million, while total liabilities amounted to SAR 24,167 million and Shareholders' equity amounted to SAR 15,196 million.

Property and equipment represented the majority of assets, amounting to a net book value of SAR 20,380 million, while the majority of liabilities consisted of loans and notes payable totaling SAR 10,834 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 513 million at 31 December 2021.

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

	2021	2020	2019	2018	2017
Usage	10,037	9,663	9,347	8,225	8,457
Activation and subscription fees	2,766	2,397	2,308	2,419	2,115
Others	2,031	1,986	1,795	1,221	779
Total revenues	**14,834**	**14,046**	**13,450**	**11,865**	**11,351**

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

	2021	2020	2019	2018	2017	Value change 21/20	Percentage change 21/20
Revenue	14,834	14,046	13,450	11,865	11,351	788	5.61%
Cost of sales	(6,163)	(5,894)	(5,650)	(5,283)	(4,821)	(269)	4.56%
Gross profit	**8,671**	**8,152**	**7,800**	**6,582**	**6,530**	**519**	**6.37%**
Selling and marketing expenses	(1,390)	(1,391)	(1,277)	(1,286)	(1,234)	1	-0.07%
General and administrative expenses	(1,560)	(1,407)	(1,509)	(747)	(1,450)	(153)	10.87%
Depreciation and amortization	(3,927)	(3,970)	(3,917)	(3,809)	(3,626)	43	-1.08%
Profit from operations	**1,668**	**1,366**	**967**	**603**	**19**	**302**	**22.11%**
Finance expenses	(505)	(561)	(929)	(799)	(678)	56	-9.98%
Finance income	5	21	45	35	12	(16)	-76.19%
Zakat	(78)	(43)	(49)	38	(61)	(35)	81.40%
Net Profit / (Loss)	**1,072**	**783**	**31**	**(123)**	**(709)**	**289**	**36.91%**

- Net profits for 2021 totaled SAR 1,072 million, compared to a net profit of SAR 783 million in 2020. 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 2021 totaled SAR 8,671 million, compared to SAR 8,152 million in 2020, with the increase of 6.37% resulting mainly from the improvement of revenues.
- Revenues for 2021 were SAR 14,834 million, compared to SAR 14,046 million in 2020, with an increase of 5.61%. This was mainly due to the growth of the Business Unit and Consumer Unit revenues, in addition to the growth of the subscribers' base.
- The earnings before interest, tax, depreciation and amortization (EBITDA) margin reached to 37.7% in 2021, compared to 38.1% in 2020.
- Operational profit (EBIT) in 2021 was SAR 1,668 million, compared to SAR 1,366 million in 2020, reflecting an increase of 22.11%. 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.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GOVERNANCE
LOANS

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

	2021	2020
Long-term loans and notes payable	10,834	11,483
Less: current portion	(1,210)	(1,349)
Non-current	9,624	10,134

a) Maturity profile of loans and notes payable (SAR '000,000s)

	2021	2020
Less than one year	1,210	1,349
Between one to five years	8,180	5,894
Over five years	1,444	4,240

LOANS (CONTINUED)

**b) Details of loans and notes payable as at 31 December 2021 are as follows.
It should be noted that the amounts that have been paid during 2021 amount to SAR 1,083* 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	SAR	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	USD 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	USD Dollars	USD 652 million (SAR 2,444 million)
Export Development of Canada (EDC)	Mobily	Long-term financing agreement Sharia' compliant	Acquiring a telecom-munication devices and equipment from Alcatel-Lucent	Q2, 2014	USD 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	SAR	SAR 3,000 million
Total						

*The amount does not include the Paid-up Amount of the Saudi Investment Bank loan with the amount of SAR 320 million, which represents the last payments of the loan.

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 562 million	SAR 6,441 million	SAR 7,003 million	Repayment period of 7 years	SAR 381 million
USD 720 million (SAR 2,700 million)	Fixed rate per annum	Semi-annual repayments	10 years	SAR 326 million	SAR 579 million	SAR 905 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 281 million	SAR 524 million	SAR 805 million	Utilization period of 1.5 years, repayment period of 8.5 years	SAR 298 million
USD 101 million (SAR 377 million)	Fixed rate per annum	Semi-annual repayments	10.5 years	SAR 41 million	SAR 82 million	SAR 123 million	Utilization period of 2 years, repayment period of 8.5 years	SAR 44 million
SAR 2,000 million	SIBOR plus profit margin	Semi-annual repayments	10 years	-	SAR 1,998 million	SAR 1,998 million	Payable over a period of 10 years with 3 years grace period	-
				SAR 1,210 million	**SAR 9,624 million**	**SAR 10,834 million**		**SAR 1,083* million**

STATUTORY PAYMENTS

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

		2021		
Item	Payable to	Paid	Due for the end of the fiscal year, not paid	Short description and reason
Zakat	General Authority of Zakat and Tax	43	109	In accordance with the relevant laws and regulations
Tax	General Authority of Zakat and Tax	1,363	309	In accordance with the relevant laws and regulations
GOSI fees	General Organization for Social Insurance	124	12	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	10	-	In accordance with the relevant laws and regulations

ZAKAT PROVISION

The Group is subject to zakat according to the regulations of the Zakat, Tax and Customs Authority (ZATCA) 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 ZATCA for the years through 2020 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 2009. The Group has received zakat and withholding tax assessments that showed additional zakat liabilities for the year 2010, 2011 and 2014 to 2018 of SR 157 million and additional withholding tax liabilities for the year 2010 and 2011 of SR 155 million, which have been appealed against by the Group at the Preliminary and Higher Appeal Committees. In April 2021, the group received an unfavorable ruling from General Secretariat of tax committees "GSTC" with respect to withholding tax assessments for the years 2010 and 2011 which is not consistent with the previous favorable ruling for 2008 and 2009. Based on that the Group has submitted a reconsideration request to GSTC. On 23 January 2022 GSTC upheld the ruling against the Group. The Group believes that this ruling will not result into any additional provisions.

Zakat Provision (SAR '000,000s)

	31 December 2021
Balance at the beginning of the year	74
Charge during the year	78
Payments during the year	(43)
Balance at the end of the year	**109**

GOVERNANCE
LAWSUITS AND PENALTIES

The CITC's Violation Committee has issued several resolutions, including penalties against the Company during 2021, 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 SIM Cards, completing branch requirements, adherence to certain controls and provisions, 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 and instructions
3. Raising awareness about new regulations, especially with regards to the establishment of telecommunication cards, as well as meeting the regulatory terms of the service
4. Complying with tariff services' laws and controls

In addition, through the development of the organizational structure of organizational commitment in the sector of regulatory affairs and public policies and 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 (192) 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 2021, the Company has received (190) final favorable verdicts. Whereas, (2) cases remain ongoing.

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's main contribution was in reviewing the financial statements and accounting policies and the supervision of the work of Internal Audit, External Auditors and Compliance. The Committee held 4 meetings during the year 2021.

Duties of the Audit Committee

The Committee works to assist the BoD in fulfilling its responsibility towards monitoring the financial reports and the internal control system, monitoring the work of the Auditors, reviewing the interim and annual financial statements, reviewing the applied accounting policy and ensuring the Company's compliance with applicable requirements and regulations. The Committee communicates regularly with the Internal Audit Department (IAD), where IAD is tasked with evaluating the effectiveness of the company's internal control framework and functions and reporting on them using a risk-based assessment methodology.

The Committee's Main Contribution during the Year 2021

The Committee carried out various activities within its scope of responsibilities during the year 2021; of which the main activities are the following:

- Review and approve the Internal Audit plan for the year 2021 and ensure that sufficient resources are provided to IAD in a manner that maintains its effectiveness. The Committee also reviewed and approved the Chief Audit Executive performance and objectives.
- Oversee IAD and follow up on the execution of its plan, including overseeing 2 important initiatives; one for internal control framework implementation over financial reporting and another for deployment of continuous auditing mechanisms using modern technologies.
- Review and discuss internal audit reports issued during the year 2021 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 of 31 December 2021, 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 from external audit firms with an international experience and knowledge that are approved by the Capital Market Authority and invited to submit their offers. The Committee then recommends the appointment of one of those External Auditors to the BoD to be presented to the General Assembly to choose one of those External Auditors.
- Reviewing a set of new policies and updates on other existing ones, then recommending to the BoD for approval.
- Followed up on different activities and projects geared to strengthen internal controls system of the Company and business continuity, including following up on the project or updating fixed assets, project for disaster recovery data center, and enhancing the level of automation for various aspects of the Company's processes.
- Review Management's proposals regarding doubtful debts provisions and write-offs before providing pertinent recommendations to the BoD for approval.
- Review reports from Management on legal and regulatory compliance requirements and follow up on the implementation of pertinent recommendations.
- Review the necessary arrangements for enabling a mechanism for employees to communicate their concerns in a confidential manner.
- Inform BoD periodically about the Committees' activities, through sharing its minutes of meetings and regular updates during BoD meetings.

The Audit Committee's Opinion on the Effectiveness of 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 is 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 the Company's goals. Internal control system, as well, plays an important role in preventing fraud and protecting the 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 related to internal control within the Company.

The outcomes of annual reviews over the internal control system of the Company did not reveal major weaknesses in the internal control system with the presence of some observations aimed to improve the internal control system. The observations were communicated with Company Management and a plan was set to implement those recommendations. The Committee will follow up on the recommendations with the agreed implementation dates. With the continuous monitoring of internal control system to ensure achieving the internal control objectives with the improvement of the operations' efficiency and effectiveness while complying with 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 39 – Paragraph 2	The Company shall pay adequate attention to the training and preparation of the Board members and the Executive Management, and shall develop the necessary programmes required for the same, taking the following into account: 2) developing the necessary mechanisms for Board members and the Executive Management to continuously enroll in training programmes and courses in order to develop their skills and knowledge in the fields related to the activities of the Company.
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 54 – Paragraph B	The Chairman of the Audit Committee shall be an Independent Director.
Article 85 – Paragraph 3	The Company shall establish programmes for developing and encouraging the participation and performance of the Company's employees. The programmes 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 88 – Paragraph 1	The Board shall establish programmes and determine the necessary methods for proposing social initiatives by the Company, which include: 1) establishing indicators that link the Company's performance with its social initiatives and comparing it with other companies that engage in similar activities.
Article 90 – Paragraph 8 Article 93 – Paragraph A-4-b Article 93 – Paragraph b	Disclose the remuneration of five Senior Executives in detail pursuant to the appended schedule 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 competences 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 article. There is no fixed program, but training is attended as needed, and specialized international conferences are also attended.
This is a guiding article. The Board of Directors did not set indicators for individual measurement or evaluation for this year.
This is a guiding paragraph. The Audit Committee shall be chaired by a member from outside the Board of Directors who enjoys complete independence.
This is a guiding article. The Company is developing other programs to encourage and motivate the participation and performance of its employees.
This is a guiding article. The Company works continuously to participate in various social activities with the aim of sustainability and achieving the desired goals, which also aims to develop the social and economic conditions of the community.
This is a guiding article. The Company is interested in promoting participation in various social activities in order to sustain these activities and achieve the desired goals.
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.
A geographical analysis of the Company's total revenue is not available due to the nature of the sector's business, because the revenue generated by the subscriber is not linked to a single region. Mobily Infotech Limited (India) is also considered a cost center, and its activity is to develop technical software and provide technical support services for information technology. The UAE-based National Business Solutions Company FZE is a cost center 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 reviews and updates these rules, and improves the Company's Code of Conduct, and other policies and internal procedures as required. 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 68 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 2022

"Powered by our GAIN Strategy, Mobily delivered an outstanding financial performance during 2021, laying the foundation for accelerating growth and value creation moving forward.

05

FINANCIAL STATEMENTS

Independent auditor's report

To the Shareholders of Etihad Etisalat Company (A 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 2021, 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 2021, 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 Chartered and Professional 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 Auditor's 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 5.12 and 29 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.

Capitalisation of assets and the assessment of useful lives and residual values for Property and equipment

See Note 5.6 and 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 capitalisation of Property and equipment. We evaluated the capitalisation 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 auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's 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.

Auditor’s 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 auditor’s 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 auditor’s 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 auditor’s 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 auditor’s 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.

KPMG Professional Services

Dr. Abdullah Hamad Al Fozan
License No. 348
Riyadh on: 22 Rajab 1443H
Corresponding to: 23 February 2022

Etihad Etisalat Company (A Saudi Joint Stock Company)

Consolidated Statement of Financial Position

as at 31 December 2021

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

	Notes	31 December 2021	31 December 2020
Assets			
Non-current assets			
Property and equipment	7	20,380,112	21,320,636
Right of use assets	8	2,730,091	2,321,026
Intangible assets	9	7,910,524	8,239,770
Capital advances		32,329	43,035
Financial assets	1.2	38,413	7,097
Total non-current assets		**31,091,469**	**31,931,564**
Current assets			
Inventories	10	107,728	73,333
Contract assets	23.1	566,137	485,180
Accounts receivable	11	4,581,715	3,895,306
Due from related parties	12	143,329	112,199
Prepaid expenses and other assets	13	805,022	667,998
Short term Murabaha	14	1,000,000	300,000
Derivatives financial instruments		17,845	12,979
Cash and cash equivalents	15	1,050,663	929,498
Total current assets		**8,272,439**	**6,476,493**
Total assets		**39,363,908**	**38,408,057**
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		4,884,263	4,205,714
Other reserves	27	(36,988)	(109,458)
Total shareholders' equity		**15,196,246**	**14,445,227**
Non-current liabilities			
Loans and notes payable	16	9,623,840	10,134,358
Lease liabilities		2,192,886	1,835,665
Provision for end of service benefits	17	513,053	484,760
Deferred government grants income	18	83,911	103,142
Financial and other liabilities	28	273,653	250,227
Provision for decommissioning	19	181,119	170,116
Total non-current liabilities		**12,868,462**	**12,978,268**
Current liabilities			
Loans and notes payable	16	1,210,518	1,349,457
Lease liabilities		927,505	769,101
Accounts payable	20	4,606,445	4,668,596
Contract liabilities	23.2	954,174	1,066,989
Due to related parties	12	281,563	152,836
Accrued expenses and other liabilities	21	2,678,201	2,403,804
Derivatives financial instruments		45,841	79,473
Provisions		466,883	401,457
Zakat provision	22	108,839	73,618
Deferred government grants income	18	19,231	19,231
Total current liabilities		**11,299,200**	**10,984,562**
Total liabilities		**24,167,662**	**23,962,830**
Total shareholders' equity and liabilities		**39,363,908**	**38,408,057**

The attached notes from 1 to 38 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 Profit or Loss

for the year ended 31 December 2021

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

	Notes	31 December 2021	31 December 2020
Revenue	29	14,834,056	14,046,168
Cost of revenue	30	(6,162,541)	(5,893,760)
Gross profit		**8,671,515**	**8,152,408**
Selling and marketing expenses	31	(1,389,991)	(1,390,662)
General and administrative expenses	32	(1,560,038)	(1,407,201)
Impairment loss on accounts receivable and contract assets	11,23.1	(142,565)	(14,777)
Depreciation and amortization	7,8,9	(3,926,520)	(3,969,613)
Impairment loss on property and equipment		-	(14,238)
Other income, net		15,383	10,600
Operating profit		**1,667,784**	**1,366,517**
Share in losses of joint venture	1-3	(18,848)	-
Finance expenses	33	(504,807)	(561,115)
Finance income	14	5,196	20,648
Profit before zakat		**1,149,325**	**826,050**
Zakat	22	(77,784)	(42,796)
Profit for the year		**1,071,541**	**783,254**
Earnings per share:			
Basic and diluted earnings per share (in SR)	**34**	**1.39**	**1.02**

The attached notes from 1 to 38 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

as at 31 December 2021

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

	31 December 2021	31 December 2020
Profit for the year	**1,071,541**	**783,254**
Items that will be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	(589)	(1,009)
Cash flow hedge - change in fair value	7,122	(61,711)
Cash flow hedge - reclassified to profit or loss	34,821	20,114
Net total items that will be reclassified subsequently to profit or loss	**41,354**	**(42,606)**
Items that will not be reclassified subsequently to profit or loss:		
Actuarial losses on re-measurement of end of service benefits	(7,992)	(46,233)
Change in fair value of equity investments	31,116	(538)
Net total items that will not be reclassified subsequently to profit or loss	**23,124**	**(46,771)**
Other comprehensive income / (loss) for the year	**64,478**	**(89,377)**
Total comprehensive income for the year	**1,136,019**	**693,877**

The attached notes from 1 to 38 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 Changes in Shareholders' Equity

for the year ended 31 December 2021

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

	Share capital	Statutory reserve	Retained earnings	Other reserves	Total shareholders' equity
As at 1 January 2021	**7,700,000**	**2,648,971**	**4,205,714**	**(109,458)**	**14,445,227**
Profit for the year	-	-	1,071,541	-	1,071,541
Other comprehensive (loss) / income for the year	-	-	(7,992)	72,470	64,478
Total comprehensive income for the year	-	-	1,063,549	72,470	1,136,019
Dividends	-	-	(385,000)	-	(385,000)
As at 31 December 2021	**7,700,000**	**2,648,971**	**4,884,263**	**(36,988)**	**15,196,246**
As at 1 January 2020	**7,700,000**	**2,648,971**	**3,469,231**	**(66,852)**	**13,751,350**
Profit for the year	-	-	783,254	-	783,254
Other comprehensive loss for the year	-	-	(46,233)	(43,144)	(89,377)
Total comprehensive income / (loss) for the year	-	-	737,021	(43,144)	693,877
Transfers	-	-	(538)	538	-
As at 31 December 2020	**7,700,000**	**2,648,971**	**4,205,714**	**(109,458)**	**14,445,227**

The attached notes from 1 to 38 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

for the year ended 31 December 2021

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

	Notes	31 December 2021	31 December 2020
OPERATING ACTIVITIES			
Profit for the year		1,071,541	783,254
Adjustments for:			
Change in provision for inventory obsolescence		(77,859)	16,945
Depreciation	7,8	3,561,029	3,606,152
Amortization of intangible assets	9	365,491	363,461
Impairment loss on property and equipment	7	-	14,238
Provision for end of service benefits	17	62,200	70,354
Impairment loss on accounts receivable and contract assets	11,23.1	142,565	14,777
Provisions		216,665	144,573
Government grants		(19,231)	(19,231)
Zakat	22	77,784	42,796
Loss on sale of property and equipment		17,783	16,139
Other expense		5,527	8,857
Share in results of joint venture	1.3	18,848	-
Finance expenses	33	504,807	561,115
Finance income		(5,196)	(20,648)
Changes in:			
Accounts receivable		(849,327)	(876,736)
Inventories		43,464	14,469
Contract assets		(86,463)	(163,548)
Prepaid expenses and other assets		(134,726)	124,491
Derivatives financial instruments		-	(31,340)
Accounts payable		51,080	(193,431)
Contract liabilities		(112,815)	(46,082)
Accrued expenses and other liabilities		418,536	475,577
Utilization of provision for decommissioning		(2,558)	(1,648)
Provisions used		(170,609)	(148,287)
Due from related parties		(31,130)	(21,933)
Due to related parties		128,727	(111,929)
Cash generated from operating activities		**5,196,133**	**4,622,385**
End of service benefits paid	17	(41,899)	(69,857)
Finance expenses paid		(299,514)	(378,166)
Zakat paid	22	(42,563)	(4,562)
Net cash generated from operating activities		**4,812,157**	**4,169,800**
INVESTING ACTIVITIES			
Short term Murabaha		(700,000)	539,000
Finance income received		2,899	31,151
Purchase of property and equipment		(2,132,089)	(3,369,198)
Proceeds from sale of property and equipment		334	9,676
Proceeds from sale of investment		-	1
Acquisition of intangible assets		(87,236)	(76,902)
Net cash used in investing activities		**(2,916,092)**	**(2,866,272)**
FINANCING ACTIVITIES			
Proceeds from loans and notes payable		700,000	310,294
Payment of loans and notes payable and related fees		(1,403,750)	(1,266,737)
Payment of lease liabilities		(693,643)	(669,267)
Dividends paid		(377,507)	-
Net cash used in financing activities		**(1,774,900)**	**(1,625,710)**
Net changes in cash and cash equivalents		121,165	(322,182)
Cash and cash equivalents at 1 January		929,498	1,251,680
Cash and cash equivalents at 31 December	15	**1,050,663**	**929,498**

The attached notes from 1 to 38 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 2021

(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 network 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 SR 7,700 million divided into 770 million shares of SR 10 each.

On 6 June 2021, a dividend of SR 385 million (SR 0.5 per share on 770 million shares) that was approved by the Annual General Assembly on 23 May 2021, was paid by the Company.

On 24 November 2021, the Board of Directors proposed a dividend of SR 654.5 million (SR 0.85 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 2021. 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 2021		31 December 2020	
Name	Country of incorporation	Direct	Indirect	Direct	Indirect
Mobily Infotech India Private Limited	India	99.99%	0.01%	99.99%	0.01%
Bayanat Al-Oula for Network Services Company *	Saudi Arabia	-	-	100.00%	-
Zajil International Network for Telecommunication Company**	Saudi Arabia	96.00%	4.00%	96.00%	4.00%
National Company for Business Solutions ***	Saudi Arabia	100.00%	-	95.00%	5.00%
National Company for Business Solutions FZE	United Arab of Emirates	-	100.00%	-	100.00%
Mobily Ventures Holding W.L.L	Bahrain	100.00%	-	100.00%	-
Etihad Fintech Company	Saudi Arabia	100.00%	-	100.00%	-

* On 17 February 2021, the commercial registration of Bayanat Al-Oula for Network Services Company was cancelled and accordingly the assets and liabilities have been transferred to Etihad Etisalat Company at book value.
** On 15 March 2021, the Board of Directors of Etihad Etisalat Company approved to liquidate Zajil International Network for Telecommunication Company.
*** During the year 2021, the Company acquired the remaining 5% owned by Bayanat Al-Oula for Network Services Company.

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.
- 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.
- 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

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 Saudi Riyals 1.5 billion, resulting in goodwill of Saudi Riyals 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.

On 17 February 2021, the commercial registration of Bayanat Al-Oula for Network Services Company was cancelled and accordingly the assets and liabilities have been transferred to Etihad Etisalat Company at book value.

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 Saudi Riyals 80 million, resulting in goodwill of Saudi Riyals 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.

On 15 March 2021, the Board of Directors of Etihad Etisalat Company approved to liquidate Zajil International Network for Telecommunication Company.

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

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 Al-Oula for Network Services Company, a subsidiary of the Company.

During the year 2021, the Company acquired the remaining 5% owned by Bayanat Al-Oula for Network Services Company.

National Company for Business Solution owns participation as follows:

		Ownership percentage		Carrying amount	
Name	Country of incorporation	31 December 2021	31 December 2020	31 December 2021	31 December 2020
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 2021	31 December 2020	31 December 2021	31 December 2020
Anghami LLC	Cayman Islands	7.66%	7.97%	36,711	5,395
Dokkan Afkar	British Virgin Islands	3.28%	3.28%	–	–

On 3 February 2022 Anghami Inc. announced that it had completed its business combination with Vistas Media Acquisition Company ("VMAC")- Special Purpose Acquisition Company-. On 4 February 2022 the shares of Anghami Inc. commenced trading on the Nasdaq stock exchange in the USA under the ticker ANGH. As result of that ,the Group ownership become 5.1% of the ordinary shares of Anghami Inc.

1.2.7 Etihad Fintech Company

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

1.3 Equity accounted investments

The Group holds a 25% equity interest in Sehati for Information Technology Service Company ("the Joint Venture"), a limited liability Company incorporated in Kingdom of the Saudi Arabia. The principal activities of the Joint Venture are construction, maintenance and operation of networks and computers' software and related works, import, export and sale of telecommunications systems and equipment and computer systems. The investment in the joint venture is accounted for using the equity method in these consolidated financial statements. During the year ended 31 December 2020, the Group's investment in the Joint Venture was completely written off due to the losses incurred. The Group has a constructive obligation to record additional losses in proportion of its ownership percentage in accordance with the letter of support issued to the Joint Venture as one of the shareholders. Accordingly, the Group has recognized additional losses of SAR 18.85 million in excess of the original carrying amount of its investment in the joint venture.

2 BASIS OF PREPARATION

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 Chartered and Professional 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 Board of Directors on 20 February 2022 (corresponding to 19 Rajab 1443H).

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 ("SR") 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 interest 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 effective applicable to the Group's consolidated financial statements but not expected to have a significant impact are listed below:

a. Amendments to IAS 37 Onerous Contracts – Cost of fulfillment of contracts.
b. Amendments to IAS 16 Property, Plant and Equipment – Proceeds before intended use.
c. Amendments to IFRS 3 Business Combinations – Reference to the conceptual framework.
d. Amendments to IAS 1 Presentation of Financial Statements – Classification of liabilities as current or non-current.
e. Amendments to IAS 1 Presentation of Financial Statements and IFRS practice statement 2 – Disclosure of accounting policies.
f. 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 interest 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 recognised 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 and cash equivalents consist of cash on hand, bank current accounts and Murabaha with original maturities of three months or less from acquisition date and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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 derecognised 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 recognised 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 in 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.

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 Zakat, Tax and Customs Authority (ZATCA). 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 mainly 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 good or service 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. Devices 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 devices 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 obligations 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 give 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 point 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 good or service to the customer and when the customer pays for that good or service 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 expect to pay to the customers and is accounted for as reduction of transaction price.

When contract include 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 revenue

Represent the cost of revenue 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

Governmental 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 directly related to obtain 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:

- The costs relate directly to a specific contract;
- The costs generate or enhance resources of the Group that will be used in satisfying performance obligations in the future; and
- 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:

- 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;
- Income and expenses for each the consolidated statement of profit or loss are translated at average exchange rates; and
- 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 revenue 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 grants.

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 Zakat, Tax and Customs Authority (ZATCA) and is subject to change based on final assessments received from the ZATCA. 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 ZATCA 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 are 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 is recorded 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.

7 PROPERTY AND EQUIPMENT

	Land	Buildings	Leasehold improve-ments	Telecommuni-cation network equipment	Computer equipment and software	Office equipment and furniture	Vehicles	Capital work in progress	Total
Cost:									
As at 1 January 2021	267,423	1,207,380	889,844	44,850,521	5,856,781	418,064	2,774	638	53,493,425
Additions	-	1,143	28,840	1,574,704	387,335	4,112	-	59,489	2,055,623
Reclassification / Transfers	-	(21,687)	(3,273)	741,513	(630,742)	(86,638)	1,400	(573)	-
Disposals	-	(1,009)	(30,611)	(97,767)	(295,835)	(9,205)	-	-	(434,427)
As at 31 December 2021	267,423	1,185,827	884,800	47,068,971	5,317,539	326,333	4,174	59,554	55,114,621
Depreciation and impairment:									
As at 1 January 2021	-	416,151	727,139	25,910,981	4,716,933	399,085	2,500	-	32,172,789
Charge for the year	-	58,621	35,691	2,507,519	372,107	3,798	294	-	2,978,030
Reclassification	-	(12,440)	2,131	712,539	(595,113)	(108,497)	1,380	-	-
Disposals	-	(310)	(29,083)	(87,488)	(290,586)	(8,843)	-	-	(416,310)
As at 31 December 2021	-	462,022	735,878	29,043,551	4,203,341	285,543	4,174	-	34,734,509
Net book value:									
As at 31 December 2021	**267,423**	**723,805**	**148,922**	**18,025,420**	**1,114,198**	**40,790**	**-**	**59,554**	**20,380,112**
As at 31 December 2020	267,423	791,229	162,705	18,939,540	1,139,848	18,979	274	638	21,320,636

During the year ended 31 December 2021, the Group has capitalized internal technical salaries amounting to SR 164 million (31 December 2020: SR 181 million).

8 RIGHT OF USE ASSETS

	Telecommunication network equipment	Buildings	Land	Total
Cost:				
As at 1 January 2021	4,143,268	789,980	52,195	4,985,443
Additions	877,795	203,659	2,883	1,084,337
Lease cancelation	(2,577)	(128,580)	-	(131,157)
As at 31 December 2021	5,018,486	865,059	55,078	5,938,623
Depreciation:				
As at 1 January 2021	2,219,706	429,005	15,706	2,664,417
Charge for the year	463,062	116,200	3,737	582,999
Lease cancelation	(825)	(38,059)	-	(38,884)
As at 31 December 2021	2,681,943	507,146	19,443	3,208,532
Net book value:				
As at 31 December 2021	**2,336,543**	**357,913**	**35,635**	**2,730,091**
As at 31 December 2020	1,923,562	360,975	36,489	2,321,026

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.

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

9 INTANGIBLE ASSETS

	Telecommunication services licenses	Goodwill	Indefeasible Right of Use (IRU)	Others	Total
Cost:					
1 January 2021	13,586,350	1,466,865	1,245,954	97,689	16,396,858
Additions	-	-	36,245	-	36,245
31 December 2021	13,586,350	1,466,865	1,282,199	97,689	16,433,103
Amortization:					
1 January 2021	7,365,947	-	693,452	97,689	8,157,088
Charge for the year	284,992	-	80,499	-	365,491
31 December 2021	7,650,939	-	773,951	97,689	8,522,579
Net book value:					
At 31 December 2021	**5,935,411**	**1,466,865**	**508,248**	**-**	**7,910,524**
At 31 December 2020	6,220,403	1,466,865	552,502	-	8,239,770

9.1 Goodwill

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 2021 amounted to SR 25.55 billion (31 December 2020: SR 15.5 billion) has been determined based on a value-in-use calculation using cash flow projections from financial budgets covering a four years period. The pre-tax discount rate applied to cash flow projections is 10% (31 December 2020: 10%) and cash flows beyond the 4 years period are extrapolated using a 1.5% growth rate (31 December 2020: 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 2020: 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 2020: 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 12.1% (i.e., +2.1 %) (31 December 2020: 18.42% (i.e., +8.42 %)) in the CGU would result in an impairment loss.

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 2020: 0%) in the long-term growth rate would not result in an impairment loss.

10 INVENTORIES

	31 December 2021	31 December 2020
Handsets and equipment	168,027	205,739
SIM cards	8,952	14,625
Prepaid vouchers and scratch cards	557	3,382
	177,536	**223,746**
Less: provision for inventory obsolescence	(69,808)	(150,413)
	107,728	**73,333**

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

	31 December 2021	31 December 2020
Balance at the beginning of the year	(150,413)	(153,041)
Reversal / (Charge) during the year	77,859	(16,945)
Written off during the year	2,746	19,573
Balance at the end of the year	**(69,808)**	**(150,413)**

11 ACCOUNTS RECEIVABLE

	31 December 2021	31 December 2020
Accounts receivable	6,299,232	5,475,764
Less: allowance for impairment loss on accounts receivable	(1,717,517)	(1,580,458)
	4,581,715	**3,895,306**

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

	31 December 2021	31 December 2020
Balance at the beginning of the year	(1,580,458)	(1,628,189)
(Charge) / Reversal for the year	(137,059)	5,158
Written off during the year	-	42,573
Balance at the end of the year	(1,717,517)	(1,580,458)

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

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 2021	31 December 2020
Interconnection services and roaming services rendered		
Founding shareholder	41,542	40,309
Associate	2,271	3,927
Interconnection services and roaming services received		
Founding shareholder	228,372	216,298
Associate	119,263	111,318
Management fees		
Founding shareholder	120,838	34,250
Other management expenses		
Founding shareholder	6,645	9,571
Other telecommunication services		
Associate	4,294	7,053

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.

Compensation and benefits to key management personnel

	31 December 2021	31 December 2020
Short term employee benefits	90,049	68,883
Post-employment benefits	3,901	3,074
Total compensation and benefits to key management personnel	**93,950**	**71,957**

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.

12.2 Related Party balances

	31 December 2021	31 December 2020
Due from related parties		
Founding shareholder	108,895	85,464
Associate	3,768	3,569
Joint venture	30,666	23,166
	143,329	**112,199**
Due to related parties		
Founding shareholder	243,675	129,016
Associate	37,888	23,820
	281,563	**152,836**

13 PREPAID EXPENSES AND OTHER ASSETS

	31 December 2021	31 December 2020
Prepaid expenses	39,994	41,309
Contract costs [1]	497,845	438,470
Advance payments to trade suppliers	55,348	11,991
Others	211,835	176,228
	805,022	**667,998**

(1) Contract costs consist of the followings:

	31 December 2021	31 December 2020
Costs to obtain the contracts	271,271	245,578
Costs to fulfil the contracts	226,574	192,892
	497,845	**438,470**

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

- Costs to obtain contracts relate to incremental commission fees and additional incentives paid to distributors, dealers and employees as a result of obtaining contracts with customers. These costs are amortized on a straight-line basis over term each of specific contract relates to.
- Costs to fulfil contracts are costs that incurred in fulfilling a contract with a customer, which will generate recourses that will be used in satisfying these contracts and expected to be recovered. They were therefore recognized as an asset from cost fulfil contracts. The asset is amortized on a straight-line basis over term each of specific contract relates to.

14 SHORT TERM MURABAHA

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 2021	31 December 2020
Cash on hand	416	383
Cash at banks	470,247	434,115
Short-term deposits	580,000	495,000
	1,050,663	**929,498**

16 LOANS AND NOTES PAYABLE

	31 December 2021	31 December 2020
Long-term loans and notes payable	10,834,358	11,483,815
Less: current portion	(1,210,518)	(1,349,457)
Non-current	**9,623,840**	**10,134,358**

a) Maturity profile of loans and notes payable:

	31 December 2021	31 December 2020
Less than one year	1,210,518	1,349,457
Between one to five years	8,180,357	5,894,525
Over five years	1,443,483	4,239,833

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

b) The details of loans and notes payable as at 31 December 2021 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	Saudi Riyals 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 (Saudi Riyals 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	USD Dollars	USD 652 million (Saudi Riyals 2,444 million)
Export Development of Canada (EDC)	Mobily	Long-term financing agreement Sharia' compliant	Acquiring a telecom-munication devices and equipment from Alcatel-Lucent	Q2, 2014	US Dollars	USD 122 million (Saudi Riyals 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	Saudi Riyals 3,000 million
Total						

Utilized amount	Profit rate	Payment terms	Period	Current portion	Non- Current portion	Total	Other terms
Saudi Riyals 7,619 million	SIBOR plus profit margin	Semi-annual repayments	7 years	Saudi Riyals 562 million	Saudi Riyals 6,441 million	Saudi Riyals 7,003 million	Repayment period of 7 years
USD 720 million (Saudi Riyals 2,700 million)	Fixed rate per annum	Semi-annual repayments	10 years	Saudi Riyals 326 million	Saudi Riyals 579 million	Saudi Riyals 905 million	Utilization period of 1.5 years, repayment period of 8.5 years
USD 629 million (Saudi Riyals 2,358 million)	Fixed rate per annum	Semi-annual repayments	10 years	Saudi Riyals 281 million	Saudi Riyals 524 million	Saudi Riyals 805 million	Utilization period of 1.5 years, repayment period of 8.5 years
USD 101 million (Saudi Riyals 377 million)	Fixed rate per annum	Semi-annual repayments	10.5 years	Saudi Riyals 41 million	Saudi Riyals 82 million	Saudi Riyals 123 million	Utilization period of 2 years, repayment period of 8.5 years
Saudi Riyals 2,000 million	SIBOR plus profit margin	Semi-annual repayments	10 years	-	Saudi Riyals 1,998 million	Saudi Riyals 1,998 million	Payable over a period of 10 years with 3 years grace period
				Saudi Riyals 1,210 million	**Saudi Riyals 9,624 million**	**Saudi Riyals 10,834 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 2021		
	Loans and notes payable	Lease liabilities	Total
As at 1 January 2021	11,483,815	2,604,766	14,088,581
Changes from financing activities			
Proceeds from loans and notes payable	700,000	-	700,000
Payment of loans and notes payable and related fees	(1,403,750)	-	(1,403,750)
Payment of lease liabilities	-	(693,643)	(693,643)
Total changes from financing activities	**(703,750)**	**(693,643)**	**(1,397,393)**
Other changes			
Finance expenses	371,314	133,493	504,807
Other finance expenses	(21,230)	-	(21,230)
Cash flow hedges - reclassified to profit or loss	(3,444)	-	(3,444)
Finance expenses paid	(299,514)	-	(299,514)
Accrued interest payable movement	7,167	-	7,167
Lease additions, net	-	1,075,775	1,075,775
Total liability related to other changes	**54,293**	**1,209,268**	**1,263,561**
Balance as 31 December 2021	**10,834,358**	**3,120,391**	**13,954,749**

	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 2020	**11,483,815**	**2,604,766**	**14,088,581**

17 PROVISION FOR 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 2021	31 December 2020
Service cost	49,834	51,924
Interest cost	12,366	18,430
	62,200	**70,354**

Movement of provision for end of service benefits recognized in the consolidated statement of financial position is as follows:

	31 December 2021	31 December 2020
Balance at the beginning of the year	484,760	438,030
Charge recognized in consolidated statement of profit or loss	62,200	70,354
Actuarial loss recognized in the consolidated statement of comprehensive income	7,992	46,233
Benefits paid	(41,899)	(69,857)
Balance at the end of the year	513,053	484,760

Significant assumptions (weighted average) used in determining the provision for end of service benefits includes the following:

	31 December 2021	31 December 2020
Discount rate	2.15%	2.03%
Salary increase rate	0.92%	0.89%
Mortality Rate	0%	0%
Withdrawal rate	13.47%	13.54%

Reasonably possible change to one of the relevant actuarial assumptions holding other assumptions constant would have affected the provision for end of service benefits by the following amounts:

	31 December 2021		31 December 2020	
Sensitivity Level	Increase of 1%	Decrease of 1%	Increase of 1%	Decrease of 1%
Discount rate	(46,878)	55,846	(44,054)	51,395
Future salary increase rate	58,010	(50,553)	54,131	(47,116)

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

The sensitivity analysis above may not be representative of an actual change in provision for end of service benefits as it is unlikely that changes in assumptions would occur in isolation of one another.

At 31 December 2021, the weighted-average duration of the defined benefit plan was 13.03 years (2020: 9.84 years).

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

	31 December 2021	31 December 2020
Balance at the beginning of the year	170,116	154,787
Additions during the year	4,594	7,626
Unwind of discount	8,967	9,351
Utilization during the year	(2,558)	(1,648)
Balance at the end of the year	**181,119**	**170,116**

20 ACCOUNTS PAYABLE

	31 December 2021	31 December 2020
Capital expenditure payable	1,858,021	1,952,362
Trade accounts payable	2,748,424	2,716,234
	4,606,445	**4,668,596**

21 ACCRUED EXPENSES AND OTHER LIABILITIES

	31 December 2021	31 December 2020
Accrued telecommunication expenses	1,239,970	855,868
Accrued services and maintenance expenses	493,339	588,708
Accrued selling and marketing expenses	235,108	269,668
Others	709,784	689,560
	2,678,201	**2,403,804**

22 ZAKAT PROVISION

The Group is subject to zakat according to the regulations of the Zakat, Tax and Customs Authority (ZATCA) 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 ZATCA for the years through 2020 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 2009. The Group has received zakat and withholding tax assessments that showed additional zakat liabilities for the year 2010, 2011 and 2014 to 2018 of SR 157 million and additional withholding tax liabilities for the year 2010 and 2011 of SR 155 million, which have been appealed against by the Group at the Preliminary and Higher Appeal Committees. In April 2021, the group received an unfavorable ruling from General Secretariat of tax committees "GSTC" with respect to withholding tax assessments for the years 2010 and 2011 which is not consistent with the previous favorable ruling for 2008 and 2009. Based on that the Group has submitted a reconsideration request to GSTC. On 23 January 2022 GSTC upheld the ruling against the Group. The Group believes that this ruling will not result into any additional provisions.

22.1 Calculation of adjusted net profit

	31 December 2021	31 December 2020
Profit before zakat	1,149,325	826,050
Provisions	166,681	(4,363)
Adjusted net profit for the year	**1,316,006**	**821,687**

22.2 Zakat base calculation

The significant components of the zakat base under zakat regulations are principally comprised of the following:

	Note	31 December 2021	31 December 2020
Adjusted net profit for the year	22.1	1,316,006	821,687
Shareholder's equity at beginning of the year		14,169,685	13,818,202
Provisions at beginning of the year		2,875,356	2,878,332
Loans and notes payable		10,834,358	11,483,815
Other additions		4,914,907	4,650,971
Property and equipment and intangible assets		(28,290,636)	(29,560,406)
Other deductions		(2,762,420)	(2,365,213)
Total zakat base		**3,057,256**	**1,727,388**

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

22.3 Provision for Zakat

	31 December 2021	31 December 2020
Balance at the beginning of the year	73,618	76,362
Charge during the year	77,784	42,796
Payments during the year	(42,563)	(45,540)
Balance at the end of the year	**108,839**	**73,618**

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 2021	31 December 2020
Contract Assets	620,901	534,438
Less: allowance for impairment loss on contract assets	(54,764)	(49,258)
	566,137	**485,180**

Significant change in the contract assets during the year are as follows:

	31 December 2021	31 December 2020
Transfer from contact assets recognized at the beginning of the year	(470,045)	(338,112)
Increase as a result of change in the measure of the progress	556,508	501,660
	86,463	**163,548**

The movement of the allowance for impairment loss on contract assets is as follows:

	31 December 2021	31 December 2020
Balance at the beginning of the year	(49,258)	(29,323)
Charge for the year	(5,506)	(19,935)
Balance at the end of the year	**(54,764)**	**(49,258)**

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 2021	31 December 2020
Current	954,174	1,066,989
	954,174	**1,066,989**

Significant change in the contract liabilities during the period are as follows:

	31 December 2021	31 December 2020
Revenue recognized that was included in the contract liability balance at the beginning of the year	(870,229)	(998,600)
Increase due to cash received, excluding amounts recognized as revenue during the year	757,414	952,518
	(112,815)	**(46,082)**

24 FINANCIAL ASSETS AND LIABILITIES

24.1 Financial assets

	31 December 2021	31 December 2020
Financial assets at fair value:		
Financial assets - fair value through other comprehensive income *	38,413	7,097
Derivatives financial instruments**	17,845	12,979
Total financial assets at fair value	**56,258**	**20,076**
Financial assets at amortized cost:		
Accounts receivable	4,581,715	3,895,306
Due from related parties	143,329	112,199
Short term Murabaha	1,000,000	300,000
Cash and cash equivalents	1,050,663	929,498
Total financial assets at amortized cost	**6,775,707**	**5,237,003**
Total financial assets	**6,831,965**	**5,257,079**
Current financial assets	6,793,552	5,249,982
Non-current financial assets	38,413	7,097
Total financial assets	**6,831,965**	**5,257,079**

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

24.2 Financial liabilities

	31 December 2021	31 December 2020
Financial liabilities at fair value:		
Derivatives financial instruments**	45,841	79,473
Total financial liabilities at fair value	45,841	79,473
Financial liabilities at amortized cost:		
Loans and notes payable	10,834,358	11,483,815
Lease liabilities	3,120,391	2,604,766
Accounts payable	4,606,445	4,668,596
Due to related parties	281,563	152,836
Financial and other liabilities	223,653	250,227
Total financial liabilities at amortized cost	19,066,410	19,160,240
Total financial liabilities	**19,112,251**	**19,239,713**
Current financial liabilities	7,071,872	7,019,463
Non-current financial liabilities	12,040,379	12,220,250
Total financial liabilities	**19,112,251**	**19,239,713**

* 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 2021, 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 2021, the Group had profit rate swap agreements in place with a total notional amount of SAR 3,264 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, Short term Murabaha and derivative financial instruments.

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

Cash and cash equivalents and Short term Murabahas

Cash and cash equivalents and Short term Murabaha 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 34% of total accounts receivable as at 31 December 2021 (31 December 2020: 28%). 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 2021	31 December 2020
Current	689,156	785,889
Within two months	735,960	600,418
From two months to three months	180,321	167,381
More than three months	2,976,278	2,341,618
	4,581,715	**3,895,306**

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 review 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.

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

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 2021					
Loans and notes payable	1,553,664	9,289,846	1,592,480	12,435,990	10,834,358
Lease liabilities	1,044,352	1,620,227	814,402	3,478,981	3,120,391
Accounts payable	4,606,445	-	-	4,606,445	4,606,445
Due to related parties	281,563	-	-	281,563	281,563
Financial liabilities	-	155,354	114,822	270,176	223,653
Derivatives financial instruments	45,841	-	-	45,841	45,841
	7,531,865	**11,065,427**	**2,521,704**	**21,118,996**	**19,112,251**
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
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**

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 is 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 on 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 short term Murabaha.

The Group's Net debt to shareholders' equity ratio at the end of the year is as follows:

	31 December 2021	31 December 2020
Loans and notes payable and other financial liabilities	11,058,011	11,734,042
Less: Cash and cash equivalents and short term Murabaha	(2,050,663)	(1,229,498)
Net debt	**9,007,348**	**10,504,544**
Total shareholders' equity	15,196,246	14,445,227
Net debt to shareholders' equity	**0.59**	**0.73**

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 OTHER RESERVES

	Foreign currency translation reserve	Hedging reserve	Fair value reserve	Total
As at 1 January 2021	(11,988)	(97,835)	365	(109,458)
Exchange differences on translation of foreign operations	(589)	-	-	(589)
Cash flow hedges - change in fair value	-	7,122	-	7,122
Cash flow hedges - reclassified to profit or loss	-	34,821	-	34,821
Equity investments	-	-	31,116	31,116
As at 31 December 2021	**(12,577)**	**(55,892)**	**31,481**	**(36,988)**
As at 1 January 2020	(10,979)	(56,238)	365	(66,852)
Exchange differences on translation of foreign operations	(1,009)	-	-	(1,009)
Cash flow hedges - change in fair value	-	(61,711)	-	(61,711)
Cash flow hedges - reclassified to profit or loss	-	20,114	-	20,114
As at 31 December 2020	**(11,988)**	**(97,835)**	**365**	**(109,458)**

28 FINANCIAL AND OTHER LIABILITIES

	31 December 2021	31 December 2020
Frequency spectrum licenses	223,653	250,227
Employees' long-term incentives program	50,000	-
	273,653	**250,227**

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

29 REVENUE

	Consumer	Business	Wholesale	Outsourcing	Total
31 December 2021					
Usage	7,671,258	1,295,713	1,070,201	-	10,037,172
Activation and subscription fees	2,220,718	534,886	10,330	-	2,765,934
Others	884,309	750,019	162,206	234,416	2,030,950
	10,776,285	**2,580,618**	**1,242,737**	**234,416**	**14,834,056**
31 December 2020					
Usage	7,940,504	650,684	1,071,976	-	9,663,164
Activation and subscription fees	1,913,986	481,584	1,130	-	2,396,700
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**

30 COST OF REVENUE

	31 December 2021	31 December 2020
Network access charges	1,814,697	1,638,774
Rental and maintenance of network equipment expenses	802,790	800,798
Cost of utilized inventories	1,149,440	925,340
Government contribution fees in trade earnings	1,241,775	1,180,669
Frequency wave fees	270,508	257,204
National transmission and interconnection costs	101,415	109,705
License fees	124,178	118,067
Reversal of provision for inventory obsolescence	(80,605)	(2,628)
Others	738,343	865,831
	6,162,541	**5,893,760**

31 SELLING AND MARKETING EXPENSES

	31 December 2021	31 December 2020
Advertisement, promotion and sales commissions	683,385	614,232
Salaries, wages and employees' benefits	687,575	752,915
Consulting and professional services	3,895	5,983
Rental expenses	15,136	17,532
	1,389,991	**1,390,662**

32 GENERAL AND ADMINISTRATIVE EXPENSES

	31 December 2021	31 December 2020
Salaries, wages and employees' benefits	633,788	619,676
Maintenance	251,230	263,255
Rentals	1,225	1,797
Consulting and professional services	73,802	94,065
Management fees	120,838	34,250
Travel and transportation	5,814	4,685
Board of Directors' remunerations and allowances	7,084	3,272
Others	466,257	386,201
	1,560,038	**1,407,201**

33 FINANCE EXPENSES

	31 December 2021	31 December 2020
Financing expense on loans and notes payable	350,084	406,094
Financing expense on lease liability	133,493	132,140
Other finance expenses	21,230	22,881
	504,807	**561,115**

34 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 2021	31 December 2020
Profit for the year	1,071,541	783,254
Weighted average number of shares	770,000	770,000
Basic and diluted earnings per share (in SR)	**1.39**	**1.02**

35 COMMITMENTS AND CONTINGENCIES

35.1 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 SR 0.85 billion as at 31 December 2021 (31 December 2020: SR 0.97 billion).

35.2 Contingent liabilities

The Group had contingent liabilities in the form of letters of guarantee and letters of credit amounting to SR 863 million as at 31 December 2021 (31 December 2020: SR 988 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 of 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 to such resolutions of the CITC's violation committee in accordance with the Telecom Status and its regulations, as follows:

- There are (350) lawsuits filed by the Group against CITC amounting to SR 464 million as of 31 December 2021.
- The Board of Grievance has issued (195) verdicts in favor of the Group voiding (195) resolutions of the CITC's violation committee with a total penalties amounting to SR 394 million as of 31 December 2021.
- Some of these preliminary verdicts have become conclusive (after they were affirmed by the appeal court) cancelling penalties with a total amounting to SR 388 million as of 31 December 2021.

Management and the Board of Directors believe that, based on the status of these lawsuits as of 31 December 2021, adequate and sufficient provisions have been recorded.

There are 192 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 2021, the Company has received (190) final favorable verdicts. Whereas, (2) cases remain ongoing.

36 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 the 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 2021	31 December 2020
Consumer revenues	10,776,285	10,601,098
Business revenues	2,580,618	2,021,619
Wholesale revenues	1,242,737	1,220,385
Outsourcing revenues	234,416	203,066
Total revenue	**14,834,056**	**14,046,168**
Total cost of revenue	(6,162,541)	(5,893,760)
Total operating expense	(3,077,211)	(2,802,040)
Depreciation and amortization	(3,926,520)	(3,969,613)
Impairment loss on property and equipment	-	(14,238)
Total non-operating expense	(518,459)	(540,467)
Zakat	(77,784)	(42,796)
Capital expenditures	2,091,868	2,792,153

37 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.

38 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 2021.

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