Achieving Growth

Gaining Lasting Trust

Annual Report
2022

Mobily

Achieving Growth
Gaining Lasting Trust

In its third and final year of executing the GAIN strategy, Mobily sustained its growth trajectory with a market-leading performance and value creation, further solidifying the trust of Stakeholders including customers, shareholders, and employees.

Achieving growth

Mobily demonstrated strong performance this year, with improvements in every financial KPI, achieving the highest revenues and net profit in the last 9 years. Growth in the top and bottom lines reflected efficient operations and continuous investment in digitalization and innovation. Mobily diversified and innovated its product offerings, launching its new digital e-wallet, Mobily Pay. It also grew its coverage and improved network quality, expanding the 5G network, signing strategic partnerships, and connecting to new submarine cables. Successful execution of the GAIN strategy expanded the Company's margins and market value, while offering greater value to all Stakeholders. Company growth took place in line with the growth of the Kingdom and Saudi Vision 2030.

Gaining lasting trust

Mobily succeeded in strengthening relationships with its customers, shareholders, partners, and employees this year. Execution of the GAIN strategy coupled with operational excellence forged deep trust in the Mobily brand, which was recognized as the fastest-growing telecom brand in Saudi Arabia and retained its position as the 7th most valuable Saudi brand in 2022. Achievements in customer experience and investments in infrastructure earned the Company awards, high ratings, and customer satisfaction across the board. By introducing new disruptive technologies in areas such as cloud services and Internet of Things, Mobily stepped up as a key player in the digital ecosystem in Saudi Arabia and beyond. Its continuous efforts to prioritize its people have earned it recognition as the 4th best workplace in Saudi Arabia. Furthermore, Mobily's environmental, social, and governance (ESG) efforts continue to earn the trust of all Stakeholders, solidifying Mobily's role in supporting the sustainability of the Kingdom and the execution of Saudi Vision 2030.

In 2022, the completion of the GAIN strategy transformed Mobily from a traditional mobile operator to an integrated operator, setting the foundation for long-term, accelerated growth. In the years ahead, the new strategy will build on this success to further increase market share and evolve Mobily into a market leader and technology company of the future.

About Mobily

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

The Company has rapidly grown and diversified 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 – along with its commitment to continuous innovation to drive growth and deliver excellence in the customer experience.

Mobily provides integrated telecommunications services to serve its diverse customer base across Saudi Arabia, including individuals, businesses and carriers. It delivers services through 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 owns its network infrastructure, including Saudi Arabia's newest fiber-optic network, which extends to 59,806 km with access to all major cities. The continuous investment in expanding the network has delivered enhanced regional connectivity, including to the United Arab Emirates, Bahrain, Kuwait, Qatar, Yemen and Jordan.

Mobily has been listed on Saudi Arabia's exchange market "Saudi Exchange" since 2004, with a share capital of SAR 7,700 million, comprising 770 million shares of SAR 10.00 each, paid in full as of 31 December 2022. Mobily's major Shareholder is Etisalat Emirates Group, with an ownership of 27.99%, and the remaining shares are owned by a diverse group of institutional and retail investors.

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

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

At a Glance

Mobily maintained momentum during 2022 to deliver another remarkable operational and financial performance during the final year of executing its GAIN Strategy, continuing to gain trust while laying the groundwork for a new strategy that will accelerate growth and value creation in the years to come.

Operating Highlights

Expanded 5G network coverage to more than **80%** in **6 main cities** across Saudi Arabia

Named fastest growing Saudi telecoms brand with **18%** **brand value growth**[1]

Named the **4th best workplace** in Saudi Arabia

Started the implementation of the ESG strategy to achieve **ESG performance** excellence

Launched the fintech arm, **Mobily Pay**

Launched the region's largest **IoT Cloud Platform** with Cisco

Awarded as **"Top Rated-Mobile Network" & "Top Rated-Fixed Network"** in Saudi Arabia[2]

Established a **Beneficiaries Experience Committee**

+36.9% mobile internet average download speed[3]

[1] Brand Finance
[2] Ookla Speedtest at the Mobile World Congress (MWC) 2022
[3] CST report Q2 2022 vs Q2 2021

Financial Highlights

Highest annual revenues in the last **9** YEARS

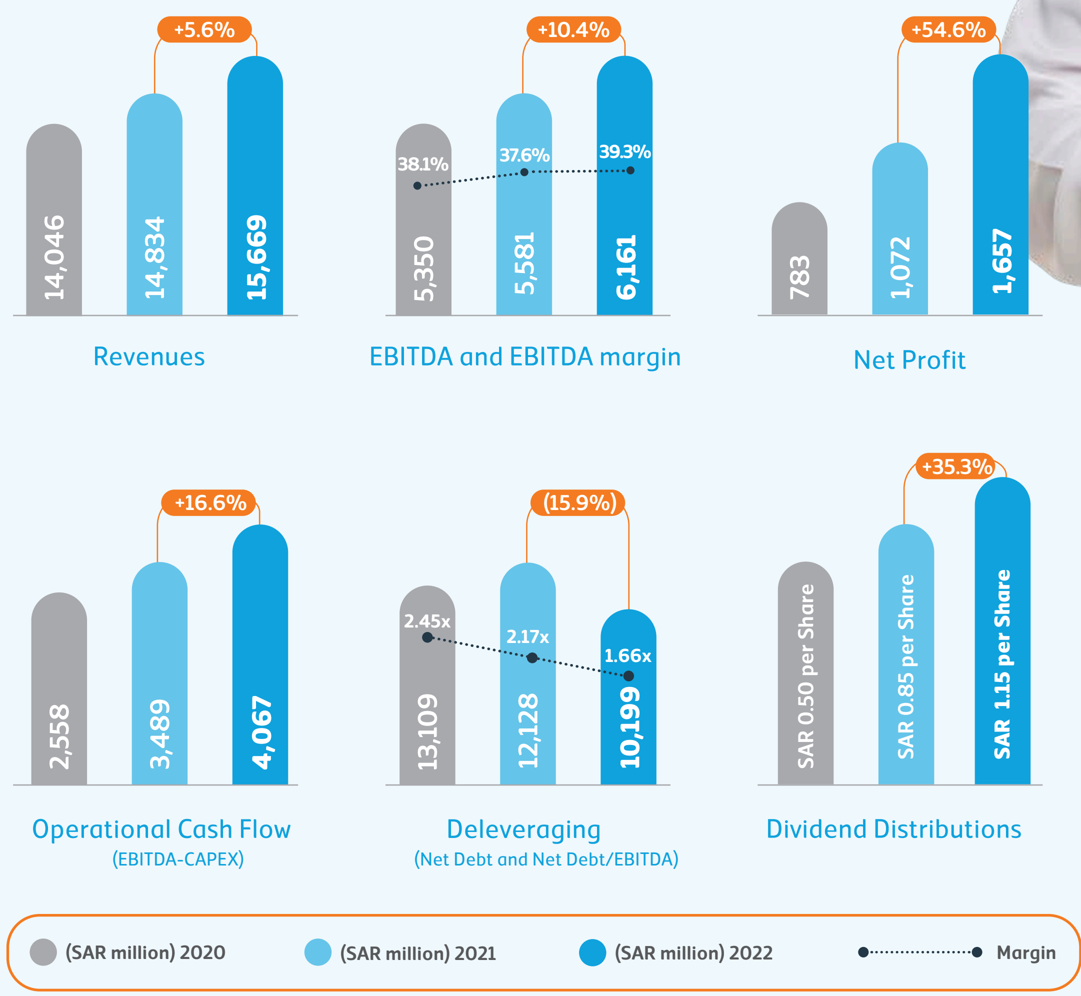
Highest annual EBITDA in the last **9** YEARS

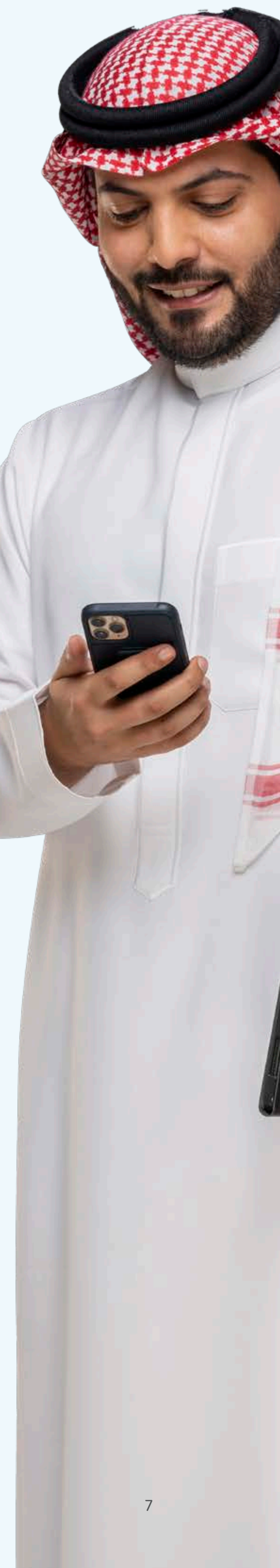
Highest annual net profit in the last **9** YEARS

Increased net profit by **54.6%**

Net debt to EBITDA ratio of **1.66x**

Recommended dividend of SAR **1.15** per share





2022 Awards

Labor Award

Won the Labor Award in the skills and training category for the best training program for students and graduates from the Ministry of Human Resources and Social Development.

Golden Award (HCM Excellence)

Won the Golden Award (HCM Excellence) 2022 for the Talent Acquisition category as the Best New Hire Onboarding Program from Brandon Hall Group.

Best Printed Annual Report in the Middle East

First Place in the Middle East for the Best Annual Report 2021, in the Print category, at the Middle East Investor Relations Association (MEIRA) conference.

"Top Rated-Mobile Network" Ookla Speedtest Award

Recognized for network speed and service in Saudi Arabia with the "Top Rated Mobile Network" Ookla Speedtest award for the second consecutive year at the Mobile World Congress (MWC) 2022.

"Top Rated-Fixed Network" Ookla Speedtest Award

Recognized for network speed and service in Saudi Arabia with the "Top Rated Fixed Network" Ookla Speedtest award at the Mobile World Congress (MWC) 2022.

Frost and Sullivan Award

Won the Saudi Arabian Internet of Things Enabling Technology Leadership Award.

2022 Certificates

ISO Certificate for Business Continuity System

ISO 22301: 2019

Mobily received (ISO 22301: 2019) for its application of business continuity system standards for the 9th consecutive year.

ISO Certificate for Legal Services

ISO 9001: 2015

Mobily received (ISO 9001: 2015) for its application of global quality standards in quality management for legal services for the 2nd time.

ISO Certificate for Risk Management System

ISO 31000:2018

Mobily obtained (ISO 31000:2018) for its application of international standards of enterprise risk management practices.

ISO Certificate for Customer Care Services

ISO 10002

Mobily obtained (ISO 10002) for its application of international standards of customer services.

ISO Certificate for Customer Journey and Satisfaction

ISO 9001:2015

Mobily received (ISO 9001:2015) for its application of international standards to improve customers' experience. The scope of work "analyzing customer journey and satisfaction".

Apple Certified Trainer Certificate

Mobily obtained "Apple Certified Trainer" certification as the 1st telecom operator in the area of India, Mediterranean Sea countries, Middle East, and Africa (IMMEA).

Local Content Certificate

Mobily obtained the local content certificate for the 3rd consecutive year for supporting local content initiatives to strengthen the local economy.

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01 Overview

Year in Review

During a year that witnessed exceptional financial and operational achievements across the Company, Mobily elevated customer experience, drove technological progress, invested in innovation and forged landmark partnerships, gaining confidence for further growth in the years ahead.

18 January

Partnering with The Diriyah E-Prix in cooperation with Formula E

Mobily and Formula E announced a new partnership with the Diriyah E-Prix races of the ABB FIA Formula E World Championship, reflecting Mobily's commitment to support and encourage sustainability as part of the Company's wider strategy to enable an environmentally aware society across every aspect of life.

2 February

Launching the region's largest IoT cloud platform with Cisco

Mobily partnered with Cisco to build the region's largest Mobile Internet of Things (IoT) cloud platform, hosted in Saudi Arabia, in a move that accelerates the Kingdom's digitization efforts. These new capabilities are the foundation to support exciting new IoT use cases, including payments, smart cities, and industrial applications.

16 March

Fastest growing Saudi telecoms brand

Mobily was named the Fastest Growing Telecoms Brand in Saudi Arabia in 2022 by Brand Finance, with 18% growth in brand value, to reach SAR 5.7 billion, and maintained an AA+ rating, which underscores its commitment to empowerment, innovation, and digital transformation in order to become one of the world's leading companies.

7 April

One of Saudi Arabia's best places to work

Mobily rose 3 positions to be recognized as the 4th best workplace in Saudi Arabia in LinkedIn's annual rankings, in recognition of the Company's efforts to attract, develop, and engage talent for long and rewarding careers with the Company.

31 May

Connecting Saudi Arabia to Egypt with the first submarine cable system

Mobily signed a strategic Memorandum of Understanding (MoU) with Telecom Egypt to build the first direct bilateral submarine cable system that will directly connect Saudi Arabia to Egypt. The establishment of the new cable system aims to meet the rising communication traffic and the high demand.

23 June

Upgraded Mobily's MSCI ESG index rating

Mobily's MSCI ESG Index rating was upgraded from BB to BBB in the rating round of May 2022, highlighting the Company's progress and efforts to guide its work to improve ESG performance and contribute to the development of Saudi Arabia.

18 August

Continuing to support local content

Mobily received a local content certificate for the 3rd consecutive year, in recognition of its efforts to support local content and contribute to the realization of the goals of the Saudi's Vision 2030.

18 September

Launch of Mobily Pay

Mobily launched its fintech arm, Mobily Pay application, which provides comprehensive digital financial services that enhances customer experience with an intuitive user experience.

12 October

Joining new Africa-1 cable system consortium

Mobily joined a new cable system consortium, Africa-1, which aims to enhance Saudi Arabia's connectivity with the Middle East, Africa, and Europe, in order to boost Saudi's digital infrastructure, in line with Saudi Vision 2030.

24 October

Best Annual Report in the Middle East

Mobily won first place for the 'Best Printed Annual Report in 2021' and was nominated for the 'Best Digital Annual Report in 2021' in the Middle East by the Middle East Investor Relations Association (MEIRA).

25 October

Supporting the Saudi Games 2022

Mobily was a Platinum Sponsor of the Saudi Games hosted in Riyadh, which was the largest national sporting event in the Kingdom's history, as part of its efforts to inspire Saudi youth through sports in line with Saudi's Vision 2030.

Stakeholder Engagement

Mobily's outstanding performance and results during 2022 was an outcome of its commitment to support, engage, and collaborate with all its key Stakeholders, in order to ensure alignment and provide a solid foundation for sustainable growth in the future.

Customers

- Double data for the 110, 150, and 180 bundles for prepaid customers
- 20% discount on prepaid 75 bundle
- Increased roaming data for postpaid 400 bundle from 1GB to 5GB
- Customers with special needs were offered a 50% ongoing permanent discount on their monthly fee for postpaid package subscriptions
- Transparent and frequent communications
- Continuous efforts to enhance the customer experience
- Established the Beneficiaries Experience Committee and created an Experiences Policy to enhance customer experience

People

- Provided valuable courses that fit the employees' needs and aspirations
- Conducted interactive team-building activities for new employees to raise their awareness of the Company's values
- Launched "iCare" campaign which aims to build a relationship with the employees on a more personal level by celebrating their personal occasions
- Activated a new morning segment on Mobily's internal social media platform that focuses on spreading positivity and health awareness
- Conducted an internal assessment of the engagement satisfaction survey
- Launched corporate engagement activities that aim to raise employee awareness through organizing multiple in-house events and initiatives
- Introduced new initiatives aimed at continuously enhancing the employees' onboarding process
- Launched "Your Health is Our Wealth" initiative that provides tips and raises employee awareness on various health and safety subjects

Communities

- Cooperated with the Communications, Space, and Technology Commission (CST) on the "Recycle Your Device" initiative
- Posted several environmental issues on social media platforms with the aim of increasing community awareness to protect the planet
- Sponsored the Saudi Games 2022 as part of its efforts to inspire Saudi youth through sports
- Sponsored Formula E to encourage technological and electronic sports as well as supporting environmental excellence
- Sponsored and participated in LEAP 2022 to showcase the future of technology toward society
- Shared several awareness posts of official government charities on social media platforms to encourage the community to donate online using secure payment methods
- Provided a live stream of FIFA World Cup 2022 matches on "Mobily Grandstand"

Shareholders

- Held a virtual General Assembly Meeting
- Participated in 11 international and local conferences and met with more than 250 participants
- Conducted more than 100 meetings with investors and analysts
- Revamped the Investor Relations and Sustainability pages on Mobily's website and on the Investor Relations App
- More frequent engagement with investor community
- Increased depth and scope of information delivered through more engaging visually-driven channels
- Upgraded ESG rating across renowned ESG indices

Network Capacity and Footprint

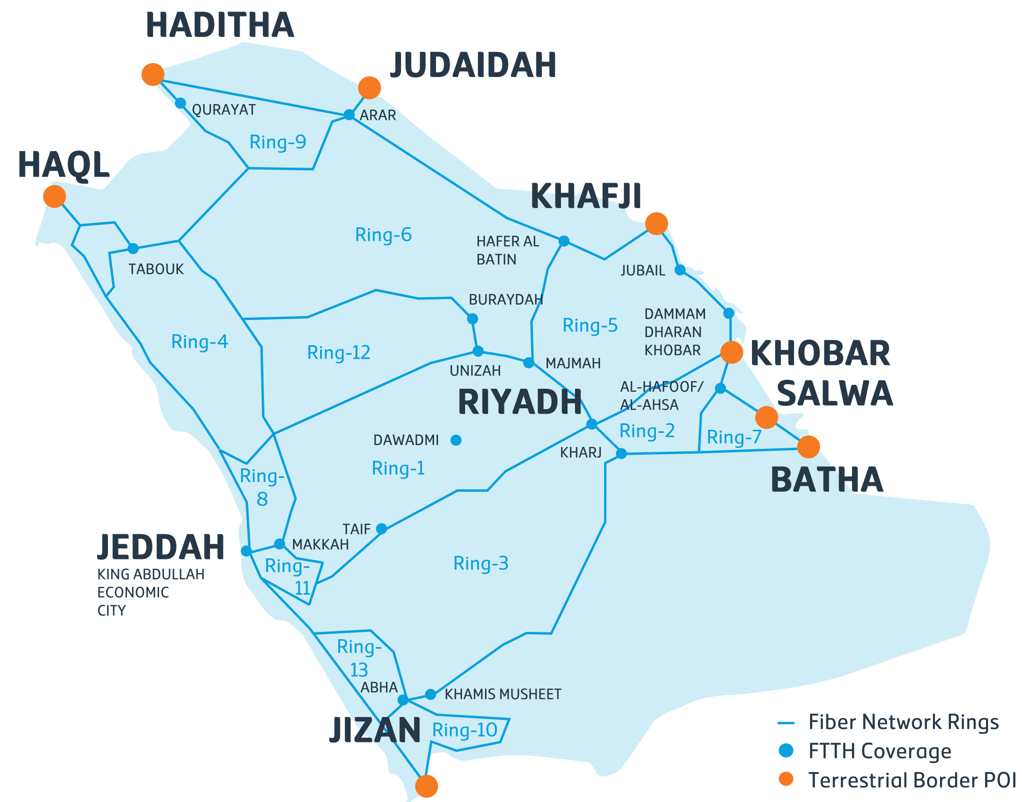
Headquartered in Riyadh, Mobily has an industry leading network covering subscribers across Saudi Arabia. It provides more than 98% of the Kingdom's population with 3G coverage, 96% with 4G coverage, and 5G network services for more than 80% of Saudi Arabia's 6 main cities. Mobily's long distance, Metropolitan and FTTH network supports all major Saudi cities, extending for 59,806 km across the Kingdom.

Mobily's state-of-the-art data centers are located in Saudi Arabia's major centers – Riyadh, Dammam, and Jeddah – and it remains the only Hosted Managed Services Provider in the Middle East to achieve Tier IV Certification for a Constructed Facility at Malga 2 in Riyadh, the only such facility anywhere in Asia, Africa or the Middle East.

Mobily's International Gateway

Mobily's International Gateway is operated in partnership with a range of global partners, 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, the USA, and Europe.

Mobily's Saudi Fiber Network



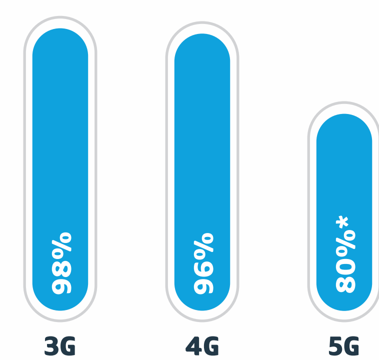
Mobily has 431 total exclusive channels (71 flagship stores and 360 fully branded outlets) and 2,485 non-exclusive channels (third-party reailers POS).

431
Outlets

~2,485
Retailers

Mobily's 4G layer was expanded in 2022 by adding 758 4G sites across the country, whilst its ongoing fiberization activities resulted in increasing fiber coverage by 180 sites. Meanwhile, Mobily's 5G network coverage reached more than 80% in 6 main cities of the Kingdom in 2022, by adding 705 sites including 5G coverage to the Hajj area with 40 sites.

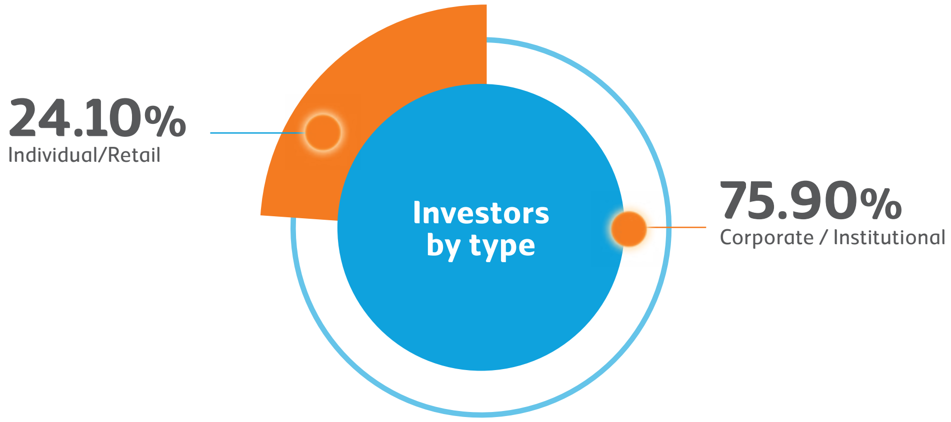
Network population coverage



*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%

Mobily Shareholders by type	No. of investors	No. of shares held	Ownership percentage
Corporate/Institutional	851	584,403,423	75.90%
Individual/Retail	132,721	185,596,577	24.10%
Total	**133,572**	**770,000,000**	**100.00%**

Nationality	No. of investors	No. of shares held	Ownership percentage
Saudi	132,044	407,230,518	52.89%
GCC	173	225,869,243	29.33%
Other	1,355	136,900,239	17.78%
Total	**133,572**	**770,000,000**	**100.00%**

Top 5 international Shareholders	No. of shares held	Ownership percentage
Government of the Republic of Singapore	9,852,599	1.28%
iShares MSCI Emerging Markets Min Vol Factor ETF	7,111,252	0.92%
MFS Emerging Markets Equity Fund	5,791,353	0.75%
Vanguard Emerging Markets Stock Industrial Fund	5,188,563	0.67%
Vanguard Total International Stock Index Fund	5,042,040	0.65%

Size of ownership (no. of shares held)	No. of investors	No. of shares held	Ownership percentage
More than 1,000,000	65	556,511,742	72.27%
500,000 – 999,999	74	50,432,989	6.55%
100,000 – 499,999	349	73,886,164	9.60%
50,000 – 99,999	306	20,327,527	2.64%
10,000 – 49,999	1,660	34,602,562	4.49%
5,000 – 9,999	1,336	8,897,452	1.16%
1,000 – 4,999	6,092	12,634,423	1.64%
Fewer than 1,000	123,690	12,707,141	1.65%
Total	**133,572**	**770,000,000**	**100.00%**

Share Information

Listing date:
20/12/2004

Exchange:
The Saudi Stock Exchange (Tadawul)

Symbol:
7020

ISIN:
SA000A0DM9P2

No. of shares issued:
770,000,000

Par value:
SAR 10.00

Closing price as of 31 December 2022:
SAR 34.75

Closing price as of 31 December 2021:
SAR 31.15

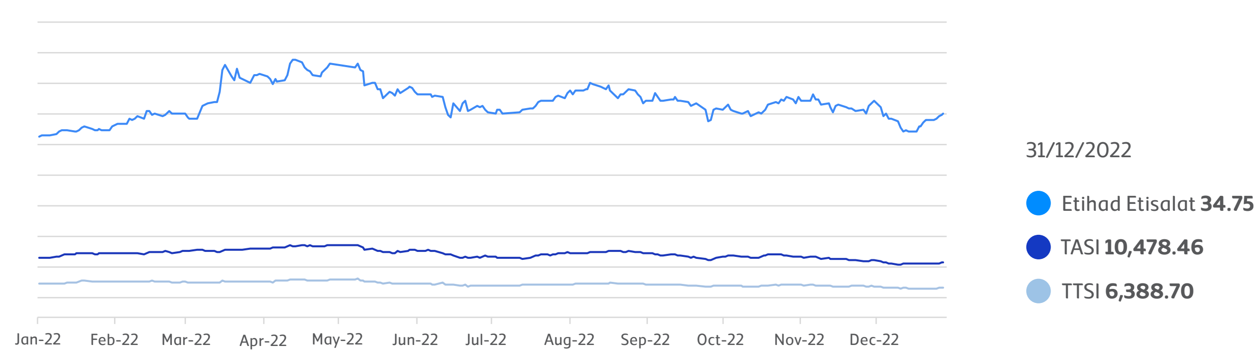
Market cap as of 31 December 2022:
SAR 26,757.50 million

Foreign ownership as of 31 December 2022:
17.78%

The dividend pay-out as of 31 December 2022:
SAR 1.15 per share

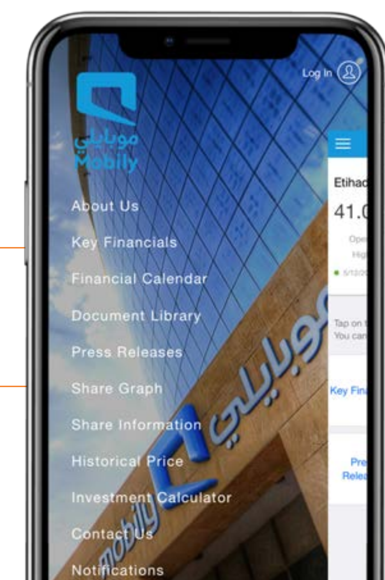
Foreign ownership limit:
49.00%

Share Price Performance vs. Market Indices



Mobily IR Webpage
Mobily Investor Relations Webpage

Mobily IR App
Mobily Investor Relations Application



Investment Case

Record financial performance, operational excellence, and superior customer experience are key differentiators for Mobily, providing a strong foundation for continued growth, strategic progress, and value creation for shareholders.

01

Achieving strategic progress

- Completion of the 3-year GAIN Strategy and introduction of a new strategy that aims to enrich the digital world
- Track record of outstanding financial performance across several fronts; continued growth momentum, consistent efficiency in managing operations, strong deleveraging strategy outcomes, and increased dividend payout
- Significant increase in share price with robust local, regional, and international shareholder mix
- Upgraded analysts share recommendations and target price

02

Building strong partnerships

- Strategic partner to the Saudi government, fully aligned with Saudi ICT Strategy 2023 and Vision 2030
- Partner of choice for national and international blue-chip corporations
- Investor and supporter in innovative Saudi fintechs and SMEs

03

Strong brand foundation

- 7th most valuable Saudi Arabian brand - brand value reached SAR 5.7 billion[1]
- Fastest growing Saudi telecoms brand, recording 18% brand value growth[1]
- Certified operator aligning with international best-practice standards
- Experienced Saudi leadership team

[1] Brand Finance

04

Investing in market-leading technologies

- Extended 5G coverage to more than 80% in 6 main cities across the Kingdom
- Solidified position as a service provider for Internet of Things (IoT), cloud computing, and data centers
- Entry into fintech world
- Award winning network recognized as #1 for social media and gaming
- Highest rated mobile app among the 3 operators

05

Accelerating sustainability journey

- 3-year ESG Strategy implemented in 2022
- Upgraded ratings across renowned ESG indices
- Alignment with Saudi Vision 2030, ICT Strategy 2023, Saudi Green initiative (SGI), UN Sustainable Development Goals (SDGs), and Global Reporting Initiative (GRI)

Aligning with Investment Community Best Practices

Throughout 2022, Mobily effectively continued its journey to elevate its Investor Relations (IR) function and meet changing investor requirements and expectations, including a deeper focus on ESG. As well as making steady progress on upgrading its IR and sustainability webpages with enhanced designs, user functionalities, and technology features; Mobily's IR team also took several more steps to communicate its investment and sustainability stories to the wider investor community and other relevant Stakeholders.

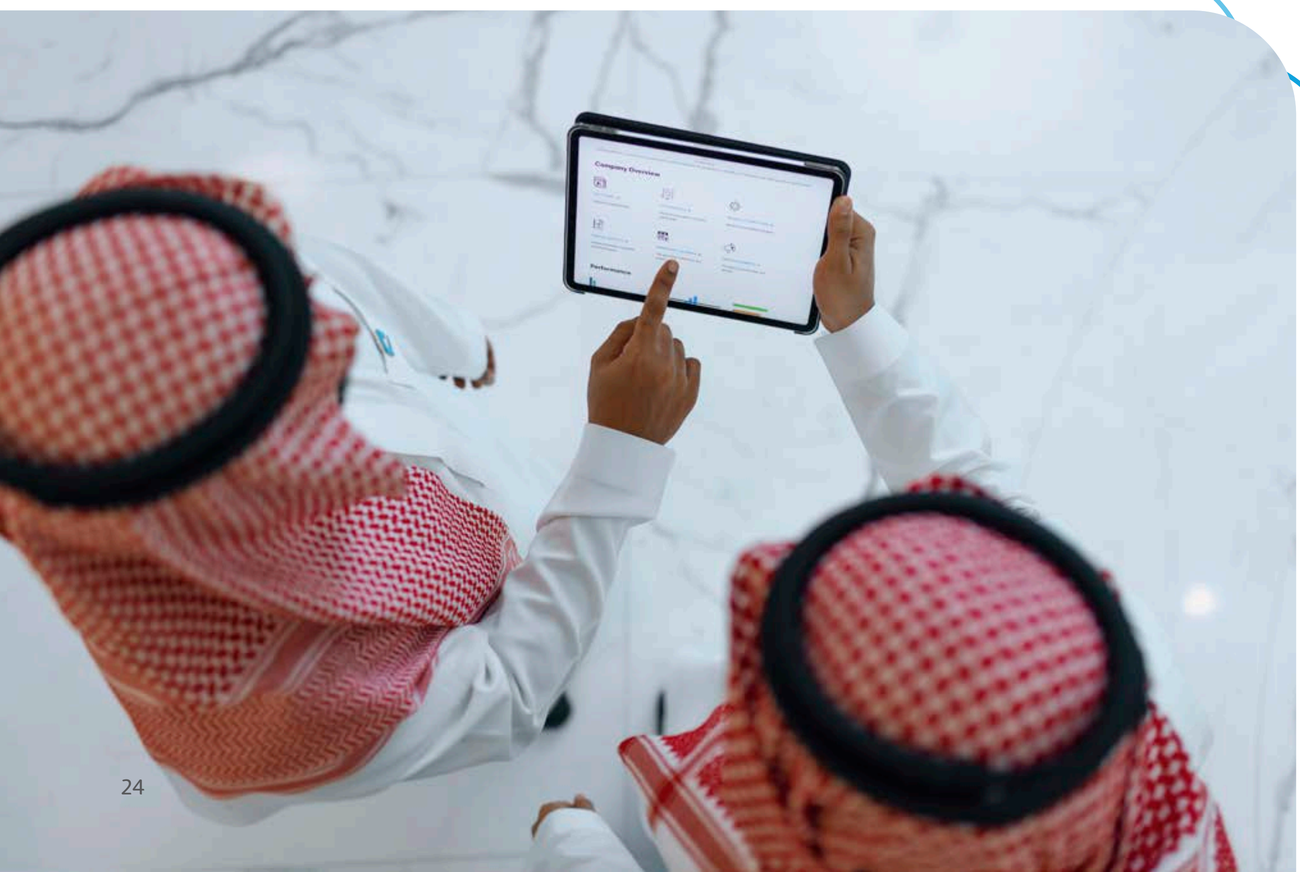
The frequent and detailed analysis of the Company's Shareholder register demonstrates how Mobily is adhering to best-practice IR principles to maintain a loyal and healthy investor base. By using a technology-driven approach to improve the function, the Company was able to gain a deeper understanding into the types of investors and their investment behavior throughout the year, which aimed to attract and retain long-term investors.

Engaging Key Stakeholders

Mobily seeks to continuously maintain its share coverage by proactively engaging with sell-side analysts on a quarterly basis. Based on the Company's valuation discount, dividend outlook and growing ROI, Beltone Financial, First Abu Dhabi Bank, Arqaam Capital, and Al Rajhi Capital upgraded Mobily to Buy; making up a total "Buy" rating of 11 prestigious local and international research houses.

The IR team conducted an annual in-house market benchmarking gap analysis that aims to inform the Company's decision-making process in terms of improving the overall business strategy, the IR strategy, and IR communications. The analysis ensures better market disclosure, effective communications, higher market satisfaction, and optimal impact on long-term valuation.

To actively engage with the investor community and showcase its powerful investment case, Mobily participated in a total of 11 renowned and prestigious investor conferences and roadshows throughout the year, ranging from the CI Capital Annual MENA Conference to EFG Hermes Virtual Investor Conference and Bank of America MENA conference, and conducted more than 100 meetings. For more details about Mobily's key dates in 2022, please refer to the Financial Calendar on the IR webpage and application.



Embedding ESG

Mobily recognizes the significance of global trends and the importance of acting decisively to capture opportunities and mitigate risks, with the goal of generating economic and social value. It also recognizes that the commitment to implement programs that improve its ESG performance and minimize risks is important to the sustainability of the business.

Based on the Sustainability Committee's direction in line with global sustainability standards and the ambitious goals of the Saudi Vision 2030, Mobily's IR team has developed a sustainability strategy to help focus the Company's future efforts, guide its work to improve ESG performance and contribute to the development of the Kingdom. The team has closely and regularly monitored the implementation of the companywide 3-year ESG strategy, refreshing the strategy KPIs to meet the changing trends, and ensuring Stakeholders' understanding of adopted practices.

An Award-Winning Year

Mobily's efforts in promoting excellent IR practices was recognized by MEIRA through 2 award nominations resulting in 1 award win, which included Best Annual Report 2021 – Middle East – Print Category (awarded – 1st place winner) and Best Annual Report 2021 – Middle East – Digital Category (nominated).

Mobily IR's efforts in promoting excellent ESG practices were recognized by the Company's inclusion in FTSE Russell ESG index in which Mobily managed to receive a rating upgrade only 3 months after qualifying to join the index. The Company also achieved rating upgrades across 3 additional renowned ESG indices in 2022; namely: DJSI S&P, MSCI, and ESG Invest.

Participated in **11** renowned and prestigious investor conferences and roadshows

11 "Buy" ratings from prestigious local and international research houses

Conducted **+100** meetings

Feb 2022 **ESG Invest**	May 2022 **MSCI**	Sep 2022 **S&P DJSI**	Dec 2022 **FTSE Russell**
New Rating 45/100	**New Rating** BBB	**New Rating** 25/100	**New Rating** 1.9/5
Old Rating 28/100	**Old Rating** BB	**Old Rating** 8/100	**Old Rating** 1.1/5

02

Strategic Review

Chairman's Statement

We will continue our evolution to become a digital telecom, building a solid foundation for Mobily's future and driving the digital ecosystem.

H.E. Dr. Nabeel Mohamed Al Amudi
Chairman

This has been a remarkable year for Mobily. At the end of 2022, the Company rounded out another year of consistent growth. This success comes from our exceptional employees and Executive Management working together to successfully execute our GAIN strategy. Our strategic insight, *digital transformation, and operational excellence* shone brightly.

On a deeper level, our commitment to creating added value for our Stakeholders supported us in delivering exceptional performance and earning lasting trust. Our work to gain the confidence of shareholders, customers, partners, and employees allowed us to prosper through the current landscape and position Mobily for further growth ahead.

Achieving growth. Gaining lasting trust.

Seizing Opportunities

2022 was a year where Mobily stepped up and took advantage of opportunities. New disruptive technologies, such as big data, artificial intelligence, cloud services and Internet of Things (IoT) continued to disrupt businesses and industries. Within the telecoms market, the significant deployment and expansion of 5G coverage areas fueled data traffic and sales. During the 2022 Hajj season, Mobily witnessed a spike across several fronts, with increased 5G data traffic, voice calls through 4G, and international calls. Notably, the digital transformation of the public and private sectors further increased the use of cloud applications such as IoT and data centers.

Mobily is committed to providing the best technologies and digital solutions for its customers to enhance the digital economy and meet the objectives of the Saudi's Vision 2030. Once again, we led the rankings for speed and service, winning 2 Ookla Speedtest awards and earning recognition from Opensignal for consistency and quality in mobile speeds, as well as 5G and overall video experience.

Mobily has been collaborating with one of its blue-chip partners to achieve the fastest connection in the Middle East and North Africa (MENA) region – reaching an industry-leading maximum download speed of 3.8 Gbps by integrating 5G frequencies. Building on this successful test will enable Mobily to improve the experience of 5G customers by adding 100 MHz to our network, while setting a strong precedent for further innovations in this space moving forward.

Digital transformation is on top of the agenda for corporations globally, especially Mobily, which ventured further into the digital ecosystem this year, including through the launch of our fintech arm, Mobily Pay. Our partnership with Cisco will be game changing, as we prepare to build the region's largest IoT cloud platform, opening the door for a wide range of cloud-based innovation.

2 Ookla Speedtest awards
and earning recognition from Opensignal

Strong mobilization and tight governance supported us to surpass progress targets for our IT transformation program, with 11 projects successfully delivered. We upgraded a number of processes through digitization and automation.

Strategic GAINs

I am pleased to say we have successfully executed our GAIN strategy, which aimed to position Mobily as a better choice for our Stakeholders to unlock growth possibilities. This was the third and final year of the strategy, where we saw the fruits of our efforts pay off. We increased our market share. Our digitalization efforts led to increased engagement and growth of users, downloads, and other important KPIs. We further solidified our position with significant investments in 5G and digital infrastructure.

Mobily gained financially from the strategy, with improved revenues, margins and cash flow. We successfully optimized our bottom line through enriched customer experiences, digital transformation and infrastructure upgrades. We dynamically managed challenges, demonstrating resilience and continuing to grow. This comprehensive approach positioned the Company for a new era of prosperity.

3.8 Gbps
industry-leading maximum download speed in MENA region

Transforming with the Kingdom

As a proud Saudi company, Mobily works in alignment with the ICT sector strategy as a crucial enabler to the Saudi Vision 2030 to develop the digital infrastructure. The Company's future is symbiotic with that of the Kingdom, where connectivity is the right of all citizens and the backbone of economic growth. Mobily is a key enabler to power the new digital economy of the Kingdom across all industries.

As we move forward in our growth journey, the new Mobily strategy will align further with the Saudi's Vision and strategy. We will continue our efforts to collaborate with the Government, stepping up more as a proactive partner to support government projects. We are gearing up to capture growth opportunities presented by regulatory enhancements in the fintech space. We will also play an important role in the Government's objective to increase the share of cashless payments in the Kingdom, as with the launch of Mobily Pay.

Driving a Sustainable Future

Hand in hand with our commitment to the Kingdom and our mandate to build the trust of all Stakeholders is our responsibility towards our environmental, social, and governance (ESG) framework. Our sustainability strategy is guided by and supportive of the ESG-related goals of Saudi Vision 2030, as well as the United Nations Sustainable Development Goals (SDGs).

This year, Mobily introduced and began implementing its 3-year ESG strategy that aims to reflect our commitment towards achieving a sustainable future. The strategy incorporates socially and environmentally sustainable practices across our operations, in alignment with the SDGs.

In 2022, Mobily made important strides in green energy, launching our first tower to generate energy through environmentally friendly sources that support the use of renewable energy to reduce carbon emissions, as part of our commitment to support the Saudi Green Initiative.

Our sustainability efforts helped to upgrade our MSCI ESG Index rating to BBB in the rating round of May 2022 and qualified us for inclusion in the FTSE Russell ESG rating. We also improved our corporate culture, boosted employee engagement, and created value for our shareholders.

Effective Governance and Risk Management

Mobily's corporate governance approach creates long-term value for shareholders and all Stakeholders by promoting communication, transparency, and accountability. We strongly promote ethical behavior across the organization, enforced by our Code of Ethics and Professional Conduct established this year. Our updated Audit Committee Charter and related processes ensure our accounting practices are of the highest quality and integrity. Mobily's diligent monitoring and management of risks supported our growth and resilience in 2022. Our risk management practices were integral in executing GAIN and remain an important part of our new strategy.

Our Vision for Accelerating Growth

Following the successful completion of GAIN, Mobily is embarking on a new corporate strategy starting in 2023. The strategy will build upon our progress so far, capturing gains made in innovation and agility, while making significant investments in new infrastructure. It will support business continuity and sustainable growth by increasing market share and repositioning Mobily as a leader in new trends in the telecom, media, and technology industry.

We will continue our evolution to become a digital telecom, building a solid foundation for Mobily's future and driving the digital ecosystem.

Acknowledgements

On behalf of the Board of Directors, I wish to express my gratitude to our Executive Management and congratulate them on the successful execution of the GAIN strategy and the completion of another prosperous year.

Thank you to our strategic partners and shareholders for their continued support as we celebrate our 2022 achievements and look ahead to another year of strategic and financial growth.

Finally, I express deep gratitude and loyalty to The Custodian of the Two Holy Mosques and His Royal Highness, The Crown Prince, for their wise leadership and inspiring achievements towards Saudi Vision 2030.

CEO's Message

We have successfully positioned ourselves to become a technology company of the future.

Eng. Salman Abdulaziz Al Badran
Chief Executive Officer

This year was a memorable one for Mobily, as we maintained momentum and expanded revenues across Business, Consumer, and Wholesale. Successful execution of our GAIN strategy by our diverse and talented workforce delivered faster speeds, greater coverage, enhanced customer experience and satisfaction, outstanding financial performance, and lasting trust of our Stakeholders.

In the final year of GAIN, we delivered on our ambition of transforming into an integrated telecoms company. We built new revenue streams across digital, information, and communications technologies. We enhanced our partnership-ready agile operating model. Through innovation, we differentiated our products and services while also becoming more efficient, digitally focused, and performance-driven.

Strategic execution driving excellent results

In the short-term, the strategy increased customer satisfaction, improved operational efficiency, and margins, and generated additional revenue streams, as with the commercial launch of Mobily Pay. For the long-term, the strategy has created the foundation for accelerating growth toward our vision and gaining lasting trust. We can proudly say we have successfully positioned ourselves to become a technology company of the future.

Setting New Financial Benchmarks

Building on the strong momentum of the past years, Mobily continued to mark an outstanding performance in 2022, achieving the highest annual revenues in the last 9 years, with an overall revenue growth of 5.6% to reach SAR 15.7 billion.

Mobily recorded a net profit of SAR 1.7 billion in 2022, representing a rise of 54.6% over that achieved in 2021, whilst our EBITDA increased to reach SAR 6.2 billion – the highest-ever annual EBITDA in the last 9 years. Our margins this year grew again, representing some of the highest in the industry.

Our growing customer base, supported by our client retention strategies, saw internet data consumption increase by the end of the second quarter of 2022. This was backed by a rise in Mobily's mobile internet average download speed by 36.86% to reach 161.37 Mbps, and an increase in our fixed internet average download speed to reach 90.24 Mbps. In addition, our mobile 5G average download speed rose 14.75% to reach 321.98 Mbps as compared to the same quarter of last year, according to the latest CST report.

Net profit
SAR 1.7 billion

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

Strategic Execution, Operational Excellence

The Business Unit led the way this year with its highest-ever annual revenue and highest-ever gross margin. It also recorded its highest-ever cash collection, and significantly reduced older accounts receivable from customers. Capitalizing on economic recovery, the Business Unit focused on new customer acquisition across different segments, while consolidating its existing customer base. Importantly, the Business Unit solidified trust between customers and the Mobily brand, earning the highest customer satisfaction score across the industry.

The Business Unit enhanced Mobily's coverage footprint by initiating a range of strategic investments and partnerships directed at both core and digital solutions. It strengthened its position as a service provider for the Internet of Things (IoT), cloud computing, and data centers. This year, 90% more IoT services were activated compared to 2021. The data center and cloud services posted an increase in revenues. Security Solutions also saw an increase in revenues, bolstered by increases in new customers compared to 2021. Overall, the Business Unit improved its capabilities to deliver complex digital projects, in line with Saudi Vision 2030 and the ICT Strategy 2023.

This year was a year of growth for the Consumer Unit as it improved core revenues and expanded its core customer base. Execution of the GAIN strategy, aggressive digitalization and product innovation kept Mobily at the top of customer preferences and experience.

Mobily doubled its customer mobile speeds to better serve the consumer. Growth in the 5G mobile network allowed us to upgrade our portfolio. Our accelerated rollout of Fiber-to-the-Home (FTTH) helped us to expand the customer base year-on-year.

We also made aggressive moves in the streaming and gaming markets, leading the Kingdom with lowered latency, competitive bundles, as well as a new gaming payment platform.

According to the CST third quarter Game Mode report, Mobily achieved the lowest mobile 5G average latency in Saudi Arabia by reaching 22 ms, the lowest mobile internet average latency by reaching 30 ms, and the highest download speed percentage for the most popular gaming platforms, resulting in #1 ranking in the Kingdom for 3 gaming platforms. Mobily also achieved the lowest latency for 4 of the most popular social media platforms in the Kingdom.

Towards the end of the year, we celebrated the commercial launch of Mobily Pay, our app that serves as a digital e-wallet. This game-changing platform heralds our commitment to becoming the digital bank of the future. Based on a partnership model with leading companies such as MoneyGram, Apple and VISA, this is the first of many digital solutions that will make Mobily part of the customer's everyday lifestyle.

The Wholesale Unit this year was an important contributor to Mobily's revenue growth. The Unit worked to expand coverage. We further finalized connections to the SEA-ME-WE-6 and Africa-1 submarine cables to diversify and better support international connectivity. Additionally, we signed a memorandum of understanding with Telecom Egypt to build the first direct bilateral submarine cable system directly connecting the Kingdom of Saudi Arabia to Egypt.

The Wholesale Unit has developed a strong positioning, particularly in submarine cables and national roaming. We see the Wholesale Unit as a high-potential growth area for Mobily, where we can optimize our capital invested in the future. As part of our new strategy, we are exploring different models to monetize on business opportunities.

It was also a stellar year for the Technology Unit at Mobily. We expanded our 5G network coverage to more than 80% of the Kingdom's 6 main cities and partnered with Cisco to build the region's largest IoT cloud platform which will open up possibilities for innovations in areas such as payments, smart cities, and industrial applications. We also made significant progress innovating our systems, for example, digitalizing our sales lifecycle, automating credit and collection, upgrading our Wholesale revenue management system, integrating customer applications for the Business Unit, and creating a unified platform for employee self-services.

We expanded our 5G network coverage to **more than 80%** of the Kingdom's 6 main cities

Award-Winning Performance

Evidencing our strong performance this year was the plethora of awards and recognitions Mobily took home across the board. Brand Finance named us the "Fastest Growing Saudi Telecoms Brand in 2022." At the Frost & Sullivan Best Practices Awards for the Middle East, Africa, and South Asia (MEASA) region, Mobily won the "Saudi Arabian Internet of Things Enabling Technology Leadership Award." We also won 2 Ookla Speedtest Awards for the "Top Rated-Mobile Network" and "Top Rated-Fixed Network" in the Saudi Arabia category at the Mobile World Congress 2022.

Certifications included numerous ISO accreditations for quality standards such as business continuity, legal services, customer care, analyzing customer journey and satisfaction, and risk management. This year, we were recognized by the Apple Certified Operator trainers' program as the first certified operator in the region of India, Mediterranean Sea countries, the Middle East, and Africa (IMMEA). We also received certification for cybersecurity, local content provision, sustainability, and our data centers.

Enhancing the Customer Journey

This was a noteworthy year for our Customer Care, where it transformed itself into a profit center, generating new revenue for the Company. It also enhanced technologies such as interactive voice recognition (IVR), SMS, and chatbots. In line with the GAIN strategy, Customer Experience revamped the customer journeys for support, digital payments, and digital complaints. The establishment of the Beneficiaries Experience Committee this year reflects our efforts to make processes more dynamic and services more customer-centric.

New efficiencies and strategies for achieving head-and-tail-of-month service levels supported exceptional performance. Overall, we achieved a 50% improvement in customer satisfaction. We also saw a 50% reduction in Global System for Mobile communications (GSM) first bill defaults and a 34% reduction in FTTH first bill defaults.

We achieved a **50%** improvement in customer satisfaction

Engaging and Developing our People

Mobily's growth this year was a direct result of our investment in our people and efforts to make our Company a choice place to work. We clocked more than 57,000 hours of training for our employees. The Brandon Hall Group awarded us the "Best New Hire Onboarding Program" for our excellence in the #Anwart program.

Our efforts to embrace young talent and prepare them for long-term career success particularly paid off. This year, the Ministry of Human Resources and Social Development recognized us with the Labor Award for the best training program for students and graduates in a large enterprise. Notably, LinkedIn named us the 4th best workplace to grow a career in Saudi Arabia, representing a 3-rank improvement from 2021.

Strategic Growth in the Year Ahead

We have an exciting year ahead at Mobily, as we evolve into the technology company of the future. With our new strategy, we will reposition Mobily as a leader in new trends, addressing opportunities in the telecom, media, and technology industries. We will achieve total experience leadership, providing an exceptional experience for all Stakeholders. We will increase market share by developing product and service roadmaps for different value segments, and by improving customer retention through various digital offerings.

Our efforts to embrace young talent and prepare them for **long-term career success** particularly paid off

With this strategy, we will begin to see the fruits of our efforts to transform from a telecom company to a technology company to achieve leadership in enriching the digital world. We will continue to grow Mobily Pay, expanding its offerings and further developing its value proposition, while leveraging our position to build value for customers and our business. Through a carefully formulated sustainability strategy, we will continue to ensure our commitment to achieving rapid ESG performance to place the Kingdom on a path to a sustainable future.

Our 5G rollout and network coverage will continue to expand, thanks to current and future partnerships and investments. Open access, including FTTH and Fiber-to-the-Building (FTTB) will connect more homes and businesses across the Kingdom. We will further establish ourselves as a leader in data centers and network infrastructure. We will also ramp up our support of Saudi Vision 2030, the Kingdom's giga-projects, and the Saudi Green Initiative. The payoff will be significant with the entire size of the Kingdom's Information and communication technologies (ICT) market reaching SAR 154 billion in 2022.

Acknowledgments

I wish to express my deep gratitude to our Board of Directors for their leadership in an exciting and prosperous year, and to our Executive Management for their guidance and foresight in navigating Mobily's transformation.

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 2022 and our ability to gain the lasting trust of all Stakeholders.

Market Review

Maintaining positive momentum in the Saudi economy and information and communication technologies (ICT) sector.

The global economy faced significant headwinds throughout 2022, with high inflation driving major central banks worldwide pursue aggressive monetary policy tightening, along with continued supply chain disruptions.

Amid this growing external instability, Saudi Arabia's domestic economy showed resilience, with high international oil prices supporting an economic recovery across both the oil and non-oil sectors. Growing foreign direct and local investments complemented Government spending in key sectors and projects, in alignment with the goals of Saudi Vision 2030, including driving increased connectivity and digital infrastructure to empower businesses and people across the Kingdom.

The Saudi ICT market is exhibiting exponential growth, led by public and private demand. It is forecasted to grow at 10% for the period from 2018 to 2025, based on International Data Corporation (IDC) data. The upside on IDC numbers is mainly driven by public initiatives related to the Saudi Vision 2030 digital transformation program as well as associated gigaprojects. Private sector growth is expected to accelerate, as demand for digital transformation was bolstered.

The IoT market is also expected to grow to reach SAR 7.8 billion by 2025 spurred by the Kingdom's smart city giga projects as well as B2B demand and 5G synergies. Cloud computing is in high demand by both the public and private sectors, with Saudi Vision 2030 requiring government entities to prioritize cloud solutions. IDC data suggests a growth of 20% for data center and cloud services between 2018 to 2025.

Saudi Arabia's economy is rapidly growing and diversifying

- The Saudi economy is the world's fastest growing economy in 2022, according to the International Monetary Fund (IMF), with expectations to register a 7.6% growth rate in 2022
- Projected real GDP growth of 5.3% to reach 8.5% in 2022, supported largely by a sharp rise in oil production as well as an uptick in non-oil economic activity. Most components of non-oil GDP have continued to expand amid a rebound in consumer and business confidence
- Projected growth in total revenues of 27.9% to reach SAR 1,234 billion for the year 2022 compared to the year 2021
- High oil prices boosted public treasury, making a room for large-scale public infrastructure projects to support Saudi Vision 2030
- High global inflation and related increases in policy interest rates have increased the risk of economic shocks
- Full resumption of Hajj, Umrah, and other tourism activities
- Saudi Arabia's climate action continues to accelerate with the announcement of several initiatives related to the Saudi Green Initiative and Middle East Green Initiative
- Government support for Saudi Vision 2030 agenda will continue to encourage an expansion in the private sector's role in the economy, including private investment that supports both product and regional development

The Saudi ICT sector continues to transform and gain strength

- The Saudi ICT market size has reached SAR 154 billion in 2022, according to CST announcement
- 5-year ICT Sector Strategy 2023 to establish a robust and cutting-edge digital architecture
- CST strategy positions Saudi Arabia for a new era of digital regulation
- CST performed the first global live demo of an end-to-end Automated Frequency Coordination (AFC) system to enable WiFi-6E technology
- CST published the Spectrum Trading Regulations as part of the efforts to implement its National Spectrum Strategy (2020-2025)
- CST launched 'Recycle Your Device' carried out in two phases between September-December 2022, promoting sustainability among businesses and individuals
- Telecom companies expand into adjacent and new businesses, with increased disruption from fintech
- Significant deployment and adoption of 5G services, fueling data traffic
- Digital transformation on public and private sector, accelerating the use of cloud application and data centers in addition to companies complying with national data laws

Mobily is a key player in realizing the goals of Saudi Vision 2030 and ICT Strategy 2023

As a key digital enabler for the Kingdom, Mobily provides the businesses and consumers across Saudi Arabia with access to the latest ICT technologies, supporting the Kingdom to deliver on its ambitious goals for the future.

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

The Saudi ICT Strategy 2023 was launched in 2019 to support Saudi Vision 2030 by creating a path for "Building tomorrow's digital foundations for a connected and innovative Saudi Arabia" by:

3 Strategic Themes

13 Strategic Priorities

24 Strategic Objectives

Saudi ICT Sector Strategy 2023 Highlights	Mobily's Commitment
Create more than 25,000 quality jobs in the telecommunication/ICT sector	GAIN was designed as a growth-oriented strategy, so when Mobily grows through existing and new revenue streams, it will require a bigger team thus creating new employment opportunities
Increase female participation in the telecommunication/ICT sector by 50%	One of the focal points of GAIN is to attract and retain world-class talent, particularly top female talent across all levels, including Management
Increase the size of ICT and emerging technologies market by 50%	As part of GAIN, Mobily will increase its 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

Fixed internet average download speed
KSA average
110.67 Mbps
+23.10% YoY growth %

Fixed internet average upload speed
KSA average
48.11 Mbps
+32.39% YoY growth %

Mobile internet average download speed
KSA average
187.33 Mbps
+27.38% YoY growth %

Mobile internet average upload speed
KSA average
23.98 Mbps
+5.73% YoY growth %

Source: CST Q2 2022 report (recent published report in 2022) vs Q2 2021

Themes of CST 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, obtaining 2 ISO certificates for customer journey and satisfaction (ISO 9001:2015) and customer care services (ISO 10002), and being granted 'Fastest response time for mobile internet and 5G networks in KSA' by CST
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., Mobily Pay)
Achieve regulatory excellence and enhance organizational effectiveness	Development and implementation of a governance mechanism in line with the digital operating environment, obtaining 2 ISO certificates for legal services (ISO 9001:2015) for the 2nd time and business continuity system (ISO 22301:2019) for the 9th consecutive year

CFO's Statement

Mobily has continued its growth journey and steadily gained momentum to deliver in 2022 the highest top and bottom lines in the last nine years.

Mr. Khalid Abdulrahman Abanami
Chief Financial Officer

While Mobily celebrates another year of growth, it is equally important to recognize how consistent our growth has been year after year. Our exemplary execution of the GAIN strategy, diligent financial management, and operational efficiency helped us expand our margins in 2022 and set us up for sustainable success in the years ahead.

Mobily has continued its growth journey and steadily gained momentum to deliver in 2022 the highest top and bottom lines in the last 9 years. We achieved long-term gains despite rapid shifts in the macro environment, including rising inflation and interest rates. The common denominator across all these challenges has been Mobily's commitment to gaining and maintaining the trust of all of our stakeholders, including customers. Through agility, efficiency, and strategic focus, we have navigated our path to transform Mobily into the technology, media, and telecom (TMT) company of the future.

In 2022, we built upon this momentum to increase our net profit by a staggering 54.6% to SAR 1.7 billion, compared to SAR 1.1 billion in 2021. This marks our highest annual net profit in the last 9 years. Earnings per share in 2022 was SAR 2.15, a 54.6% increase compared to SAR 1.39 in 2021.

This dramatic improvement reflected in higher earnings across all revenue streams, along with record-breaking growth in EBITDA, a remarkable growth in net profit, and efficient management of operations. It was also a result of disciplined cost management, despite a 20.2% year-on-year increase in finance charges, which reached SAR 607 million in 2022 due to the increase in interest rates.

Through our completion of the 3 year GAIN strategy, we achieved our 2022 goals of optimizing costs, differentiating through innovative products and services, enhancing our partnership agile operating model and building new revenue streams. Large government projects, a favorable regulatory environment, and the Kingdom's reopening to tourism also positively impacted our growth.

Revenues were robust this year, rising by 5.6% from SAR 14.8 billion in 2021 to SAR 15.7 billion in 2022. Mobily boasted consistent growth in revenue across the Business, Wholesale, and Consumer Units. Notably, we also grew our overall subscriber base.

Revenues
SAR 15.7 billion

The Company also delivered its highest annual EBIDTA in the last 9 years, increasing by 10.4% compared to 2021, from SAR 5.6 billion to SAR 6.2 billion. This was driven by topline performance along with managing our operations efficiently.

The efficiency, along with continuous investment in digitalization and our solid track record of customer experience excellence, strengthened our EBITDA margin to reach 39.3%, an improvement of 1.7% compared to our margin of 37.6% the previous year.

We successfully managed the impact of rising interest rates and continued our ongoing deleveraging strategy this year to reduce our debt portfolio to pay off more than SAR 1.2 billion of our debt balance. Our net debt to EBITDA ratio continued to tail-off in a stellar manner to reach 1.66x at the end of 2022, compared to 2.17x at the end of 2021.

CAPEX was almost flat in 2022, increasing by 0.1% to reach SAR 2.1 billion compared to 2021. This was consistent with Mobily's strategy to invest in digital transformation and product and service innovation. The focus this year was on expanding our 5G and network coverage; investing in cloud, IoT, and data centers; launching and growing Mobily Pay; as well as automating and digitizing our operations. We continued to invest for the future, with a healthy and balanced capital structure and high return on investment. Notably, the ratio of CAPEX to revenue stood at 13.4% in 2022, compared to 14.1% in 2021.

Mobily's cash position continued to improve due to solid EBITDA growth. Operational cash flow increased by 16.6% to reach SAR 4.1 billion, compared to SAR 3.5 billion in 2021. Our strong liquidity helped us to stand against the competition, allowed us to maintain our long-term investment plan and continue dividends distribution for the 3rd year in a row.

In 2023, Mobily will continue to rise as a proud Saudi company, building on the trust we have earned from our Stakeholders. The execution of GAIN has built a strong foundation for accelerated growth as we embark on a new strategy. The focus will be on capturing greater market share and generating broader organic growth, while continue maintaining healthy margins.

Operational cash flow
SAR 4.1 billion

Key Performance Highlights

(SAR Millions)	2022	2021	% Change
Revenue	15,669	14,834	5.6%
EBITDA[1]	6,161	5,581	10.4%
EBITDA margin	39.3%	37.6%	1.7%
Net profit	1,657	1,072	54.6%
Earnings per share (SAR)	2.15	1.39	54.6%
CAPEX	2,093	2,092	0.1%
CAPEX/revenue	13.4%	14.1%	(0.7%)
Operational Cash Flow[2]	4,067	3,489	16.6%
Net debt[3]	10,199	12,128	(15.9%)
Net debt/EBITDA (x)	1.66x	2.17x	-

Balance Sheet Highlights

(SAR Millions)	2022	2021	% Change
Total assets	39,769	39,364	1.0%
Total liabilities	23,411	24,168	(3.1%)
Total equity	16,359	15,196	7.7%

Cash Flow Statement Highlights

(SAR Millions)	2022	2021	% Change
Net cash generated from operating activities	5,684	4,729	20.2%
Net cash used in investing activities	(3,406)	(2,916)	16.8%
Net cash used in financing activities	(2,501)	(1,692)	47.8%
Cash and cash equivalents	828	1,051	(21.2%)

[1]EBITDA = Operating Income with Depreciation & Amortization and impairment of property and equipment added back
[2]Operational Cash Flow = EBITDA minus CAPEX
[3]Net debt = total debt including short term Murabaha minus cash & cash equivalents

Business Model

Mobily is one of the leading telecommunications companies in Saudi Arabia, providing best-in-class services and solutions to consumers, mobile operators, businesses, small-to-medium enterprises (SMEs), and households across the Kingdom.

With customer-focused touchpoints and market-leading customer experience, it sells, serves, and supports customers. It provides a portfolio of attractive and competitive products and services built on a robust foundation of world-class infrastructure, which includes its telecommunications network, IT infrastructure, and data centers.

Key revenue streams include interconnection charges and income from ventures, device and accessory sales, and usage and subscription fees, as well as revenues from digital products and services that are tailored to the needs of business customers and consumers.

By delivering trusted connectivity, innovative offerings, valued services and solutions, and exceptional experiences to customers across Saudi Arabia, Mobily creates value for all Stakeholders.

Strategy and KPIs

Mobily's GAIN strategy has succeeded in delivering exceptional growth and outstanding achievements across all areas of the business. During 2022, Mobily maintained focus on its strategic pillars to post excellent financial performance and strategic progress, while continuing its digital transformation and engaging its dedicated workforce, to gain lasting trust and create sustainable value for all its stakeholders.

Empowering the Digital Economy to Unlock Possibilities.

Mobily is focused and determined to achieve significant and sustainable progress in executing its GAIN strategy, energized by its commitment to 'Being the Everyday Hero' for its customers and employees, which is brought to life across its organization each day through its 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

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

Clear
We keep things black and white

Purpose
To be the Better Choice to Unlock Possibilities

How
By Empowering the Digital Economy

By being
The Everyday Hero

Gain Strategy 2020+

Focus on growth and transformation

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

Advanced Analytics
Improve decision-making based on near real-time insights

Platform Play and Agile IT
Enable a large ecosystem of partners across the value chain

Integrated Gigabit Network
Provide seamless access with more focus on virtualization and network slicing

Digital Operating Model
Asset monetization, governance, culture, capability development etc.

GAIN and our Stakeholders

Market
Gain confidence of the market

Regulator
Gain respect of CST

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

Our Strategic Pillars

Mobily's GAIN Strategy is built on the foundation of 4 strategic pillars, which collectively are designed and executed to deliver profitable and sustainable growth. During the final year of the strategy, the strategic focus remained on maximizing value through convergence, new models, channels, customer journeys, and propositions, supported by key strategic enablers.

G – Grow
Core Revenues

A – Accelerate
Digital Revenue Streams

I – Implement
and Optimize Efficient Delivery

N – Nurture
a Positive Experience for All

	Revenues		EBITDA	Brand Value
KPIs	2022 SAR **15.67** billion 2021 SAR **14.83** billion 2020 SAR **14.05** billion **+5.6%** YoY	• Grow digital B2B revenue and develop associated capabilities • Grow digital consumer revenue Streams and develop associated capabilities	2022 SAR **6.16** billion 2021 SAR **5.58** billion 2020 SAR **5.35** billion **+10.4%** YoY	2022 SAR **5.7** billion (USD 1.5 billion) 2021 SAR **4.8** billion (USD 1.3 billion) 2020 SAR **4.1** billion (USD 1.1 billion) +**18.0**% YoY
2022 Achievements	Consumer Revenues **+1.0%** YoY Business Revenues **+14.5%** YoY Wholesale Revenues **+20.2%** YoY Outsourcing Revenues **+46.3%** YoY	• Launch of Mobily Pay • Signed strategic partnerships with hyperscalers, such as AWS and Tencent, and with leading local digital players, such as Abunayyan Group and Taqnia. These partnerships will empower Mobily to create innovative digital products and services that enrich the digital community and economy • Partnered with Cisco to build region's largest IoT Cloud Platform to boost Saudi Arabia's digitization • Signed a Memorandum of Understanding (MoU) with Ericsson to expand the cutting-edge 5G use cases	• Awarded "Top Rated-Mobile Network" and "Top Rated-Fixed Network" by Ookla • IT Transformation Program Completion: +88% • Exceeded CST Mobile average speed requirements, reaching 13 Mbps in roads and highways and 65 Mbps in administrative regions • Mobily mobile internet average download speed increased by 36.86%[1] • Achieved the lowest latency average for mobile 5G and mobile internet in Saudi Arabia by reaching 22 ms and 30 ms, respectively[2]	• 7th most valuable brand in Saudi Arabia • 4th best workplace in Saudi Arabia • 4.8/5 mobile app rating • Earned ISO certifications for Customer Journey and Satisfaction and for Customer Care Services

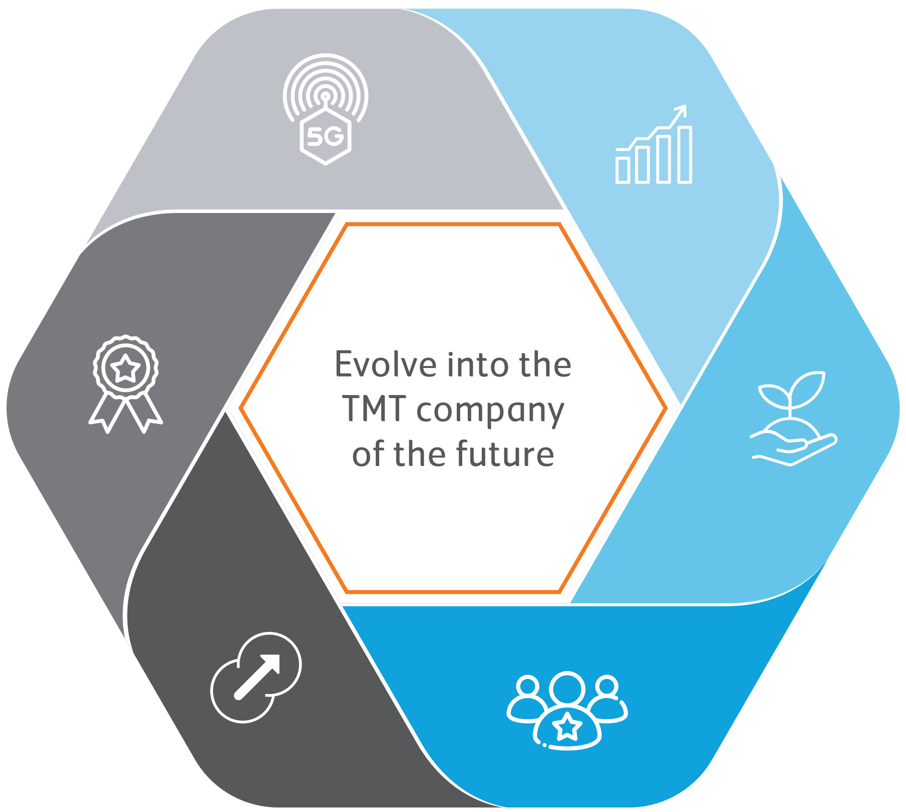
[1] CST report Q2 2022 vs Q2 2021.
[2] CST report Q3 2022

Mobily's strategic direction in 2023 and beyond

With strong momentum entering 2023, Mobily is well positioned to accelerate growth moving forward and solidify its position as a leading technology, media, and telecom (TMT) player in Saudi Arabia. Its strategic focus is on continuing to diversify and expand its portfolio of services, products and solutions to address customers' evolving needs, while striving to deliver stakeholders with the best service and experience.

Mobily will increase shareholder value by capturing growth in Saudi Arabia's thriving market, solidifying its position as a leader in new trends and driving innovation in the TMT sector. To achieve this ambition, it will transform to align with the new TMT reality, investing in continuous innovation to remain at the forefront of this rapidly changing industry.

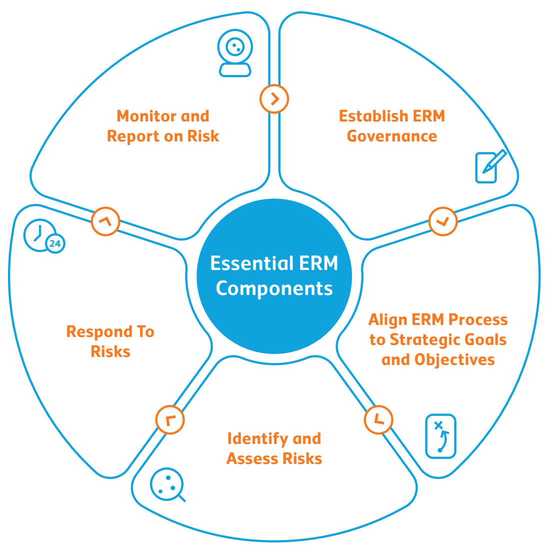
Vision for the Future



- Expand 5G rollout and network coverage
- Achieve total experience leadership
- Transform the business to address new opportunities in the TMT industry
- Increase market share
- Repositioning to be a leader in new trends
- Ensure commitment to achieve ESG performance excellence

Risk Management

Mobily seeks to continuously ensure the sustainability of its business and the mitigation of risks to the effective and efficient execution of the Company's strategy through a robust risk management system. The Enterprise Risk Management (ERM) and Business Continuity Management (BCM) functions are responsible for enhancing Mobily's business resilience by establishing effective risk and recovery management disciplines to better execute and achieve Company's objectives.



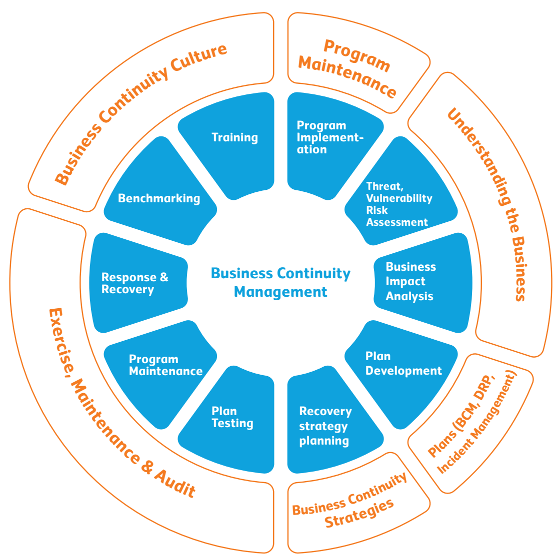
- Annual update of risk appetite
- Regular Risk Registers update
- Quarterly Emerging Risks scan (Internal and External)
- Comprehensive monitoring and reporting for top risk profile
- Compliance Certificate to ISO 31000 Requirements
- Consistent risk rating criteria considering controls, mitigations and key risk indicators
- Continuous training and awareness
- Automation of Risk Management Processes

Enterprise Risk Management Overview

The ERM function adopts a holistic and proactive risk management approach to address, identify, and hedge against potential risks that can negatively impact the Company's strategic, reputational, financial, compliance and operational objectives.

Business Continuity Management Overview

The BCM function effectively responds and ensures availability of operations and services during disasters by implementing and embedding effective BCM processes within the organization.



- ISO 22301 Certified (for 9 consecutive years)
- BIAs and BCPs in place for all critical services and operations
- Regular testing and exercises are conducted for BCP and DRP
- Continuous training and awareness
- Crisis Management including CM Manual, teams, plan, and CM communication
- BCM process automated through system

Management of Risks and Incidents

To identify and manage risks and incidents that could impact the sustainability of the business, Mobily has developed a comprehensive framework where the Risk Management Team conducts regular scanning of the internal and external environments illustrated in figure (1) in order to identify the potential risks that might impact Mobily's business.

The identified potential risks are then assessed as per the ISO 31000 process as illustrated in figure (2) to prioritize the risk as illustrated in figure (3) and determine the required actions to mitigate its impact or likelihood. In case the risk materializes, the business continuity plans will be activated to recover specific critical systems and infrastructure at an agreed level. In case the expected resolution time exceeds the recovery time objective and the impact of the incident is marked as Critical, the crisis management plan will be invoked and the crisis situation will be managed under the supervision of the Crisis Management Team.

fig. (1)

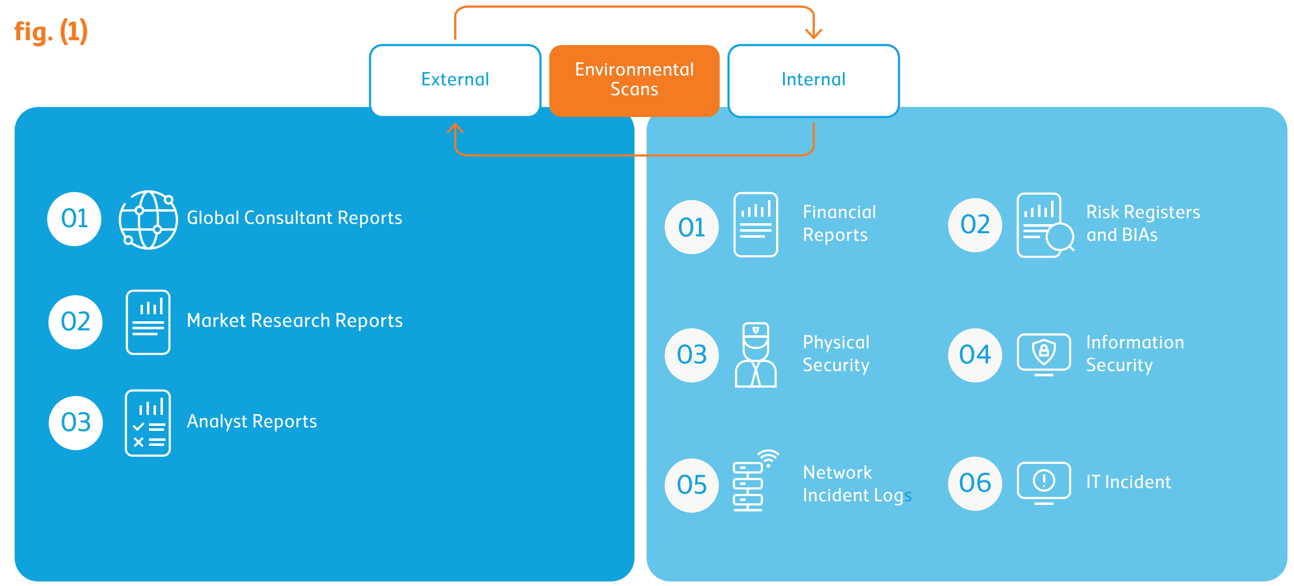
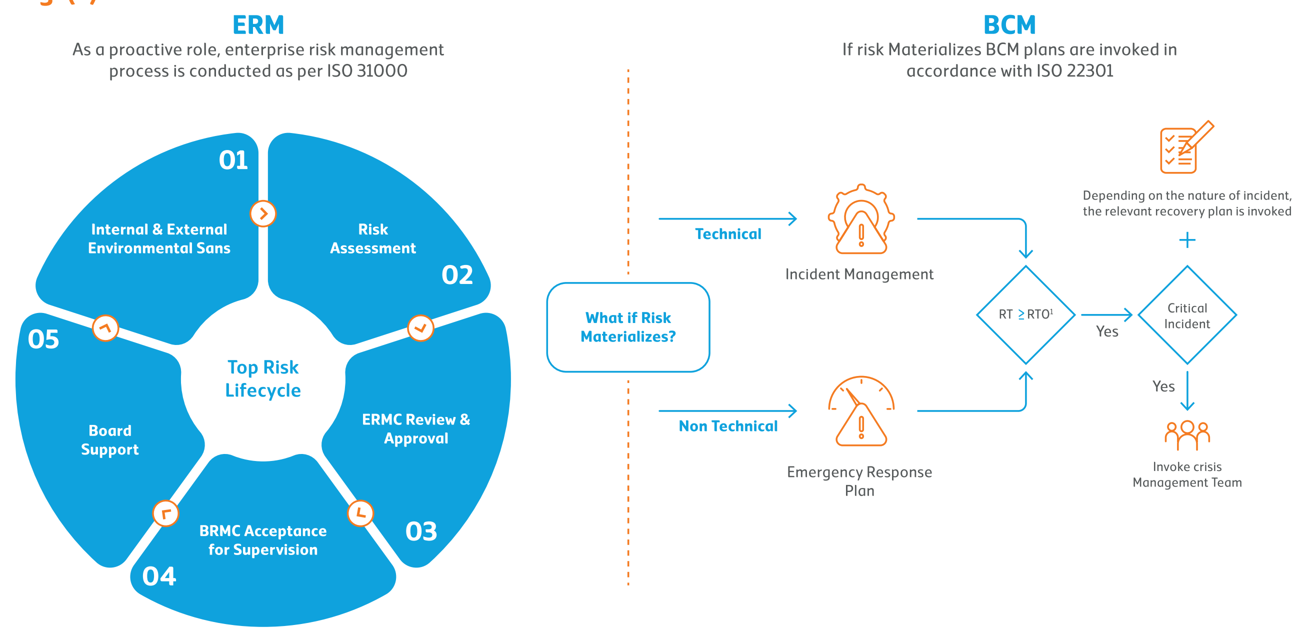


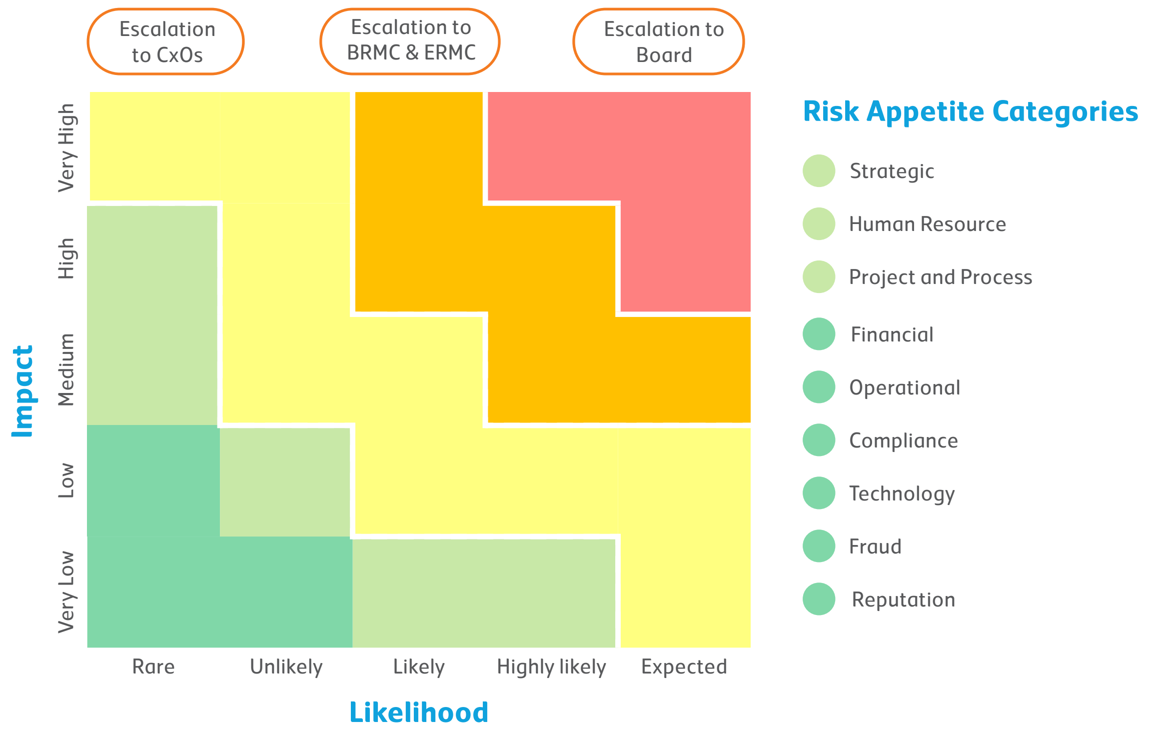
fig. (2)



[1] Recovery time (RT) | Recovery Time Objective (RTO)

fig. (3)

Escalation Levels and Risk Appetite Categories



Crisis Management

Mobily recognizes a crisis as an inherently abnormal, unstable and complex situation that represents a threat to its strategic objectives, reputation and/or existence. The Company's Executive Management is committed to providing the necessary resources to address crises in an effective, timely manner, with the goal of protecting its assets as well as its Stakeholders' interests. Any crisis situation in Mobily is managed by the Crisis Management Team (CMT) headed by the CEO and represented by CxOs and their nominated representatives. The CMT Manual is developed and maintained by Mobily's Business Continuity department. It documents the framework for organizational resources, communications and training required to naturalize a crisis including the decision-making process.

Resiliency and Preparedness

Mobily Management is committed to providing a resilient infrastructure and business continuity framework developed and maintained in accordance with international standards and best practices. The Company has developed a multi-layered resilient technical infrastructure that enables the organization to continue to deliver its services in a seamless manner under most challenging circumstances.

In addition, to deal with contingencies, Mobily has developed and maintained a robust business continuity program to address an incidental scenario in a timely manner. As part of the BCM program, more than 100 different business continuity plans, disaster recovery plans and emergency response plans have been developed and maintained on an annual basis. These plans are tested annually to provide a rehearsed assurance to the Executive Management and Stakeholders.

CMT Activation

Detailed criteria for incident classification as well as escalation and resolution have been developed and captured in the Crisis Management Team Manual. Any incident is rated based on its severity of impact and its duration and is categorized as either Low, Moderate, High, Significant or a Critical severity incident.

It is recommended that Critical severity incidents be treated as a crisis situation. In the event of such an incident, a recommendation for the activation of the CMT is sent by the BCM Team to the CMT Head and upon his consent the CMT is implemented. Upon implementation, the CMT takes control of the situation and provides guidance and support to minimize the impact of the incident.

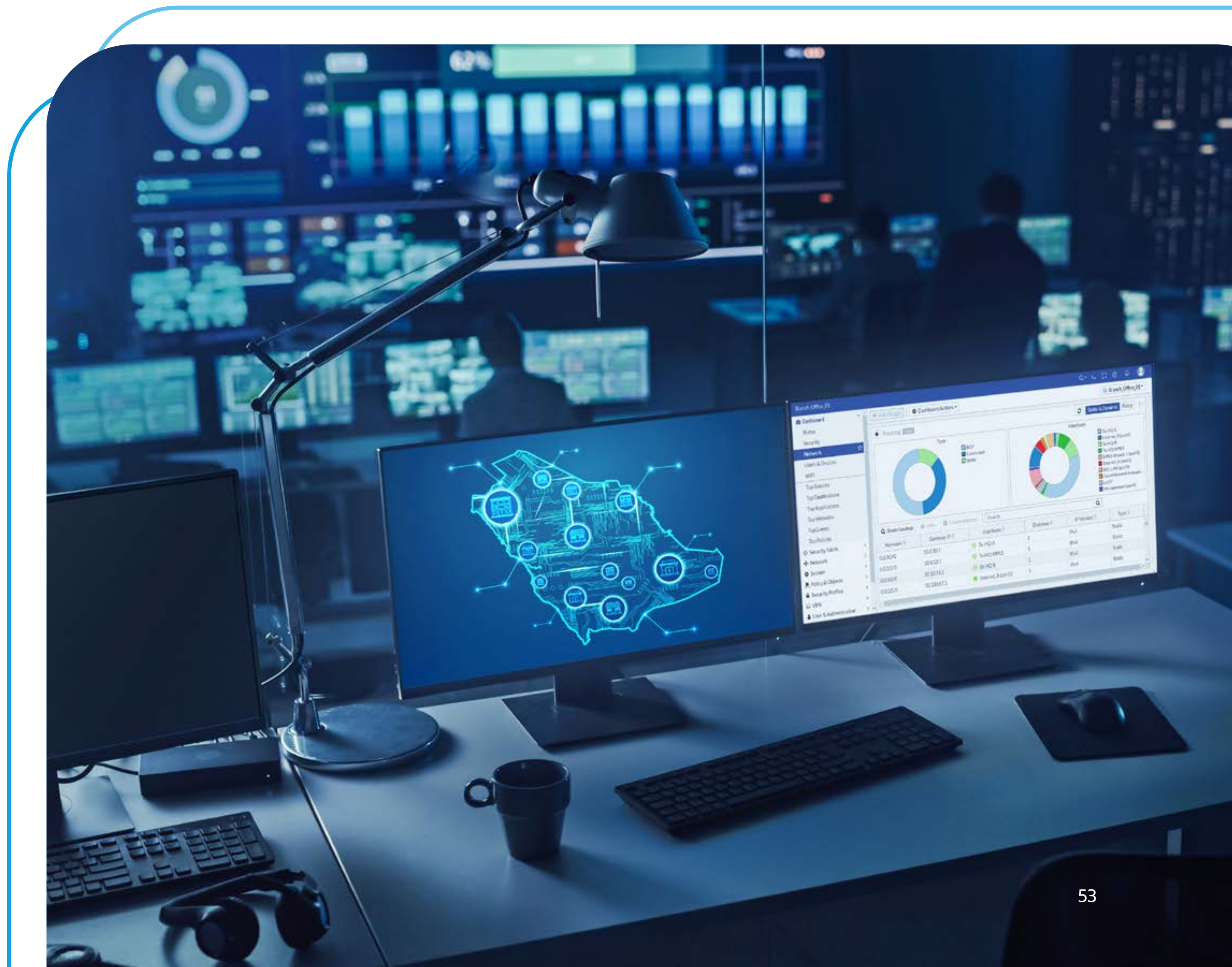
Crisis Communication

Mobily Management recognizes that effective communications are essential for the organization to succeed, and in a crisis it becomes critical. For this reason, Mobily has developed a comprehensive and rehearsed strategy and method of crisis communication that makes provision for internal communication as well as external requirements for dealing with Stakeholders and the media. The objectives of the crisis communication plan are:

- Ensure timely communication to employees / vendors required for crisis management implementation
- Ensure timely communication of verified facts to the Stakeholders so as to minimize rumours
- Facilitate the flow of information
- Promote and protect the welfare of involved personnel and their families
- Retain Stakeholders' and news media's confidence in the organization

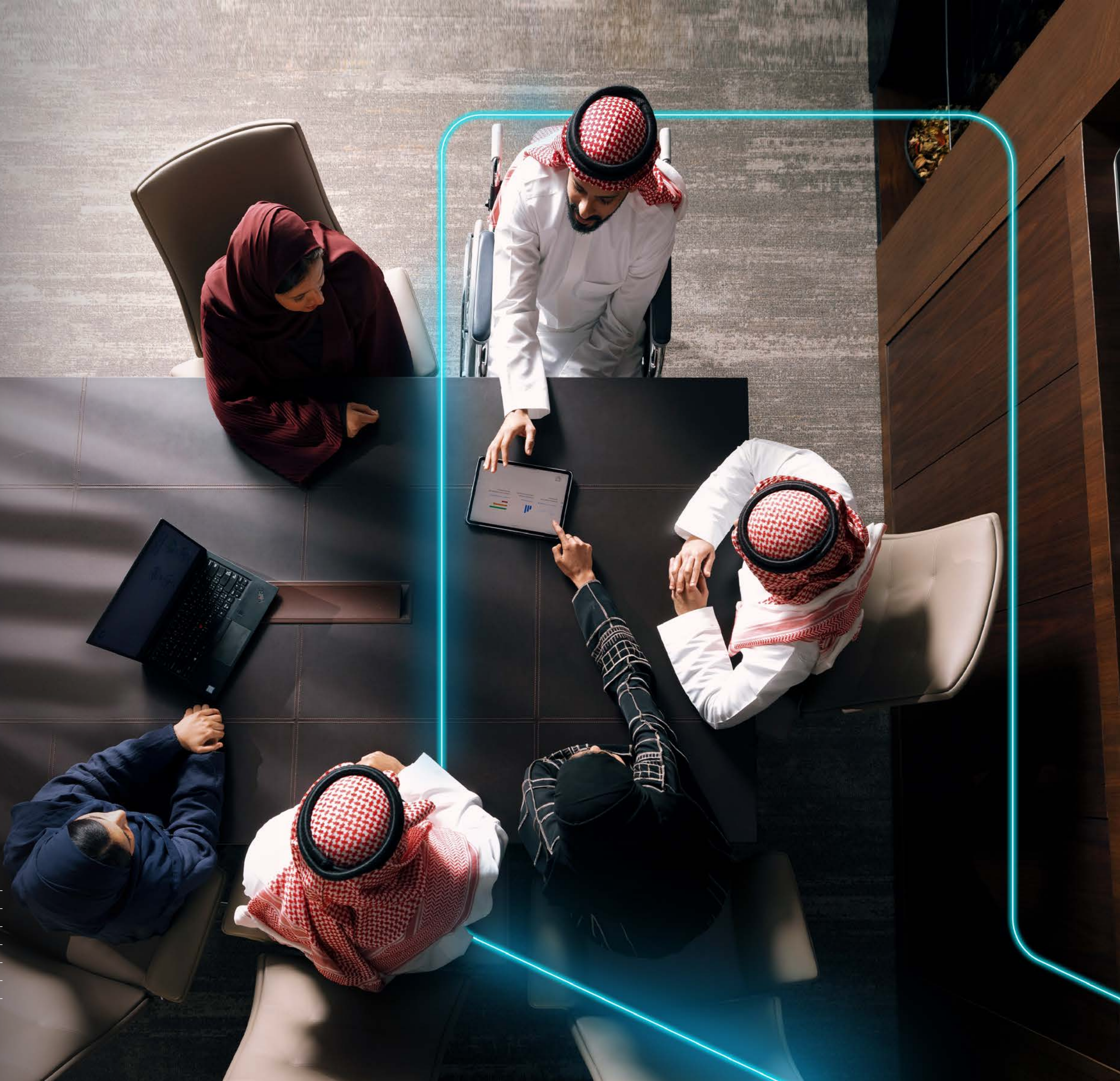
Crisis Simulation

Management understand that the best way to maintain crisis preparedness is through crisis simulation. As part of the BCM exercising program, various potential crisis situations are simulated on an annual basis and the actual results of the simulation are validated against the expected results. These simulations provide assurance to the Management and Stakeholders on Mobily's crisis preparedness and resilience.



03

Business Review



Consumer Unit

In 2022, the Consumer Unit stood up to competition and changing market dynamics to grow core revenues and increase the Mobily customer base compared to 2021. It continued to reduce churn by enhancing customer experience and employing advanced analytics, tapping into and reviving dormant customers.

The year started off on a positive note, with Saudi Arabia also easing Hajj restrictions, clocking in 1 million pilgrims in 2022. Similarly, Umrah was opened for nationals of all countries, visa validity for Umrah increased to 90 days and pilgrims were allowed to visit other parts of the Kingdom.

Compared to pre-pandemic levels in 2019, Mobily saw a pickup in pilgrim numbers this year and increased the coverage of 5G areas by 125%, which is expected to help the Company improve its roaming revenues. Mobily also saw an increase in 5G data traffic by 225%, growth of voice calls through the 4G network by 130% and growth in international calls by 75%.

Drive for Digitalization

This year, the Consumer Unit continued its drive for digitalization, in line with the GAIN strategy and in response to evolving consumer preferences. Across the board, the Company worked to digitalize products and services and convert customers from physical to digital services, and kept making strong gains in moving its customer interaction to digital channels. Overall, digitalization efforts provided more convenience to customers.

Latency for Most Used Social Media Platforms in the Kingdom

Twitter	Instagram	Facebook	Snapchat
51 ms	4 ms	4 ms	12 ms

Latency for Most Common Video Conferencing Platforms in the Kingdom

Webex	Zoom	MS Teams	Google Meet
95 ms	224 ms	91 ms	41 ms

At the helm of Mobily's digitalization was the commercial launch of Mobily Pay, a secure e-wallet offering a range of financial services for customers. The Consumer Unit also performed especially well in digital recharge, and successfully placed a range of relevant products and services on the Mobily app and the digital store.

Rolling Out 5G

Mobily 5G rollout activities continued with successful implementation in 2022. The rollout's focus on the Kingdom's major cities supported the Consumer Unit's strategy to target high- and mid-value customers. The 5G growth plan also supported the GAIN strategy by offering consumers better network service and quality.

The availability of more 5G-enabled handsets boosted 5G data usage, leading to better customer satisfaction and average revenue per user (ARPU). Significant growth in 5G fixed wireless access crystalized an increasing base and revenues. Overall, the Unit was able to upgrade its portfolio with competitive pricing, continuing to avoid a price war.

Fiber-to-the-Home

Mobily's Fiber-to-the-Home (FTTH) services continued to deliver value in 2022. The Company accelerated the rollout of open access FTTH utilization, expanding customer base growth year-on-year, demonstrating sustained high demand for premium home services.

Mobily maintained its broad FTTH footprint across the Kingdom, officially launching its 1G FTTH services across its areas of coverage this year. It also doubled speeds during 2022. By the end of the second quarter of 2022, Mobily's mobile internet average download speed improved by 36.86% to reach 161.37 Mbps, compared to the same quarter of last year. The mobile 5G average download speed increased by 14.75% to reach 321.98 Mbps and fixed internet average download speed reached 90.24 Mbps, according to the latest CST Report.

Mobily continued to lower latency of its network and achieved the highest download speed percentage for the most popular gaming platforms, resulting in #1 ranking in Saudi Arabia for 3 gaming platforms (Play Station, XBOX and STEAM) over the FTTH Network and achieved the lowest latency and #1 ranking in 9 out of 13 most popular video games (e.g., FIFA, APEX legends and PUBG). Moreover, Mobily achieved the lowest mobile 5G average latency by reaching 22 ms, and the lowest mobile internet average latency by reaching 30 ms, according to the CST third quarter Game Mode Report.

Mobily achieved the lowest latency for 4 of the most popular social media platforms in Saudi Arabia, with 51 ms for Twitter, 12 ms for Snapchat, 4 ms for Instagram and 4 ms for Facebook. It also excelled at supporting video conferencing platforms, with 95 ms for Webex, 224 ms for Zoom, 91 ms for Microsoft Teams and 41 ms for Google Meet.

New Product Launches

Mobily stayed on top of the market this year with the launch of dozens of consumer products, including the latest technologies and devices from leading providers. Notably, this year the Consumer Unit implemented device installment for FTTH customers. It also diversified customer options with the Premium 5G Air Fiber.

The Unit launched LikeCard service for all mobile voice package customers. The platform offers more than 1,500 options of pre-paid cards, from partners such as iTunes, Google Play, STEAM, Play Station, XBOX and telecommunication companies.

The Consumer Unit continued to focus on the roaming market for travelers and expats, with international discounts and enhanced international calling bundles and vouchers. It launched GCC roaming bundles with unlimited calls and internet. It upgraded the Mobily Hajj and Umrah packages. It also increased roaming data for 400 Postpaid customers from 1 GB to 5 GB and enhanced Mobily Link packages.

The Unit pursued the prepaid market with discounted bundles and value-added services, such as the Prepaid Daily Summary Statement. It also created prepaid and extra data offers for YouTube and STARZPLAY.

Mobily made aggressive moves into the streaming market. Discovery+ and UFC subscriptions are now available through Mobily in STARZPLAY. It also launched a discounted lifetime subscription service to Huawei Video for all Mobily voice package customers.

Gaming remained an important focus. In August, Mobily brought its Gaming Unlimited bundle to the market. This year, it also launched the Garena Free Fire service for all Mobily voice package customers, and it implemented a payment service through the Tencent Games – Midasbuy platform.

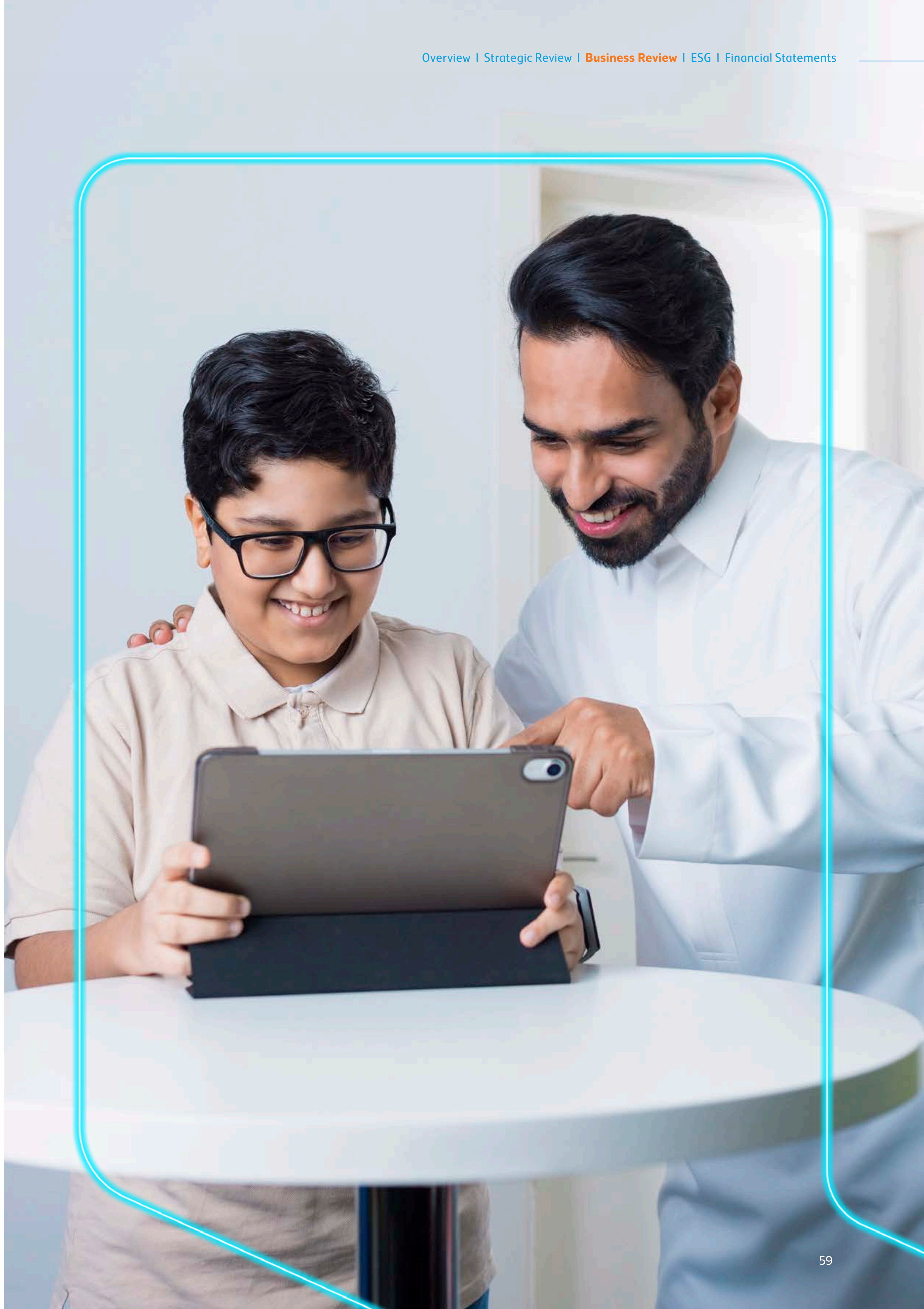
Looking Forward to 2023

In 2023, the Consumer Unit will continue its successful strategy of seizing market share in the high-value customer segment. It aims to maintain consistent growth of the postpaid customer base, while reducing the churn rate. Long-term customer engagement will remain a priority, supported by device contracts and content bundling. The Unit will continue to raise customer engagement and penetrate the dormant base, growing market share with digital gross additions. Furthermore, it will keep its focus on prepaid customers with high ARPU.

In the year ahead, content will be king. The Consumer Unit's approach envisions gaming as a lifestyle, not just a service. It will enrich over-the-top (OTT) content offerings, with an emphasis on bundling with wireless services. This will involve partnering with more OTT and content service providers. The Unit will improve device propositions to engage high-value customers for longer durations.

The Consumer Unit's focus will be on improving customer experience and improving value propositions. It will also launch a tailor-made bundle to fulfill expat customer needs.

In terms of FTTH, Mobily has established an ambitious target to evaluate the network expansion in rural areas in the coming years, by participating in government-funded projects to expand the broadband service in rural and underdeveloped areas. It is also planning to introduce a cutting-edge Fiber-to-the-X (FTTX) Network, which will support the introduction of additional services, providing higher speeds, and enhancing the quality of services.



Mobily Pay

In September 2022, Mobily successfully completed the commercial launch of Etihad Fintech Co. "Mobily Pay". Mobily Pay is a digital e-wallet offering a complete set of customizable services, including card payments, wallet-to-wallet transfers, local and international bank transfers, bill payments, and sending gifts.

Leveraging group synergies to provide **cutting-edge** innovation and customer experience

The Mobily Pay value proposition is based on a cost-efficient operation, innovative product management and leveraging multiple strong partnerships from the financial industry, to provide superior quality customized services, offering customers practical financial services at more competitive rates than traditional banking.

Fully secure, Mobily Pay was quickly issued an Electronic Money Institution License by the Saudi Central Bank (SAMA) to conduct payments, and the e-wallet services also obtained a PCI DSS certificate "Payment Card Industry Data Security Standard".

The execution of Mobily Pay is part of the Company's vision to become the leading provider of mobile financial services in the region. In 2022, Mobily continued its strategy of leveraging group synergies to provide cutting-edge innovation and customer experience. The focus was to provide superior quality and customized offerings, while maintaining cost-efficient operations and innovative product management.

Mobily Pay's strategy is based on a partnership model, Grow Core Revenues, Operational Excellence, Digitalization and Innovation; leveraging strong relationships across the financial industry. Besides other partnership agreements Mobily Pay has announced the signing with VISA to secure the payments network and the peace of mind of worldwide acceptance at its 70 million merchant partner locations, as well as the signing with MoneyGram International offering all its users the ability to transfer money internationally safely and swiftly to over 380,000 locations across more than 200 countries. Furthermore, the Company built awareness and strengthened relationships this year through its participation in the LEAP Technology Conference and diamond sponsorship of Seamless Saudi Arabia 2022.

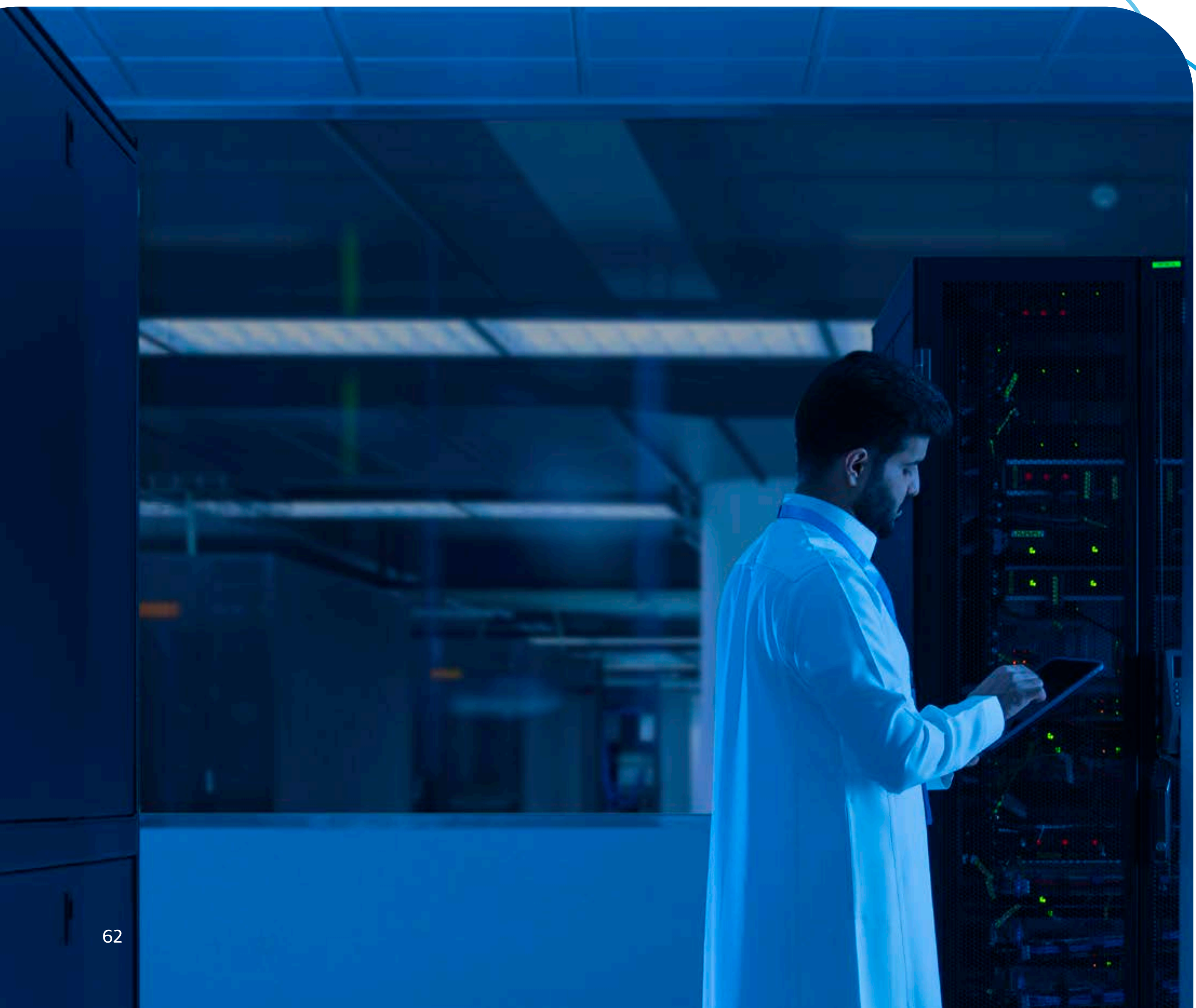
Mobily Pay aims to provide and activate effective and reliable financial technology solutions to improve the customer experience, and to become an effective part in the digital transformation and financial sector development program to support the development of the Kingdom's digital economy, by understanding the digital market's needs for safe and fast payment solutions.

Business Unit

This was yet another incredible year for the Business Unit, with record-breaking revenue growth and customer experience. In 2022, the Unit booked its highest ever revenue by posting double-digit growth compared to 2021.

As the market recovered from the COVID-19 pandemic, the Business Unit maintained its focus on new customer acquisition across different segments, while also solidifying its existing customer base. The economic activity presented an opportunity for the Unit's various teams to exercise agility and develop improvements across the Unit, which resulted in exceptional performance.

This year, the Business Unit continued to pursue the Company's GAIN strategy, growing core revenues, accelerating digital revenue streams, implementing and optimizing efficient delivery of services, and nurturing a positive experience for all. It enhanced Mobily's coverage footprint by initiating a range of strategic investments directed at both core and digital solutions, which will play a critical role in solidifying its market position over the long-term. In addition, the Unit continued to improve Mobily's capabilities in the digital space and increase capacity to deliver complex digital projects, in line with Saudi Vision 2030 and the ICT Strategy 2023.



A Record-Breaking Year

In 2022, the Business Unit's financials spoke for themselves, with the highest ever annual revenue and highest ever gross margins.

The data center and cloud services boasted an increase in revenue compared to 2021. Security Solutions also saw an increase in revenue, bolstered by increases in new customers compared to 2021.

The Unit continued to improve its customer satisfaction score, earning the highest Trigger Interaction Manager (TRI*M) score for customer satisfaction across the telecommunication industry in Saudi Arabia.

The Business Unit achieved a number of awards, recognitions and certifications this year. The VMware Partner Achievement Awards recognized Mobily for its partnership to provide cloud services in Saudi Arabia. The University of Hafer Al Batin recognized the Company for sponsoring its first student affairs event. The Ministry of Sport also honored Mobily with an award for sponsoring the Saudi Games.

Further, Uptime Institute awarded the data centers Tier III and Tier IV certification, as well as certification for the highest level of sustainability. The National Cybersecurity Authority also officially certified Mobily Cybersecurity Solutions.

Putting Customers First

While the Business Unit takes a multi-dimensional approach to driving growth, its first and foremost focus is to fulfill its promise to customers. In core services, the Unit strategically expanded Mobily coverage, and launched multiple products and services to satisfy customer needs. In the digital space, it further established Mobily Business as a major contender by amplifying the value proposition for customers.

This year, more than 90% IoT services were activated compared to 2021. The increase was due to growing demand, coupled with Mobily's strong position as an Internet of Things service provider. Popular activations included Fleet Management, Point of Sales and Machine-to-Machine.

The 5G expansion supported Mobily to target more customers with less direct investment. This led to the Business Unit securing more small and medium-sized businesses (SMBs), and significantly increasing its revenue.

This year, the Unit launched Fixed Wireless Access (FWA) to provide customers with fixed connectivity over the wireless network. This solution enables Mobily coverage and offers higher bandwidth without fixed network expansion.

The Business Unit also relaunched and revamped its portfolio of cloud services. This included providing customers with a self-service portal, as well as other automated and scalable infrastructure.

For SMB customers, the Unit launched the new product Netphone, a landline service offering fixed voice communication over the FiberNet. It also launched the Smart Edge (SD-WAN) service for enterprises to manage their branches and optimize application performance digitally and securely, and expanded the range of roaming add-ons for business customers.

Importantly, the Business Unit enhanced security offerings with Anti-DDoS infrastructure. Anti-DDoS is a cloud computing technology that secures electronic and information services by monitoring, controlling, and analyzing network traffic 24/7. It supports businesses to make their electronic services available permanently with no discontinuity.

In sales, the Business Unit developed and enhanced its reach by introducing virtual sales channels. It also enabled customer service for SMB customers through Mobily flagship outlets.

The Unit continued to gain trust with government and private clients with Mobily's state-of-the-art data centers. The Company operates 8 data centers across the Kingdom, with multiple tier rankings for design, facilities and operations. In addition to recent sustainability certification from Uptime Institute, Mobily's cloud services have earned the highest security class C from the Communications, Space, and Technology Commission (CST).

Notably, this year the Business Unit brought FastConnect to the Saudi market. The solution connects government and enterprise customers directly to the Oracle Cloud Infrastructure via a dedicated, secure and scalable connection housed in the Mobily Data Center in Jeddah.

Supporting the Kingdom

The Business Unit remains committed to establishing a fully connected and innovative Saudi Arabia, in line with Saudi Vision 2030 and the ICT Strategy 2023. Over the years, Mobily's relationship with the Government has evolved from being a service provider to becoming a success partner in multiple areas. The Business Unit plays an active role at the forefront of the Kingdom's efforts to develop the ICT sector, empower SMBs, entrepreneurs and end users, and realize increasing levels of government integration.

The Unit has multiple new and running projects in partnership with different government entities and multiple universities. With these partners, it strives to provide cutting-edge ICT services, and offers reliable and sustainable solutions.

This year, the Business Unit supported the Arriyadh Development Authority bus project to operate and connect all buses in the city of Riyadh. Mobily's role was to design and implement the network infrastructure for the bus stations, including the hosting services for the data center, the bus monitoring system, and the maintenance operations for fiber optics.

With Saudi Post, the Unit implemented multiprotocol label switching (MPLS) for Saudi Post to connect all branches around the Kingdom. It also worked with the General Authority for Zakat and Tax to cover all customs borders with MPLS. In addition, the Unit managed the security center for multiple other government entities.

The Business Unit is also establishing itself as the preferred partner for Saudi Arabia's educational institutions. Mobily completed a revamp of Jeddah University's Student Information System. It also implemented the nationwide Learning Management System for Saudi Electronic University, hosting it in the Mobily data center. Mobily also worked with Imam Abdulrahman University to build their disaster recovery system on the Mobily cloud, guaranteeing students an uninterrupted education process.

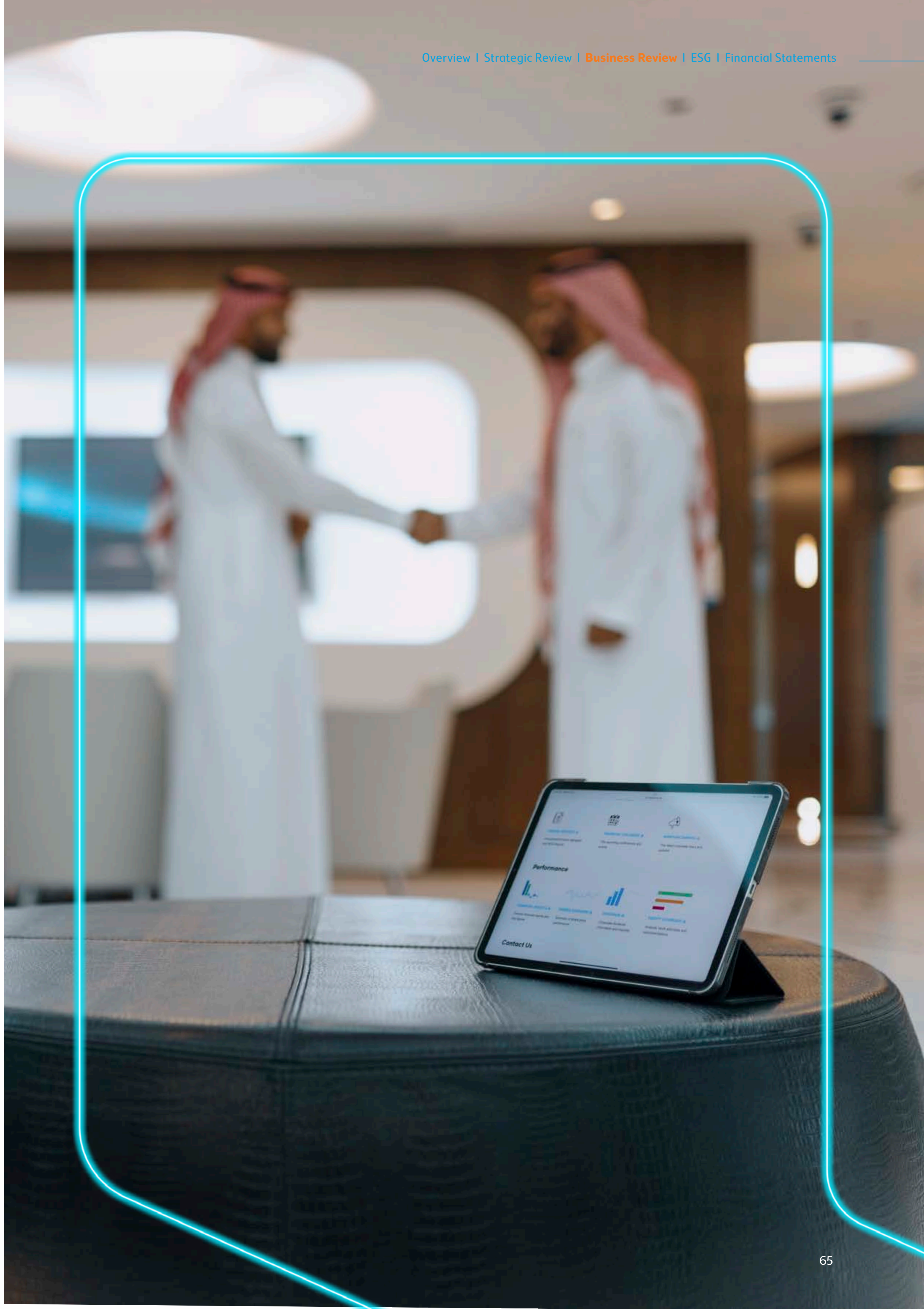
Finally, the Business Unit signed a tri-party agreement to connect the King Abdulaziz City of Science and Technology Maeen network and the King Abdullah University of Science and Technology (KAUST) international research hub with a 10G capacity. The deal is aligned with Mobily's current work with KAUST, where it provides international connectivity with 400G capacity. Not only is the agreement aligned with Saudi Vision 2030, but it supports Mobily's strategy to position itself as a leader in the education vertical.

Looking Forward to 2023

In the year ahead, the Business Unit aims to keep breaking records with an aggressive pursuit of the corporate strategy. For 2023, it is prioritizing game-changing business initiatives.

The Unit will spearhead strategic and tactical investments to enhance its core and digital infrastructure, reinforcing its strong market presence. It will also enhance efficiencies by automating more business processes and developing state-of-the-art solutions to digitize internal operations.

Customers will continue to come first for Mobily Business. The Unit will maintain its position as the Kingdom's leading digital services provider by extending its system integration services offerings. It will proactively enhance the customer experience by digitizing customer lifecycle management. Overall, the Business Unit will build and strengthen relationships with government, corporate and SMB customers, further penetrating these segments with customized offerings and marketing communications.



Wholesale Unit

The Wholesale Unit is key for Mobily's international connectivity and roaming services, supporting all other units and significantly contributing to Company revenue growth. This year was one of expansion, with enhanced 5G roaming coverage, along with major deals and partnerships fostering internet connectivity and quality for customers.

Mobily accelerated national and international infrastructure expansion efforts across submarine, terrestrial networks, and data centers' capacity, as well as new partnerships to enable a carrier-neutral internet ecosystem that is vital for the sustainable growth of the information and communications technology sector, and contributes to the Kingdom's digital hub vision.

The infrastructure expansion spans several areas, including submarine cables, terrestrial networks, data centers, and landing stations. Mobily has also joined 2 new submarine cables, SEA-ME-WE-6 and Africa-1 landing in Yanbu station and Duba, which will contribute to strengthening the new digital infrastructure in Saudi Arabia and serve the needs of Mobily customers from both the private and the public sector.

Serving Customers

In 2022, Mobily expanded national roaming coverage in unified service fund areas. It also improved coverage efficiency and secured savings for Mobily International Direct traffic to top customer destinations.

This year, the Unit focused on infrastructure to support growing demand for content, hosting major content delivery network players in Mobily Data Centers. The impact of over-the-top content providers on voice services remained a challenge.

The Wholesale Unit also generated additional revenue by sweating existing assets by sharing the network with other operators.

Furthermore, Mobily's border expansion project will extend connectivity with countries neighboring Saudi Arabia, while the Wholesale Unit also upgraded AAE-1 cable capacity to offer better service to customers.

Asia Africa Europe-1 (AAE-1)

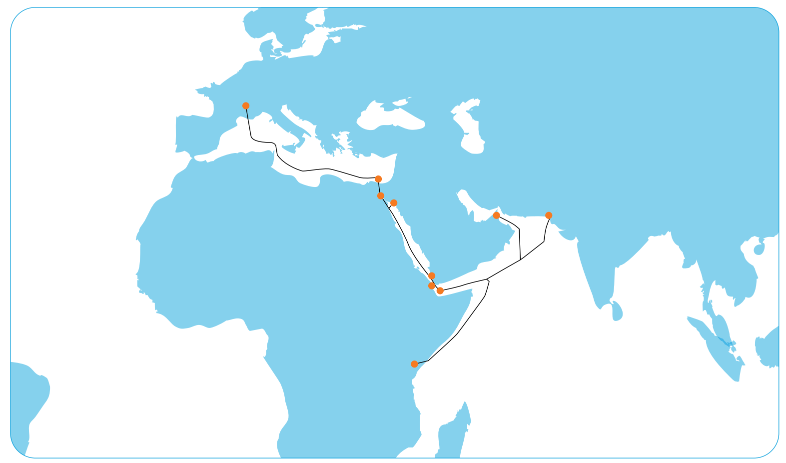
Cable Length
25,000 km

Connecting to Africa-1

In 2022, Mobily joined the new cable system consortium, Africa-1, to contribute to boosting the Kingdom's digital economy. The new system will reinforce Saudi Arabia's connectivity with the Middle East, Africa and Europe. The system offers advanced connection capacities, new routes integrated with Mobily's national networks across the Kingdom and border link points with telecommunication networks in neighboring countries. The new consortium includes Mobily, the only telecommunication company from Saudi Arabia, in addition to other regional and global service providers.

The new sub-sea cable system will feature advanced technologies accelerating Saudi Arabia's telecommunication network level to improve service quality and user satisfaction. In addition, the new cable system, which is expected to be launched by the end of 2024, will also be linked to a new strategic landing station in Duba, northwest of Saudi Arabia.

The 10,000 kilometer sub-sea cable will initially have landing stations in Saudi Arabia, UAE, Egypt, Sudan, Algeria, France, Pakistan, Kenya and Djibouti. The following phase will include additional landings in Yemen, Somalia, Tanzania and Mozambique. Furthermore, the system will be equipped with ASN 1620 Soft Nodetrans mission equipment, featuring high-performance 200/300/400 Gb/s advanced coherent XWAV line cards.



Africa-1

Cable Length
10,000 km

SEA-ME-WE-6

This year, Mobily also joined the Southeast Asia - Middle East - Western Europe 6 (SEA-ME-WE-6) consortium to build a new submarine cable system connecting Southeast Asia, the Middle East and Western Europe. The consortium will build a 19,200 kilometer long new undersea cable system connecting Saudi Arabia with 10 other countries.

The SEA-ME-WE-6 will enhance Mobily's global network connectivity and offer one of the lowest latencies available between Southeast Asia, the Middle East, and Western Europe, transferring more than 100 terabits per second. Furthermore, the system will create an additional layer of network diversity and resiliency for the heavily loaded traffic from the Middle East toward Europe and Asia.

This announcement comes in line with Mobily's effort to enable the digital transformation journey of the Kingdom's Vision 2030 by empowering businesses with reliable infrastructure and stronger, far-reaching connectivity to provide digital services that are on par with international standards.

In addition to Mobily, the SEA-ME-WE-6 consortium includes Singtel (Singapore), Telekom Malaysia, Telin (Indonesia), Bangladesh Submarine Cable Company, Bharti Airtel Ltd. (India), Sri Lanka Telecom, Dhiraagu (Maldives), Trans World Associates (Pakistan), Djibouti Telecom, Telecom Egypt and Orange (France).

The SEA-ME-WE-6 submarine cable will land at Mobily's new international cable landing station in the city of Yanbu. Its strategic Red Sea location, nearby data centers and Saudi Vision 2030 projects, positions it as one of the key cable landing sites for Saudi Arabia and the region.

SEA-ME-WE-6

Cable Length
19,200 km

Telecom Egypt

In 2022, Mobily signed a strategic Memorandum of Understanding with Telecom Egypt to build the first direct bilateral submarine cable system connecting Saudi Arabia to Egypt. The agreement explores various new ways to connect international capacity to Europe in the West, through Telecom Egypt's network, and to the GCC in the East, through Mobily's network. This is made possible by expanding the 2 companies' networks and connecting them to neighboring countries.

The establishment of the new cable system aims to meet the rising communication traffic and the high demand for such services between Saudi Arabia and Egypt. It further cements Mobily's reliability, agility and competitiveness. It also contributes to the Company's efforts to bolster the growth of the communication sector and digital economy in Saudi Arabia. Telecom Egypt is the preferred partner for subsea cable owners worldwide, offering advanced infrastructure both locally and globally, with more than 140 landing stations across more than 60 countries.

Sponsoring Connectivity

In line with the Company's strategy to empower the digital economy in Saudi Arabia, Mobily participated as a gold sponsor of Capacity Europe 2022. The conference brought the carrier community together under one roof to discuss current and future partnerships, collaborative projects, and the transformation of the wholesale telecommunication ecosystem fueled by rapid digital transformation.

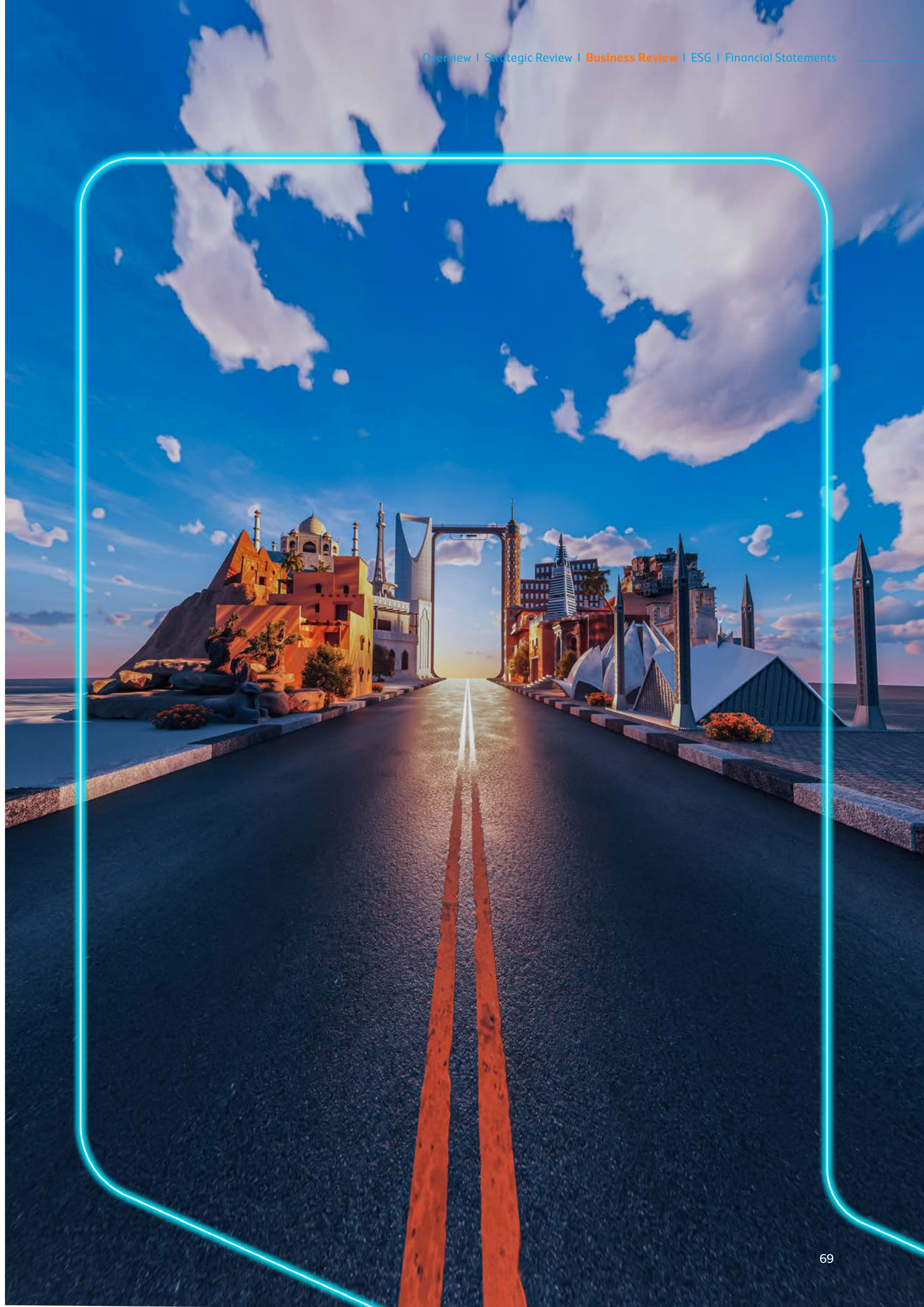
Mobily's participation enhanced the Wholesale Unit's strategy and the Company's leadership role in the regional and international telecommunications sector by building strategic partnerships, seeking opportunities for international expansion and entering new markets. It also offered an outlet to feature Mobily's advanced local and international network infrastructure, and its diverse recent investments in submarine cables, data centers, and landing stations. At the event, Mobily emphasized its role in enabling the digital economy to meet Saudi Vision 2030 goals by enhancing the Company's infrastructure capabilities and improving customer experience.

Looking Forward to 2023

The Wholesale Unit has achieved strong positioning in submarine cables and national roaming. For Mobily, the Unit is an important growth area, and the Company continues to explore different models for monetizing the business and optimizing capital.

In 2023, the goal of the Wholesale Unit is to continue to grow revenue streams. It will generate and nurture partnerships locally, regionally, and internationally to expand the network and better serve customers. It will also pursue pathways for optimizing existing infrastructure.

In the year ahead, the Unit plans to employ the Communications, Space and Technology Commission's open access platform. It will also capitalize on government initiatives to transform the Kingdom into a hub for international data centers.



Technology and Innovation

Mobily has been pushing the boundaries for a sustainable and vibrant digital economy, moving the Kingdom towards Saudi Vision 2030. As a leading digital service provider in Saudi Arabia, Mobily unlocks the potential for customers, individuals, and corporates, through cutting-edge products and services that enhance the way people connect and communicate.

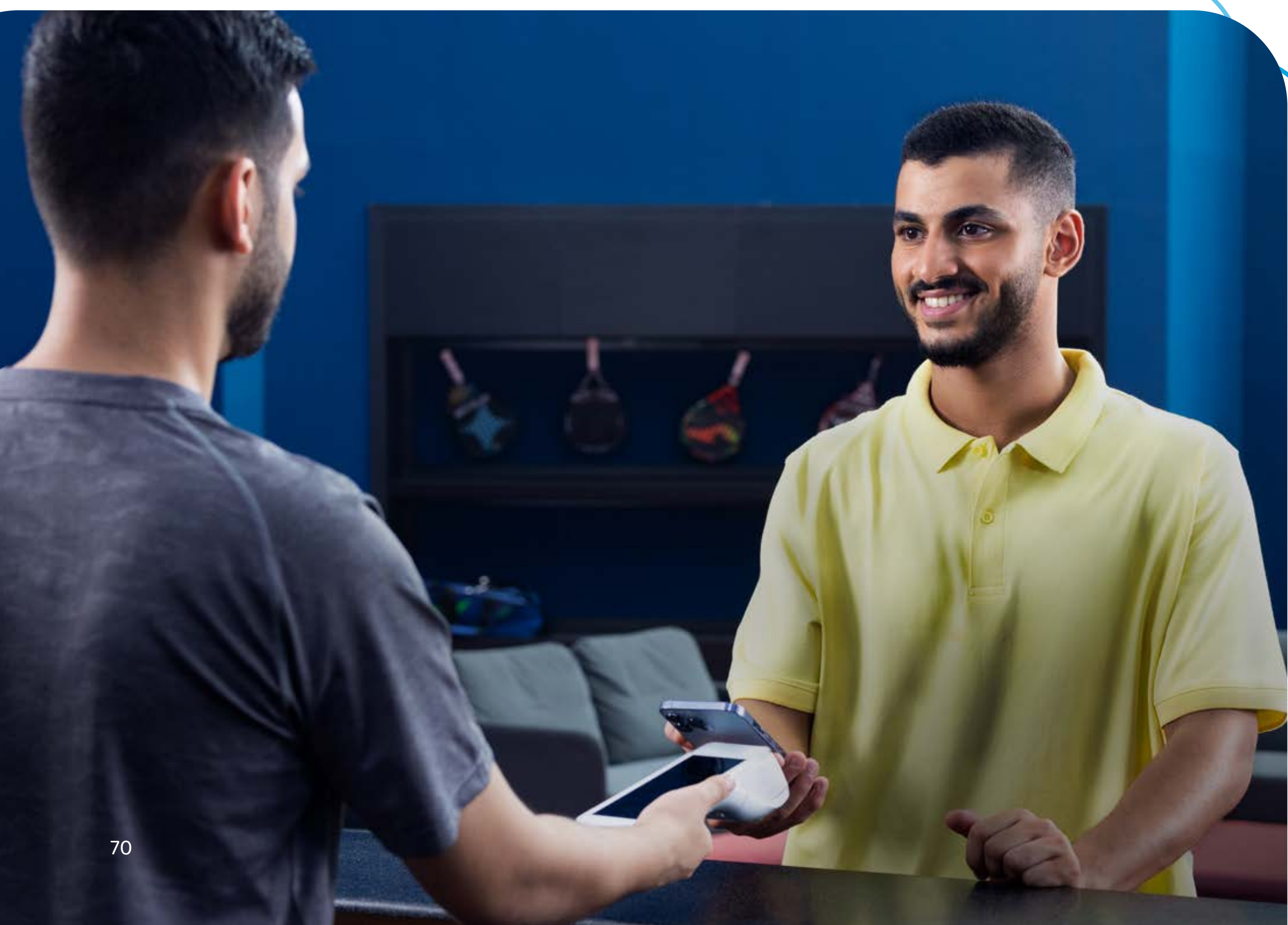
By delivering systems-oriented projects in areas such as sales capabilities, revenue management, and credit and collection, Mobily employed technology and innovation to achieve the roadmap put forward by the GAIN strategy and created value for all Stakeholders.

At the end of 2022, the Company's IT transformation program continued to outperform, closing the year with more than 88% progress due to strong mobilization and tight governance.

This year, 11 projects were delivered successfully, with 6 projects exceeding their progress target. A total of 26 projects have been delivered since 2020.

Digitalizing Sales Capabilities

In 2022, Mobily digitalized the entire sales lifecycle, widening the horizon for Sales and Marketing. The new technologies empower the Mobily team with smart lead and order management systems. The system now provides a centralized wallet, unified with partners and integrated to Mobily's commission and ERP system. Inventory management has also been centralized, including order integration and digital and shop sales. Commissioning has been integrated with the partner hierarchy, consolidated with order sources, and auto reflected to the wallet.



Smart Care

Mobily's Smart Care project was game-changing for the Business Unit, offering users a 360-degree view of customer profiles. By integrating the application process into one interface, the number of applications users use was reduced significantly. This improved efficiency and quality, while complementing Mobily's vision to improve customer experience.

Expanding the Cloud

Mobily partnered with Cisco to build the region's largest Internet of Things (IoT) cloud platform. The new platform, powered by Cisco and hosted in Saudi Arabia, enables fully automated management for IoT devices, with artificial intelligence and machine learning capabilities. The new capabilities will support new IoT use cases, including payments, smart cities and industrial applications. The move is a significant step towards accelerating digitalization in the Kingdom, in support of the Saudi's Vision 2030.

Accelerating 5G

Mobily succeeded this year in integrating 5G frequencies to achieve the fastest connection in the Middle East and North Africa (MENA) region. Through an experiment in cooperation with Nokia, Mobily reached a maximum download speed of 3.8 Gbps. As a result of the experiment, Mobily will be capable of adding 100 MHz to its network. This will improve the experience for its 5G customers and pave the way for merging more frequencies in the future.

The Company also partnered with Ericsson to explore 5G industry use cases in Saudi Arabia. The collaboration will showcase the importance and capabilities of private networks in a variety of industries. Being an easy-to-install and flexible network, supporting a range of deployment sizes, Ericsson Private 5G will allow for innovative use cases across a range of industrial sectors, including manufacturing, mining, ports, and airports, as well as oil and gas and power utilities.

Improving Speed and Experience

Mobily was once again recognized this year for its network speed and service. It earned 2 Ookla Speedtest awards at the Mobile World Congress 2022. This included the "Top-Rated Mobile Network" in Saudi Arabia award for the second consecutive year, as well as "Top-Rated Fixed Network". The awards are a recognition of Mobily's position as a leading telecommunications operator that is constantly innovating to deliver the best customer experience.

In the Opensignal report, Mobily once again won both the Excellent Consistent Quality and Core Consistent Quality awards. This indicates that a greater proportion of tests, of the Mobily system, met the minimum thresholds for both regular and more demanding mobile applications, compared to the competitors.

Notably, Mobily improved in the Opensignal rankings of video experience in 2022. The Company tied for first place for the 5G Video Experience and Overall Video Experience Awards. While the competitor's scores scores were little changes, Mobily users saw an improvement in their experience compared to the previous year.

Technological Development in 2023

In the year ahead, Mobily will empower the business with advanced platforms for customer loyalty and relationship management. New projects will be completed in areas such as loyalty, new stack, wholesale, and data. Plans for an upgraded loyalty system will deliver enhanced functionality and unify business-to-consumer and business-to-business cases under a single portal. Overall, new technology and innovation projects in 2023 will lead to improvements in agility and customer experience, ultimately increasing Company revenues.

Overall Experience
Video Experience in 0-100 Points
Mobily 48.7
Voice App Experience in 0-100 Points
Mobily 75.3

5G Experience
5G Video Experience in 0-100 Points
Mobily 71.2
5G Voice App Experience in 0-100 Points
Mobily 80.7

Consistency
Excellent Consistent Quality % of Tests
Mobily 65.0
Core Consistent Quality % of Tests
Mobily 83.8

Availability
Availability % of Time
Mobily 97.7

5G Reach
5G Reach in 0-10 Points
Mobily 4.0

Customer Care and Experience

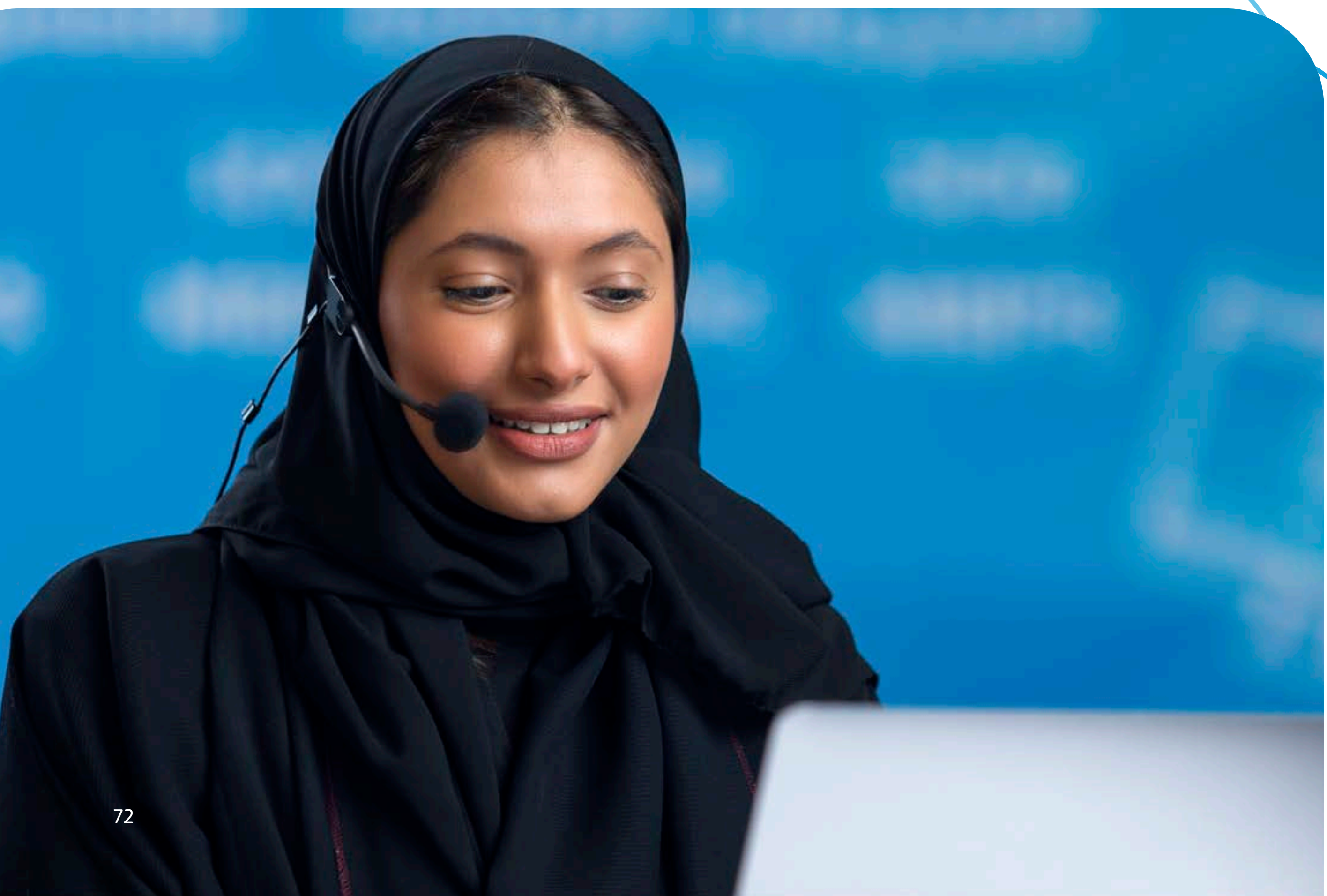
In 2022, Customer Experience and Customer Care successfully implemented the GAIN strategy by growing core revenues, improving operational efficiency and delivering quality, and creating positive customer experiences by improving customer care and satisfaction. Mobily achieved its ambitious goal of transforming Care to a revenue-generating center, creating new revenue streams for the Company.

The year's performance was exceptional, largely due to new efficiencies and innovative strategies for achieving head-and-tail-of-month service levels. Customer Care exceeded its collection target for 2022. It also achieved its targets for the After-Call Surveys on Agent's Performance and Attitude (APA), Customer Efforts (CE) and First Call Resolution (FCR).

Global System for Mobile Communications (GSM) first bill defaults dropped by 40% after implementing procedures for precautionary action. Fiber-to-the-Home (FTTH) first bill defaults also decreased by 35%. Customer Satisfaction (CSAT) and Communications, Space and Technology Commission (CST) Service Level (SL) enhancement experienced growth compared to 2021.

Industry-Leading Standards

In February, Mobily won the 'Best Customer Experience Award 2021 for the Individual Sector' from the CST. Mobily was the first company to win this award, which aims to stimulate and develop the telecommunications sector, raise competitiveness, increase transparency and improve user experience in the Kingdom. Criteria for winning the award included high user satisfaction, high user desire to promote Mobily to relatives and friends, low customer effort in obtaining and dealing with Mobily services, and minimal complaints escalated to the CST.



Notably, this year Mobily earned several ISO certifications attesting to its quality Customer Experience and Customer Care. The Company obtained ISO 10002 certification for Customer Care Services, for following the highest standards contributing to customer service and addressing complaints on various platforms effectively and professionally. Mobily also earned ISO 9001:2015 certification for Customer Journey and Satisfaction, for analyzing customer journey and satisfaction. This was achieved by completing an evaluation and audit of the quality of services and work provided to customers.

Redesigning the Customer Journey

In 2022, Customer Experience contributed to the execution of Mobily's GAIN strategy in a variety of ways. First of all, it completed a full redesign of the delivery journey, and commenced redesign of the customer support journey. Secondly, it revamped the customer journey for high-value customers and improved the Raqi customer welcome package. Thirdly, it enhanced the digital payment and digital complaints journeys.

Furthermore, Customer Experience pushed the bar by ensuring customer rights and enhancing service management. It updated terms and conditions to offer flexibility for customers transferring their lines. New international bundles and vouchers offered enhanced benefits and durations to better match customer needs. Customer Experience also improved the bill payment experience, with multiple options available through digital channels.

Putting Customers First

Positive results for 2022 reflected efforts to make processes more dynamic and services more customer centric. Customer Experience established a Beneficiaries Experience Committee, created an Experiences Policy and developed an Experience Processes and Procedures Manual. The Customer Feedback Loop (CFL) was also enhanced.

An increased focus on proactive and reactivation retention resulted in better retention rates. Customer Care decreased abandonment calls and improved CST Service Level (SL), as well as accessibility to call centers.

Outbound calls were initiated after service-requests closure, which improved customer feedback on service quality and reduced time consumed. Customer Care enhanced the FTTH grace rules and provided 'full bar' customers, with 30 days extra to receive an SMS.

Interactive Voice Response (IVR) witnessed several enhancements, which supported better service to customers. Mobily also offered more self-service options through IVR and other channels.

Customer Care communicated an apology to customers impacted by the Western Region demolition project through SMS that helped reduce call volumes. Furthermore, Customer Experience took proactive actions to compensate customers in the case of service disruption, for example with the cancellation of the TOD streaming app.

Digitalization for the Future

In 2022, Customer Experience worked to deliver a digital experience that delights customers by enhancing the user experience and user interface. It made the customer journey faster, easier, more secure, simpler and visually sleeker. This included enabling more services to be handled by chatbot. New app clip technology also allowed for a faster, more convenient service.

In February this year, Mobily launched Mobily Fast, a new service to provide a cutting-edge digital experience to customers. The launch introduced smart links for quick and seamless bill payments, with more services to come soon. Customers can use Mobily Fast without the need to download the Mobily app or to login to the Mobily website. The service leverages the technologies of App Clips by Apple and Google Instant, positioning Mobily as a pioneering telecommunications provider in Saudi Arabia, adopting advanced innovative technologies.

Mobily also enhanced the customer shop delivery journey, support help journey, and lines management journey. A new, improved search process was implemented to help customers search for devices and accessories with better results. Customer Experience simplified the complaints process, so that the customer can initiate it by entering their phone number. The redesign of Mobile Number Portability (MNP) improved the customer journey and made it easier for customers to switch their eSIM to Mobily through digital channels.

40%
reduction in GSM first bill defaults

35%
reduction in FTTH first bill defaults

Digitalization further supported the payment process. The Company incorporated new payment channels through its chatbot and website. In 2022, the Mobily app saw an increase in payments. Mobily also enhanced its website to increase transparency for customers around overdue bills.

On the back end, Customer Care achieved full visibility of stock at each store. This created readiness for new high-demand product launches.

Notably, Customer Experience developed the Experiences Command Center to serve as a single source of up-to-date information and customer-level insights. The center supports better decision-making, faster reaction time, and higher customer centricity. It also offers alarms, signals action and creates predictability for proactive customer service.

Customer Care and Customer Experience in 2023

In the year ahead, Customer Experience will transform to focus on total experiences, covering all beneficiaries. These include customers, Shareholders, suppliers, partners, employees, regulators and other Company departments. On the other hand, Customer Care will continue to assert itself as a revenue-generating center, contributing to the overall revenues of the Consumer Unit, as well as enhancing CSAT at all channels of interactions with customers.

A number of initiatives are underway for 2023. The aim is to enhance customer experience and satisfaction. Customer Care and Customer Experience will further enhance customer accessibility to contact centers through digital channels. It will work with technical teams to minimize the duration of outages. It also plans to implement WhatsApp notifications to improve communication with customers.

04

ESG

Sustainability Strategy and Framework

Sustainability is a core part of Mobily's business and long-term strategy for achieving growth and gaining lasting trust. The Company is committed to creating value for all Stakeholders and positively impacting the environment and the national, regional, and global communities. Responsible and transparent governance is a critical part of building trust with customers, employees, partners, and Shareholders.

Mobily is on a mission to enhance its environmental, social, and governance (ESG) key performance indicators, which fall under 5 strategic areas: Accountable Enterprise, Marketplace and Customers, Responsible Employer, Positive Community Impacts, and Safeguarding the Planet. Mobily is ramping up its efforts to enhance ESG performance in the years ahead.

ESG Performance at a Glance

Accountable Enterprise

Successful conclusion

of the GAIN strategy and the launch of a new strategy

Marketplace and Customers

Launched and activated

Mobily Pay

for all users

Responsible Employer

+1,000

employees attracted by Mobily's 2022 Learning Calendar

Positive Community Impacts

Partnered

with The Diriyah E-Prix in cooperation with Formula E

Safeguarding the Planet

Launched

the first

energy-generating tower using environmentally friendly sources

Associations and Memberships

- Asia-Africa-Europe 1 (AAE-1)
- Cullen International
- SAMENA Telecommunications Council
- TM Forum
- International Telecommunication Union (ITU)
- Global System for Mobile Communications (GSMA)

Stakeholder Engagement

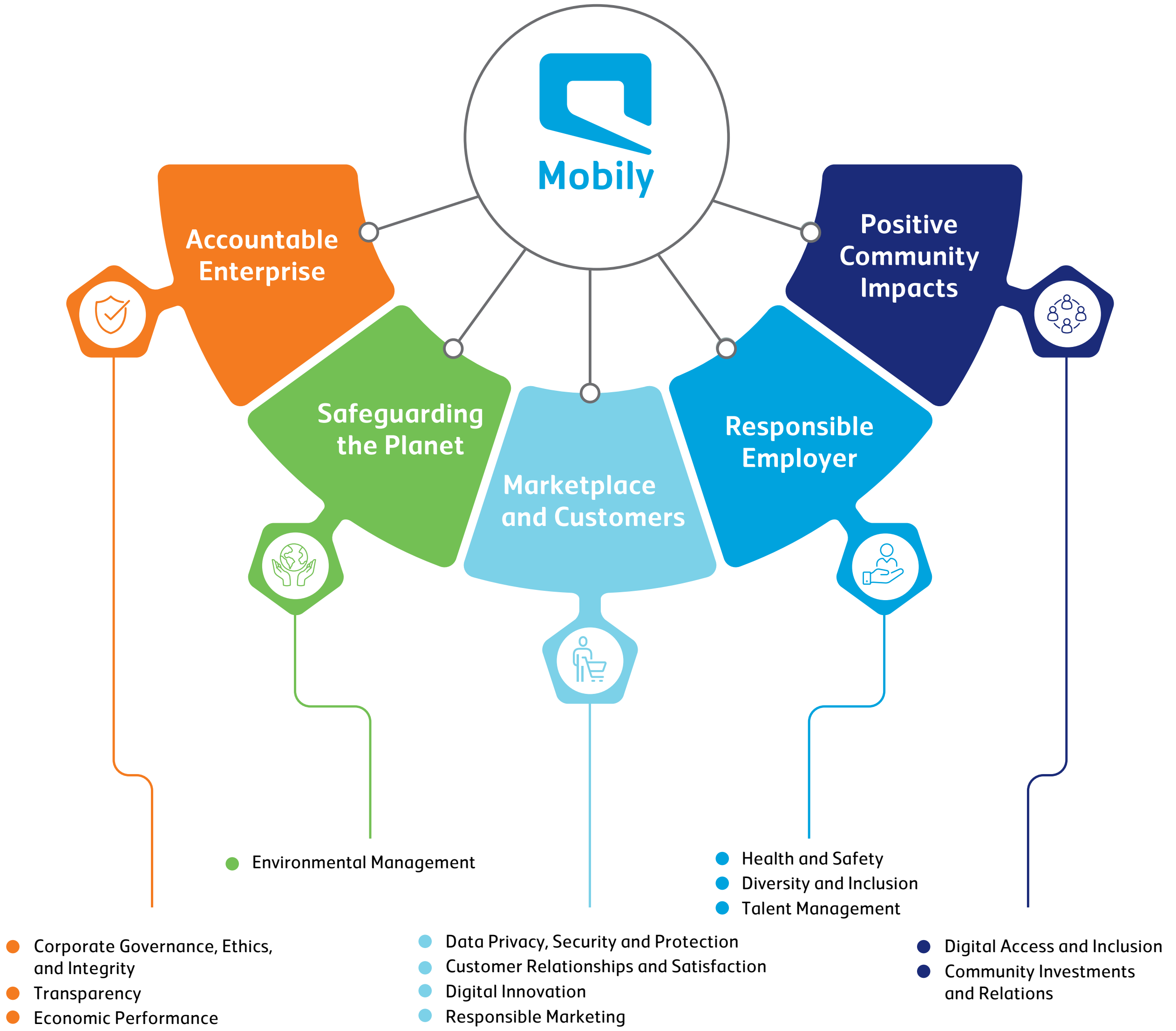
Mobily takes a holistic view to Stakeholder management, maintaining collaborative relationships with all Stakeholders and viewing them as important partners. Internally, Mobily's Stakeholder groups include its employees, Executives and the Board of Directors. External Stakeholders include customers, Shareholders, suppliers, contractors, communities, regulators and government agencies.

In 2022, Mobily actively engaged with key Stakeholders through a wide range of channels to understand their views and concerns, which informed the Company's corporate priorities and business practices. Mobily's strategy took into consideration complex and interrelated sustainability issues, with adjustments made to the Company's business practices and long-term risk management approach.

Sustainability Framework

Mobily's sustainability framework comprises 5 key pillars: Accountable Enterprise, Marketplace and Customers, Responsible Employer, Positive Community Impacts and Safeguarding the Planet. This framework conceptualizes and articulates the Company's strategic commitment to sustainability. It also articulates and organizes sustainability priorities and serves as a guide for related initiatives and programs.

The following maps out material topics against the 5 pillars of Mobily's sustainability framework:

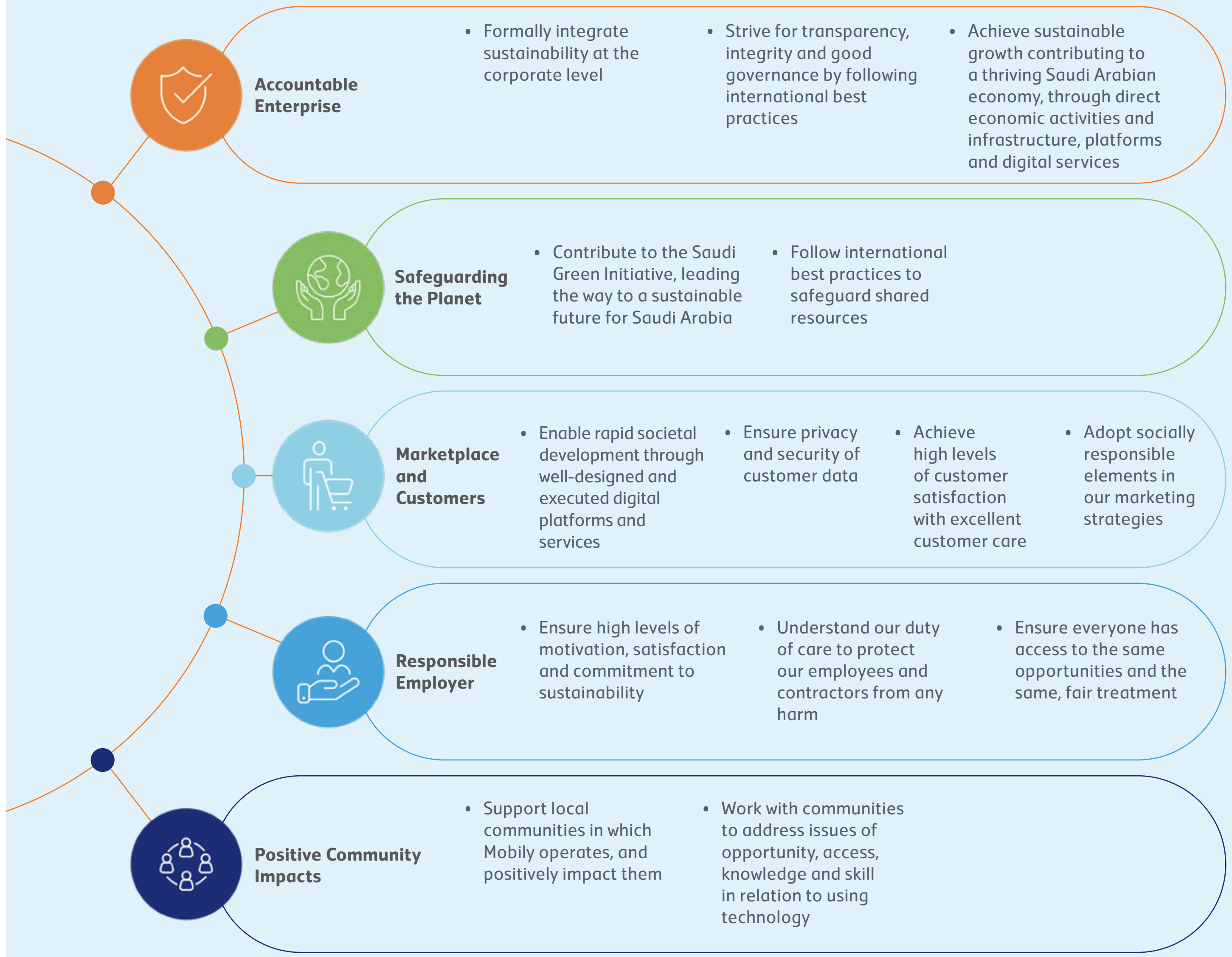


Sustainability Strategy

Mobily continuously monitors the pulse of global trends. The Company observes and analyzes regional and worldwide patterns and shifts in technological advancements, urbanization, climate change and resource scarcity.
The Company recognizes the importance of proactively mitigating risks and capturing opportunities in these areas with the goal of generating economic and social value.

Mobily understands that its success as a company hinges on its ability to create long-term value for Stakeholders. This requires practicing good corporate governance, minimizing risks, advancing responsible environmental stewardship, and being a compassionate and ethical neighbor. With this in mind, the Company takes its responsibilities seriously and recognizes its commitment to implement programs and practices that minimize risk and improve ESG performance.

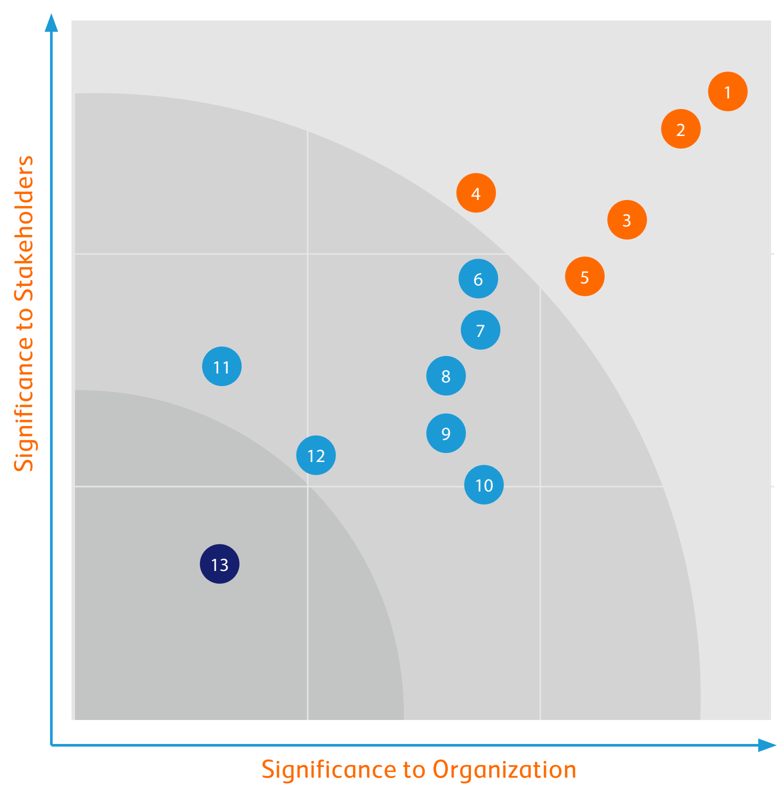
To support these efforts in the coming years, Mobily has developed a sustainability strategy. This strategy outlines its plans to improve ESG performance and contribute to the development of Saudi Arabia, in line with Saudi Vision 2030.



Materiality Assessment

This year, Mobily reviewed its materiality assessment to stay on top of the latest ESG trends in the telecommunications industry and across Saudi Arabia. The Company's materiality assessment is guided by its sustainability strategy, its values, the results of Stakeholder engagement, recent regulatory developments, Saudi Vision 2030, peer company sustainability disclosures, industry standards and the United Nation's Sustainable Development Goals (UN SDGs). The refreshed materiality assessment helped Mobily to verify focus areas, identify opportunities, and prioritize sustainability topics that matter most to the business and its Stakeholders.

The refreshed assessment identified 13 issues considered as material to Mobily and its Stakeholders, which were consolidated to outline the 5 principles of the sustainability framework. The materiality matrix below identifies these findings. Mobily will continue to evaluate these topics to reflect the evolving priorities of its internal and external Stakeholders on an annual basis.



Most Important

1. Data Privacy, Security and Protection
2. Customer relations and satisfaction
3. Digital innovation
4. Digital access and inclusion
5. Corporate governance, ethics and integrity

Very Important

6. Responsible marketing
7. Environmental management
8. Health and safety
9. Diversity and inclusion
10. Talent management
11. Community investments and relations
12. Transparency

Imprtant

13. Economic performance

	Material Issues	Relevant Strategy Pillar	Contribution to SDGs	How Mobily Manage It?
Most Important	1- Data privacy, security and protection	Marketplace &Customers	9	Mobily attaches utmost importance to data privacy, security and protection. It implements the world's best mechanisms such as encryption, truncation, masking and hashing to supplement its data privacy programs.
	2- Customer relations and satisfaction	Marketplace &Customers	3, 12	Mobily focuses on customer relations and satisfaction, and continuously evolve our outstanding customer services to enhance customer experience.
	3- Digital innovation	Marketplace &Customers	9, 11	Mobily's aim is to deliver new digital opportunities and enable new business ventures, including autonomous transport, Internet of Things (IoT), smart cities and healthcare.
	4- Digital access and inclusion	Positive Community Impacts	8, 10	Mobily aims to bring advanced technology and equal opportunities to the communities. It serves and supports inclusivity beyond the Company and across Saudi Arabia by providing greater digital access and capabilities.
	5-Corporate governance, ethics and integrity	Accountable Enterprise	16	Mobily's corporate governance approach seeks to promote communication, transparency and accountability in order to create long-term value for Shareholders.
Very Important	6-Responsible marketing	Marketplace &Customers	12	Mobily's responsible marketing approach is based on being transparent and truthful and is in line with Saudi Arabia's social values and cultures of the communities it serves.
	7-Environmental management	Safeguarding the planet	12, 13	Mobily incorporates more sustainable approaches across its management and operations to minimize greenhouse gas emissions, energy consumption and waste.
	8- Health and safety	Responsible Employer	3, 8	Mobily's approach is multi-faceted and includes safety and risk management initiatives; health, safety, and environment (HSE)-related trainings; and certifications and audits of HSE practices.
	9-Diversity and inclusion	Responsible Employer	5, 8, 10	With its Human Resource policies, Mobily aims to prevent discrimination and ensure fairness and advancement based on merit.
	10-Talent management	Responsible Employer	4, 8, 10	Mobily is committed to hiring, developing and retaining talented employees, with a focus on Saudi Nationals in support of Saudi Vision 2030.
	11-Community investments and relations	Positive Community Impacts	3, 10, 17	Mobily aims to build relations with its communities and identify and deliver initiatives that benefit all Stakeholders to help them prosper.
	12-Transparency	Accountable Enterprise	16	Mobily has transparent relationships with its Stakeholders to provide them excellent services.
Important	13-Economic performance	Accountable Enterprise	8	Mobily strives to maintain a sustainable business model, remain financially profitable and create long-term value for investors.

Accountable Enterprise

Mobily's long-term success as a company has relied on its strength as an accountable enterprise, with a reputation for transparency, ethics and good governance. The successful conclusion of the GAIN strategy and the launch of the new strategy demonstrated Mobily's resilience and ability to manage risks and challenges while continuing to grow and demonstrate accountability to all Stakeholders.

Upgraded ESG rating across **4** renowned ESG indices

Mobily's ratings and performance indicators from leading global standards organizations continued to improve this year. The Company improved its Dow Jones Sustainability Index (DJSI) S&P Global Corporate Sustainability Assessment Score from 8 to 25, out of 100 points. Its ESG Invest score rose from 28 to 45 out of 100. In the MSCI ESG ratings, Mobily was upgraded from BB to BBB for improved management of ESG risks. In addition, only 3 months after qualifying to join the FTSE Russell ESG index, the Company received a rating upgrade from 1.1 to 1.9 out of 5.

Ethics remain of the utmost priority to and across the Company. This year, Mobily launched its Code of Ethics and Professional Conduct, providing a set of rules and principles to promote ethical behavior at the individual and organizational levels. This includes a strong bribery and anti-corruption policy with clear guidelines on fraud and whistleblowing protection.

Auditing is a continuous and rigorous process for Mobily, having maintained the same external auditor for 7 years. The Company this year updated its Audit Committee Charter. The charter outlines the rules and procedures for the activities and duties of the Committee, meeting frequency, and mechanisms for implementing member duties. It also stipulates the rules for selecting members, including nominations, membership terms, and remunerations.

Mobily prioritizes fairness and accountability with its Shareholders. Any Shareholder with a minimum of 5% ownership can request to convene a General Meeting. Shareholders are also granted a vote on company-wide pay policies approving the remuneration policy at the Annual General Meeting (AGM). Furthermore, Mobily allows qualified Shareholders to nominate Board Directors for election at the AGM. Notably, board voting rights are equal for resident and non-resident Shareholders.

Environment

Safeguarding the Planet

Through its business and ESG activities, Mobily strives to reduce its negative impact on the environment. This year, the Company conducted several meetings and workshops with internal departments to discuss its environmental sustainability program, including planned initiatives and the corresponding awareness plan.

Responsible electricity and water management is an important concern for Mobily. This year, the Company launched its first tower to generate energy through environmentally friendly sources using wind turbines and solar panels. It also prepared the Sustainability Initiative Policy and Energy Management Plan to achieve a long-term reduction in energy consumption while implementing best-practice standards in energy efficiency as well as a continuous improvement process. Practical initiatives include replacing existing lightbulbs with LED lights, upgrading air conditioning units to energy-saving models, and installing motion sensors and timers to reduce the use of lighting.

Waste management and reduction are also important priorities for Mobily. The Company has targeted general waste such as carton boxes, plastic cups, paper tissues, sales items, plastic materials, and e-waste as target materials for reduction and elimination. This year, recycling processes at Mobily led to a reduction in single-use plastic cups, carton boxes, paper, and plastic materials, specifically. The Company has further plans to reduce the amount of paper used for printing by 80% and to recycle at least 25% of total waste, including e-waste.

Finally, Mobily this year worked to improve the air quality of its workspaces, increasing the number of indoor plants by 10% covering its 3 main regions.

The following outlines Mobily's energy savings along with the 2022 targets:

Replacement of all the existing bulbs/ fluorescent lights with LED lights

Total LEDs planned to install:

23,060

Replacement of energy saving/ smart inverter air conditioners

Total HVAC inverters planned to install:

591

Installation of motion sensors in meeting rooms, hallways, lobbies, corridors, WC and the basement area

Total motion sensors planned to install:

32

Installation of timers to implement "lights switched off" after office hours and on weekends

Total timers planned to install:

56

Key Performance Indicators	2022	2021	2020
Electricity consumption (GWh)	284	202	245
Electrical consumption baseline (SAR)			
Mobily's costs of electricity use in technology	55,996,474	53,452,235	N/A
Mobily's costs of electricity use in offices and warehouses	4,157,907	4,690,804	N/A
Mobily's costs of electricity use in retail stores	2,158,052	2,393,263	N/A

Social

Marketplace and Customers

Closely tied to Mobily's responsibility to its community is its commitment to providing value to customers and becoming part of their everyday lives. The Company's investments in infrastructure, such as 5G, submarine cables, and data centers, aim to support customers with improved network range and quality, creating ease and opportunities in their lives and businesses. The new Smart Care system is also highly customer centric, offering Business Unit agents a 360-degree view of customers to improve their experience.

Mobily's ventures into the fintech space aim to expand community access to financial services and improve financial literacy across Saudi Arabia. With its large customer base and strong brand, Mobily is ideally positioned to offer digital and fintech services to further strengthen customer relationships. By employing its expertise in areas such as mobile payments, data analytics, and customer management, Mobily can help transform Saudi Arabia's fintech ecosystem with innovative solutions such as Mobily Pay.

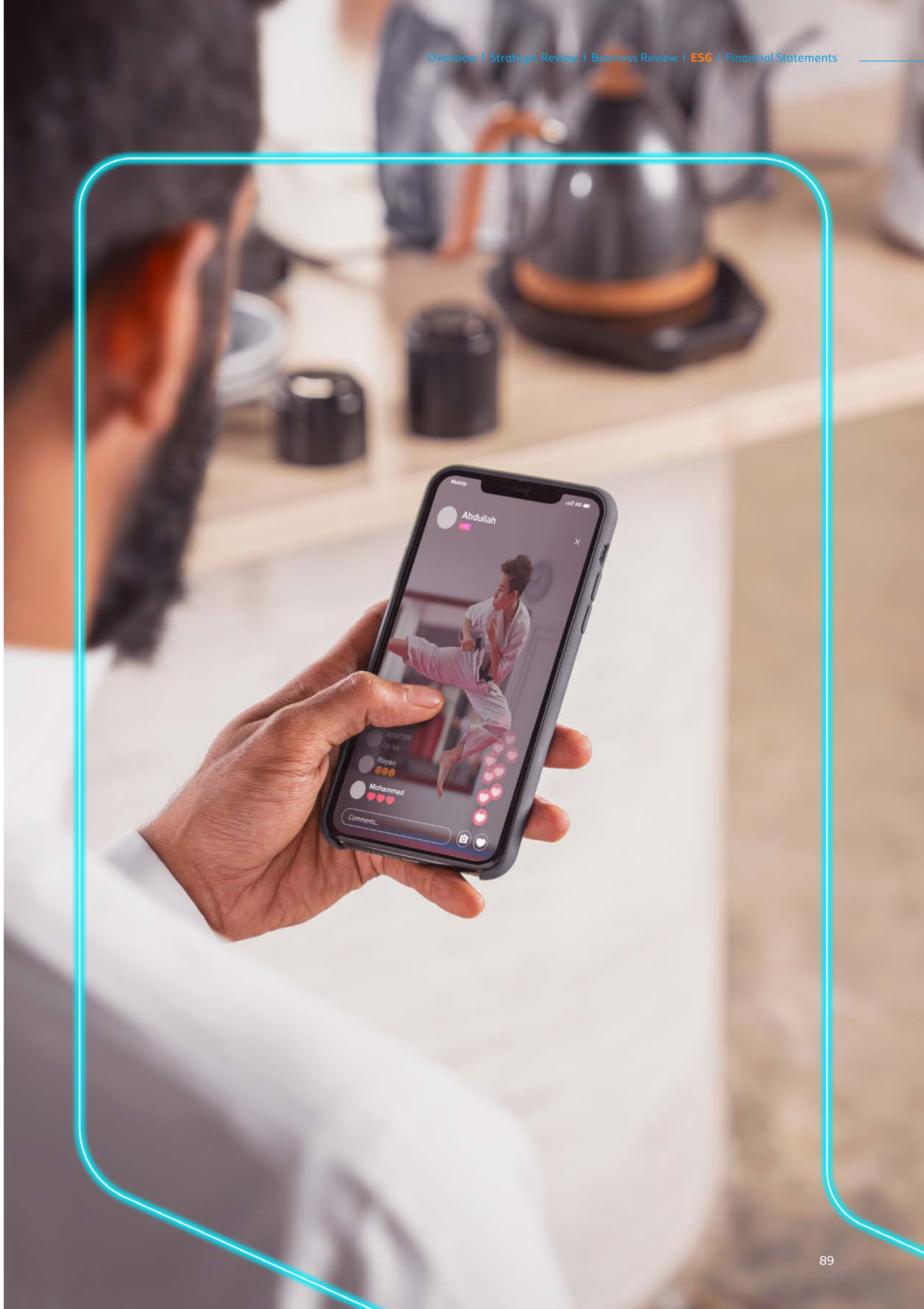
The Company improved its accessibility to customers this year with the launch of Mobily Fast. By leveraging the technologies of App Clips by Apple and Google Instant, the service allows customers to perform transactions without downloading the Mobily app or logging into the website. Users can make use of various digital and traditional communication channels in a way that reduces transaction time while providing a pleasant customer experience.

Mobily also remains highly supportive of and collaborative with its partners. This is exemplified by this year's work to digitalize the entire sales lifecycle in a way that incorporates their needs, for example, unifying the digital wallet with partners' payment systems and integrating commissioning with the partner hierarchy.

The Company continues to consider the preferences of all Stakeholders, including investors. This year, Mobily redesigned the Investor Relations and Sustainability webpages, with new features and customized solutions to better meet users' needs.

A new Smart Care system to offer agents a **360-degree view** of customers to improve their experience

Venturing into **fintech** to improve customers' accessibility



Social

Responsible Employer

Mobily strives to support all its employees by retaining talent, fostering engagement, and promoting learning and development. This year, following an internal assessment of the engagement satisfaction survey, the Company laid out a plan emphasizing its main goals for feeding into the engagement pipeline. Mobily implemented this plan throughout the year by hosting multiple in-house events and activities.

In 2022, Mobily launched the Change Ambassadors Program, which empowers change enablers within the Company to improve performance and drive productivity. Ambassadors lead the Company's culture to support projects that bring about positive change in the short, medium, and long-term.

Learning and development remains an important pillar of Mobily's employee engagement strategy. This year, the Company activated its e-learning platforms to share structured learning materials and courses with an unlimited number of employees. As part of efforts to build a culture of learning, Mobily announced a Learning Calendar for 2022, which led to more than 1,000 employees participating.

Mobily also has several impactful employee development programs underway. This year, the Successful Performance Improvement Program won "Best Training and Development Program for Graduates" from the Ministry of Human Resources and Social Development. Moreover, as part of efforts to develop employees' human capital skills, Mobily launched the first High Potential (HiPo) Program for a group of 30 top employees to undergo an intensive development journey.

In 2022, the Company focused on enhancing employee wellbeing through internal emails and initiatives promoting a healthy culture. The "Your Health is Our Wealth" initiative, for example, provided tips on and raised awareness about various health and safety subjects.

Mobily also prioritized employees' financial wellbeing by providing special offers on shopping, restaurants, health clubs, spas, hotels, and travel.

Launched the first HiPo Program for a group of **30** top employees

Social

Positive Community Impacts

Mobily is an important player in the communities of Saudi Arabia, maintaining its presence as a partner in activities that are key to the fabric and development of Saudi Arabia, in line with Saudi Vision 2030.

This year, Mobily participated as a platinum sponsor of Saudi Games 2022. The torch for the games passed by Mobily's headquarters, where it was received by our CEO, Eng. Salman Abdulaziz Al Badran. Hosted in Riyadh from 27 October to 7 November, this year's games were the largest national sports event in Saudi Arabia's history.

Mobily was also a diamond sponsor of Seamless Saudi Arabia, an event featuring the latest in the world of payments, financial technology, e-commerce and retail. The prominent event brings together providers of industrial services and solutions, specialized government institutions, and startups and medium-sized companies.

In January 2022, Mobily partnered with the Diriyah E-Prix, in cooperation with Formula E. Supported by the partnership, Formula E fans in Saudi Arabia were able to access original Formula E mobile content throughout the season on Mobily's fast and secure network, unlocking opportunities to engage with the motorsport community around the world. In addition, Mobily engaged fans during the race weekend with online and offline gaming and ticket promotions, elevating their experience at the event.

Formula E is a platform for change across society and supports the Vision 2030 project, with its first Diriyah E-Prix in 2018 making history as the first-ever international motorsport event to be held in Saudi Arabia. As the only all-electric motorsport world championship, Formula E actively promotes electric mobility and renewable energy solutions to reduce air pollution and fight climate change.

Participated as a **platinum sponsor** of Saudi Games 2022

Partnership with the Diriyah E-Prix, in cooperation with Formula E

A **diamond sponsor** of Seamless Saudi Arabia

Governance

Board of Directors

Members of the Board of Directors

H.E. Dr. Nabeel Mohamed Al Amudi
Chairman – Independent Member

H.E. Dr. Nabeel Al Amudi is the CEO of the Olayan Financing Company (OFC) and board member for the Olayan Saudi Holding Company (OSHCO) and several other Olayan-related companies. Previous to this role, Dr. Al Amudi served as the Minister of Transport for the Kingdom of Saudi Arabia. Moreover, he 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 also chaired the Saudi Railways Company (SAR), the 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 important positions 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 with distinction in 1995. Dr. Al Amudi also received a JD (Juris Doctorate) from Harvard Law School in 2001, and is a graduate of the Stanford 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 resignation in January 2021. He previously held various positions at Riyad Bank from 1992, where the last position he held was Deputy CEO from 2002 to 2013. Prior to that, Mr. Al Gwaiz held various positions at the Saudi American Bank (SAMBA Bank) from 1981 to 1992, and the last position he held there was as one of the Corporate Banking Group's Division Heads from 1989 to 1992. Mr. Al Gwaiz has specific experience in the areas of banking operations, finance, credit, and general business management. He holds a Bachelor's degree in Business Administration from the University of Portland, USA. He has also completed 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
- BlackRock Saudi Arabia - Unlisted Joint Stock 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
- National Medical Care Co. (Care) – Limited Liability 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

Governance

Board of Directors (continued)

Eng. Khalifa Hassan Al Shamsi
Non-Executive Member

Eng. Al Shamsi was appointed as the CEO of "e&", Etisalat, Company in February 2022. Eng. Al Shamsi is responsible for expanding the digital business portfolio of "e&" Group. He possesses extensive experience in the field of communications and digital services, along with an extensive commercial and technical background, backed by 29 years of experience in the fields of telecommunications, media, information and communication technology.

Eng. Al Shamsi held several leading positions in the electronic services sector, including the Chief Corporate Strategy and Governance Officer, the Chief Digital Services Officer, the Head of Mobile Networks, and the Chief Marketing Officer. Moreover, Eng. Al Shamsi is the Chairman of "eVision" (Television and Multimedia Content Company in the United Arab Emirates), e& money, and STARZPLAY. Eng. Al Shamsi holds a Bachelor's degree in Electrical Engineering from the University of Kentucky, USA.

Current Board memberships

Outside Saudi Arabia:
- E-Vision – Limited Liability Company
- Etisalat Technology Services (ETS) – Limited Liability Company
- UAE International Investors Council
- Wio Bank – Unlisted Joint Stock Company
- e& Money E-Portfolio Application – Limited Liability Company
- Playco Entertainment (STARSPLAY) – Limited Liability Company

Previous Board memberships

Outside Saudi Arabia:
- Etisalat Afghanistan – Limited Liability Company
- PTCL – Listed Joint Stock Company
- Ufone Company – Limited Liability Company

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 the Royal Commission for Jubail and Yanbu and the 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

Eng. Mutaz Kusai Al Azzawi
Independent Member

Eng. Mutaz 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, including 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 – Listed Joint Stock Company (Chairman of the Board)
- 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
- Qatrana Cement – Unlisted Joint Stock Company (Chairman of the Board)
- 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
- Kusai Al Azzawi and Sons Company – Limited Liability Company

Outside Saudi Arabia:
- El Farasha Food Industries – Unlisted Joint Stock Company

Dr. Khaled Abdulaziz Al Ghoneim
Independent Member

Dr. Khaled is the founder of Hawaz, a company specializing in management consulting that focuses on providing the necessary solutions to overcome the challenges of the public sector. He is the chairman and co-founder of Mozn, a leading artificial intelligence company specializing in language analysis and financial intelligence to combat financial crimes.

He also established Takamul Company in his capacity as chairman and CEO. Dr. Khaled has held several leading positions in the fields of information technology (IT) and digital transformation, including the position of 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 transforming it from a small cost center into a major profit-generating entity.

Dr. Khaled started his career more than 3 decades ago as an associate professor at King Saud University. In 2001, he was elected chairman of the Saudi Computer Society, where he had the opportunity to lead the first IT strategic plan in the Kingdom of Saudi Arabia. Since then, Dr. Khaled has become a pioneer in the IT industry in the Kingdom of Saudi Arabia.

He has experience in the fields of telecommunications, technology, and engineering. Dr. Khaled holds a Bachelor's degree in Computer Engineering from King Saud University, Saudi Arabia, and a Master's degree and PhD in Electrical and Computer Engineering from Carnegie Mellon University, Pittsburgh, USA.

Current Board memberships

Within Saudi Arabia:
- The Company for Cooperative Insurance (Tawuniya) – Listed Joint Stock Company
- Etihad Etisalat Company (Mobily) – Listed Joint Stock Company
- Al Obeikan – Limited Liability Company
- Bayan Credit Bureau – Limited Liability Company
- Elm Company – Listed Joint Stock Company
- Hawaz Company – Limited Liability Company
- Mozn Company – 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 – Government Entity
- The Saline Water Conversion Corporation (SWCC) – Government Entity
- Elm Company – Limited Liability Company

Governance

Board of Directors (continued)

Eng. Hatem Mohamed Dowidar
Non-Executive Member

Eng. Dowidar is the CEO of e& (formerly known as Etisalat Group). He joined the Etisalat Group in 2015 as Group COO and was appointed CEO, International Operations, in March 2016. Then he held the position of Group CEO in 2020. He sits on the boards of the subsidiaries, including the Abu Dhabi Chamber of Commerce and Industry and the Board of Trustees of Khalifa University. Prior to joining Etisalat Group, Eng. Dowidar was the Group Chief of Staff for Vodafone Group, based in London. 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.

Eng. 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 Egypt, Chairman and CEO of Vodafone Malta, CEO of Partner Markets with partnerships covering over 45 markets, and Regional Director of Emerging Markets. He also has extensive Corporate Governance experience from his representation as Chairman and Board Member in several companies within and outside the telecommunications industry.

Eng. 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
- New Giza for School Management (NGSM) - Unlisted Joint Stock Company
- Innovative Foods Company – Unlisted Joint Stock Company
- GSMA (Global System for Mobile Communications) – Unlisted Joint Stock Company
- Abu Dhabi Chamber of Commerce and Industry – Government Entity
- Khalifa University – Government Entity

Previous Board memberships

Outside Saudi Arabia:
- Etisalat Nigeria – Limited Liability Company
- Attijariwafa Bank Egypt – Listed Joint Stock Company
- Barclays – Listed Joint Stock Company
- Vodacom South Africa – Listed Joint Stock Company
- Vodafone Egypt – Unlisted Joint Stock Company
- Vodafone Malta – Unlisted Joint Stock Company
- Elsewedy Electrometer – Unlisted Joint Stock Company

Dr. Mohammed Karim Bennis
Non-Executive Member

Dr. Bennis is the CFO of e& Group. Dr. Bennis has international experience in Europe in various industries, including manufacturing, retail, and heavy equipment, along with his expertise in telecommunications. Dr. 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, Dr. 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 (CCS) in Paris.

Dr. Bennis holds a Master's degree in Economics and Corporate Finance from Sciences-Po Paris, an MBA from Ecole Nationale des Ponts & Chaussées (ENPC), and a PhD in Economics and Technology from the Conservatoire National des Arts & Métiers 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 (Etisalat Egypt) – Unlisted Joint Stock Company
- Pakistan Telecommunications Company (Ufone) – Limited Liability Company
- Atlantique Telecom – Unlisted Joint Stock Company
- Maroc Telecom – Listed Joint Stock Company

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 telecommunications operators in exciting startup phases as well as through challenging turnarounds. He oversaw an operations portfolio spanning 14 countries on 3 continents. Eng. Aboudoma previously worked as a Chief Investment Advisor to help the Egyptian Government on a pro-bono basis in the Ministry of Planning and the Suez Canal economic zone. He also held the positions of Mobily CEO and Group EVP for Asia and Africa Business Unit in Vimpelcom (listed in Nasdaq). He moved to Global Telecom, listed on both the London and Cairo stock exchanges, after holding the position of Orascom CEO Telecom Holding (OTH).

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, based in Switzerland. He completed the International Executive Program (IEP) from INSEAD Business School (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 with 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 the 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:
- Astra Industrial Company – Listed Joint Stock Company
- Bawan Industrial Company – Listed Joint Stock Company
- United Cement Company – Closed Joint Stock Company
- Al Moammar Information Systems Company – Listed 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
- Saudi Ceramic Company – Listed Joint Stock Company
- Ceramic Pipes Company – Closed Joint Stock Company

Outside Saudi Arabia:
- Syrian Saudi Company – Government Entity

Governance

Board of Directors (continued)

Board of Directors' Meetings and Attendance

The Company's Board of Directors held 7 meetings during 2022, 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 the current term of the Board of Directors began on 01 December 2021 , for a period of 3 years ending on 30 November 2024. The following are the board meetings and members' attendance record:

Sr.	Name	Position / Membership Type	13 March	28 March	23 May	06 September	19 September	07 November	09 December
1	Nabeel Mohamed Al Amudi	Chairman – Independent Member	Present	Present	Not Present	Present	Present	Present	Not Present
2	Suliman Abdulrahman Al Gwaiz	Vice Chairman – Non-Executive Member	Present	Present	Present	Present	Present	Present	Present
3	Khalifa Hassan Al Shamsi	Non-Executive Member	Not Present	Present	Present	Present	Present	Present	Present
4	Ahmed Abdelsalam Aboudoma	Independent Member	Present	Present	Present	Not Present	Present	Present	Present
5	Hatem Mohamed Dowidar	Non-Executive Member	Not Present	Present	Present	Present	Present	Present	Present
6	Mohammed Karim Bennis	Non-Executive Member	Not Present	Present	Present	Present	Present	Present	Present
7	Mutaz Kusai Al Azzawi	Independent Member	Present	Present	Present	Present	Present	Present	Present
8	Homood Abdullah Al Tuwaijri	Independent Member	Present	Present	Present	Present	Present	Present	Present
9	Khaled Abdulaziz Al Ghoneim	Independent Member	Present	Present	Present	Present	Present	Present	Present
10	Abdulkarim Ibrahim Al Nafie	Independent Member	Present	Present	Present	Present	Present	Present	Present

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 pursuant to a decision of the General Assembly of the Company, held on 29 November 2021, for the current term starting from 01 December 2021 to 30 November 2024.

The following are the 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 Audit Committee

Mr. Alnowaiser is currently the CEO of Tahakom Investment Co., and he is the Chairman and a 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 and a Bachelor's degree in Accounting from King Saud University in Riyadh, in addition to a number of professional certificates in accounting, auditing, and financial management.

Mr. Mohammed Othman Alsubaie

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

Currently, Mr. Alsubaie is retired and a member and chair of a number of audit committees in joint-stock and government companies. In addition, he is active in various professional businesses. Mr. Alsubaie has more than 35 years of experience in the areas of internal audit, finance, governance, and risk management. His last position was Auditor General at Saudi Aramco from 2015 to 2018. He has also held several leadership positions in Saudi Aramco from 1993 to 2013. 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.

The Audit Committee held 9 meetings during 2022, below are the meetings of the Audit Committee and the attendance record of members:

Name	Position / Membership Type	18 January	20 February	09 March	20 April	27 June	27 July	03 August	20 October	12 December
Abdulaziz Ibrahim Alnowaiser	Chairman of the Committee – Non-Board Member	Present	Present	Present	Present	Present	Present	Present	Present	Present
Mohammed Othman Alsubaie	Non-Board Member	Present	Present	Present	Present	Present	Present	Present	Present	Present
Homood Abdullah Al Tuwaijri	Independent Member	Present	Present	Present	Present	Present	Present	Present	Present	Present
Mohammed Karim Bennis	Non-Executive Member	Present	Present	Present	Present	Present	Present	Present	Present	Present
Ahmed Abdelsalam Aboudoma	Independent Member	Present	Present	Present	Present	Not Present	Present	Not Present	Present	Present

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- Financial Reports

- Reviewing the interim and annual financial statements before their submission to the Board of Directors, and providing feedback and recommendations in this regard, to ensure their integrity, fairness, and transparency.
- At the request of the Board of Directors, the Committee shall provide its technical opinion on whether the Board of Directors report and the financial statements are fairly, consistently, and coherently presented and contain appropriate information to enable Shareholders and investors to assess the Company's financial position, performance, business model, and strategy.
- Examining any serious or abnormal matters that are contained in the financial reports.
- Examining 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 to significant matters that are contained in the financial reports.
- Examining the Company's accounting policies and providing feedback and recommendations to the Board of Directors in this regard.

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 modifications and corrections of the observations contained therein.
- Monitoring and supervising the performance and activities of the CEO of the Company's Internal Audit Department, and the Internal Audit Department itself to ensure the availability of necessary resources and their efficiency in fulfilling department responsibilities and duties.
- Recommending to the Board of Directors the appointment of the CEO of the Internal Audit Unit and proposing his/her remunerations.
- Approving the annual plan and estimated budget of the Internal Audit Department.

3- External Auditor

- Recommending to the Board of Directors the nomination and dismissal of External Auditors, in addition to determining their remunerations, evaluating their

Governance

Board of Directors (continued)

performance after verifying their independence, and reviewing their scope of work and terms of contracting with them.
- Examining the External Auditor's independence, objectivity, and fairness, and the effectiveness of the audit work, while considering relevant rules and standards.
- Reviewing the External Auditor's plan and duties, while ensuring that the External Auditor does not provide any technical or administrative services that are beyond the scope of the audit duties, and offering the Committee's insights in this regard.
- Responding to the External Auditor's inquiries.
- Reviewing the External Auditor's report and comments on the financial statements and following up with the actions to be taken in this regard.

4- Ensuring Compliance

- Reviewing the results of the reports made by regulatory entities and ensuring that the Company has taken the necessary actions in this regard.
- Ensuring that the Company is complying with the relevant regulations, rules, policies, and instructions.
- Reviewing the proposed contracts and transactions with related parties and submitting its findings to the Board of Directors.
- Reporting any issues to the Board in connection with what it deems necessary to act on while providing recommendations on the steps that should be taken.
- Proposing policies and procedures that Stakeholders should follow in submitting their complaints or reporting any violations.

5- Arrangements for Submitting Comments

The Committee shall make arrangements to enable the Company's employees to confidentially submit their notes or reports about their concerns or observed violations, with regards to financial reports and other matters. The Committee shall also ensure the effective implementation of measures through appropriate, independent investigations on the size of reported breaches, errors, infringements, inaccuracies, or violations and take appropriate follow-up actions.

6- Duties and Responsibilities of the Committee Members

Each member of the Committee shall abide by the principles of integrity, honesty, loyalty, care, and concern for the interests of the Company and the Shareholders and prioritize them over his/her personal interests, including in particular:

- Complying with the provisions of the Company's law, the capital market law, their executive regulations, related laws, and the Company's Articles of Association when exercising their duties and competences, and refraining from taking or participating in any action that may harm the Company's interests.
- Regularly attending the Committee meetings and actively participating in its responsibilities, while informing the Head of the Committee of the reasons for the absence from the Committee meetings.
- Maintaining the confidentiality of the Company's sensitive information. No member of the Committee may disclose any confidential information of the Company that he/she comes to know through his/her work to Shareholders, in a meeting other than the General Assembly, or to any third party. Otherwise, he/she shall be dismissed, held accountable, and demanded to pay compensation for any ensuing damage.
- Refraining from participation in any executive work at the Company.
- Performing due professional diligence to conduct the work assigned to him/her, while remaining up to date with recent developments related to the Company's business.
- Refraining from participation in any acts or activities involving breach of honor and trust, directly or indirectly, or conflicting with his/her duties and responsibilities towards the Company, and ensuring that he/she does not prioritize personal interests over the Company's.
- Not to accept any valuable items from any employee, subordinate, client, supplier, or other person having a business relationship with the Company, that could weaken the independence of the member in terms of form and substance or would affect or be presumed to affect any decisions taken by the member.
- Disclosing to the Board of Directors any transactions that have been conducted or are likely to be conducted between himself/herself and the Company, the nature of such transactions, and his/her relationship with the Board of Directors and the Executive Management of the Company, according to the Conflict-of-Interest Policy and the Professional Code of Conduct approved by the Company.
- Effectively participating in Committee meetings by considering and discussing the issues on the agenda.

Executive Committee

The Executive Committee was formed by the Board of Directors for the current term, starting from 01 December 2021 and ending at the end of the Board's term on 30 November 2024. During 2022, the Committee held 5 meetings. Below are the Committee meetings and the members' attendance record:

Name	Position/ Membership Type	08 February	07 April	09 May	05 September	05 December
Nabeel Mohamed Al Amudi	Chairman of the Committee – Independent Member	Present	Present	Present	Present	Present
Suliman Abdulrahman Al Gwaiz	Non-Executive Member	Present	Present	Present	Present	Present
Hatem Mohamed Dowidar	Non-Executive Member	Present	Present	Present	Present	Present
Khalifa Hassan Al Shamsi	Non-Executive Member	Present	Present	Present	Present	Present
Mutaz Kusai Al Azzawi	Independent Member	Present	Present	Present	Present	Present

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 matters as assigned by the Company's Board of Directors.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee was formed by the Board of Directors for the current term starting from 01 December 2021 and ending at the end of the Board's term on 30 November 2024. During 2022, the Committee held 6 meetings. Below are the Committee meetings and the members' attendance record:

Name	Position/ Membership Type	14 February	07 March	19 April	31 May	04 October	05 December
Mutaz Kusai Al Azzawi	Chairman of the Committee – Independent Member	Present	Present	Present	Present	Present	Present
Khalifa Hassan Al Shamsi	Non-Executive Member	Present	Present	Present	Present	Present	Present
Abdulkarim Ibrahim Al Nafie	Independent Member	Present	Present	Present	Present	Present	Present

Governance

Board of Directors (continued)

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 an 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
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 for 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 for the General Assembly to choose from among them.
17. Developing job descriptions for Executive, Non-Executive and Independent Members and Senior Executives.
18. Clarifying the relationship between the remuneration awarded and the applicable remuneration policy and indicating any material deviation from this policy.
19. Regularly reviewing the remuneration policy and evaluating its effectiveness in achieving the intended objectives.
20. Recommending the remuneration of the Board of Directors, the Board Committees and Executive Management in accordance with the approved policy.
21. The Committee shall examine the subjects assigned to it or referred to it by the Board of Directors and submit its recommendations to the Board of Directors for decision, or the Committee shall make decisions if authorized by the Board.
22. The Board report submitted to the General Assembly shall indicate the number of Committee meetings and how many times each member was present at those meetings.

Risk Management Committee

The Risk Management Committee was formed by the Board of Directors for the current term, starting from 01 December 2021 and ending at the end of the Board's term on 30 November 2024. During 2022, the Committee held 4 meetings. Below are the Committee meetings and the members' attendance record:

Name	Position / Membership Type	08 February	14 April	31 July	26 October
Homood Abdullah Al Tuwaijri	Chairman of the Committee – Independent Member	Present	Present	Present	Present
Khaled Abdulaziz Al Ghoneim	Independent Member	Present	Present	Present	Present
Mohammed Karim Bennis	Non-Executive Member	Present	Present	Present	Present
Ahmed Abdelsalam Aboudoma	Independent Member	Present	Present	Present	Present

The duties and responsibilities of the Committee include:

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

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

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

Name	No. of Shares at start of 2022	No. of Shares at end of 2022	Net Change	Percentage Change
Nabeel Mohamed Al Amudi	55	55	-	-
Suliman Abdulrahman Al Gwaiz	17,439	25,613	8,174	46.87%
Khalifa Hassan Al Shamsi	-	-	-	-
Homood Abdullah Al Tuwaijri	217,005	217,005	-	-
Mutaz Kusai Al Azzawi	500	500	-	-
Khaled Abdulaziz Al Ghoneim	33,500	26,000	(7,500)	(22.39%)
Hatem Mohamed Dowidar	-	-	-	-
Mohammed Karim Bennis	-	-	-	-
Ahmed Abdelsalam Aboudoma	-	-	-	-
Abdulkarim Ibrahim Al Nafie	20,109	20,109	-	-

It is worth noting that there are no interest, 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, implementing the best practices in the field of governance, and enhancing the effectiveness of the Board, Mobily engaged Governance Compass Company, a specialized consultant, in November 2022, to assess the effectiveness and performance of the Board. All members of the Board and its Committees proved transparent and cooperative as they responded to the requirements of the independent consultant. The final assessment results will be submitted to the Board of Directors in March 2023.

Governance

Executive Management

Senior Executives

Eng. Salman Abdulaziz Al Badran
Chief Executive Officer

Eng. Al Badran is currently the CEO of Mobily. He implemented the comprehensive transformation program to highlight the Company's position in the competitive telecom market. Eng. Al Badran was appointed as the CEO of Kuwait Telecom Company (VIVA). He has over 25 years of experience as a CEO in the telecommunications sector, with a proven track record of delivering operational excellence across all major businesses by integrating them into effective business strategies. His technical expertise includes the areas of telecommunications and GSM cellular networks, specifically infrastructure implementation, supplier management, cost optimization, and operations management. He has a Bachelor's degree in Applied Electrical Engineering from King Fahd University of Petroleum and Minerals (Saudi Arabia).

Mr. Khalid Abdulrahman Abanami
Chief Financial Officer

Mr. Abanami is currently the CFO of Mobily and a member of boards and audit committees of several companies and government entities. He held the positions of CFO and Vice President (VP) of Shared Services at the Saudi Railway Company and Financial Controller at the National Water Company. He also held several positions over 14 years in the telecommunications sector, where he headed the reporting, planning, and budgeting activities for STC Group, in addition to several positions in STC Group and the Kuwait Telecom Company (VIVA), where he managed the finance, logistics, facility management, and contract teams during the establishment of the subsidiary in Kuwait. He previously held the position of Finance Lecturer at the College of Business Administration at King Saud University (Saudi Arabia). Mr. Abanami has over 25 years of experience in academic and professional areas such as financial and strategic management, accounting, operation management, and telecommunications. Mr. Abanami holds a Bachelor's degree in Finance from King Saud University (Saudi Arabia) 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 the Board Chairman of Mobily Digital Financial Company and Sehati for Information Technology Services. At Mobily, Mr. Al Ghamdi previously held several positions, including Chief Business Officer, Chief Corporate Strategy Officer, Chief Customer Care Officer, and Chief Wholesales and Carrier Services. Before joining Mobily, he was the Operations Director at Cisco Systems and worked as Microsoft's Deputy General Manager. He also served as a board member of the National Company for Business Solutions (NCBS), Mobily Ventures, and Mobily Infotech, India Private Limited. Mr. Al Ghamdi has more than 25 years of experience in telecommunications, information technology, operations management, and strategic management in leadership, technical, strategic, planning, and revenue generation areas. 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 currently the Chief Business Officer of Mobily and is proficient in managing high-value relationships on an executive level. Eng. Al Otaibi previously held several positions at STC for nearly 14 years. He brings more than 20 years of executive ICT experience in the leading ICT players and extensive experience in B2C and B2B marketing and sales. Eng. Al Otaibi holds a Bachelor's degree in Electrical, Electronics and Communication Engineering from King Saud University (Saudi Arabia). 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

Eng. Malki is currently the Chief Technology Officer of Mobily and the Chairman of the Saudi National Fiber Network (SNFN). He previously held the position of Chairman of Bayanat Co., in addition to several positions at Mobily over a period of 17 years, where he held the positions of Chief Network Officer and the Planning and Development Manager. Eng. Malki also served as the Network Development Manager at Nokia and team leader at Saudi Telecom Company (STC). He has over 23 years of experience in the telecommunications sector, in strategic and operational areas, and in network and IT project management. Eng. Malki has a Master of Business Administration from the University of Leicester, UK, and a Bachelor's degree in Electrical Engineering from King Fahd University of Petroleum and Minerals, KSA. He has also completed a Leadership Development Program at Harvard Business School, USA.

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

Mr. Al Shabana is currently the Chief Legal and Corporate Affairs Officer at 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 20 years of extensive legal and corporate affairs experience in the information and telecommunications technology industry. He 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 is currently the Chief Human Resources Officer, in addition to the positions of Vice Chairman of Mobily Pay, and a Board Member of the National Company for Business Solutions (NCBS). He was previously a board member of the Saudi Railway Polytechnic and held the position of Human Resources and Administration Director at the Saudi Arabian Railway (SAR). Before moving to Al Faisaliah Group as the Head of HR and Administration, Eng. Al Shammari assumed roles for the Manpower Planning Function at Bank Al Bilad and the Saudi Electricity Company. Eng. Al Shammari has over 15 years of experience in human resource management, including institutional and organizational development, talent management, and strategic planning. Eng. Al Shammari holds a Mini Master's in Business Administration Management and Strategic Leadership from Harvard Business School and a Bachelor's degree in Industrial Engineering from King Saud University (Saudi Arabia). He also completed an Executive Education Program in Leadership Development at INSEAD.

Mr. Omar Saud Al Rasheed
Chief Corporate Strategy and Digitalization Officer

Mr. Al Rasheed is the Chief Corporate Strategy and Digitalization Officer at Mobily. He previously held several positions in Mobily and its affiliates over a period of 17 years, where he held the positions of Chief Digital and Customer Experience Officer, General Manager for Mobily Infotech, and Executive General Manager for Mobily Mega Projects. Mr. Al Rasheed has extensive experience in strategy, IT, and business domains. In addition, he has experience in technology, media, and telecommunications (TMT). Mr. Al Rasheed holds a BSc in Computer and Information Sciences from King Saud University (Saudi Arabia) and several distinguished executive education programs from Harvard, the Massachusetts Institute of Technology (MIT), London Business School (LBS), and the Project Management Institute (PMI).

Governance

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:

Name	Position	No. of Shares at start of 2022	No. of Shares at end of 2022	Net change	Percentage change
Salman Abdulaziz Al Badran	Chief Executive Officer	-	-	-	-
Khalid Abdulrahman Abanami	Chief Financial Officer	-	-	-	-
Ismail Saeed Al Ghamdi	Chief Consumer Officer	-	-	-	-
Alaa Abdulhameed Malki	Chief Technology Officer	-	-	-	-
Mr. Majed Abdullah Al Shabana	Chief Legal and Corporate Affairs Officer	-	-	-	-
Mohammed Khalil Al Shammari	Chief Human Resources Officer	-	-	-	-
Eng. Majed Abdulaziz Al Otaibi	Chief Business Officer	-	-	-	-
Omar Saud Al Rasheed	Chief Corporate Strategy and Digitalization Officer	-	-	-	-

It is worth noting that there are no interest, 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 2022, the Company conducted transactions with related parties with Emirates Telecommunications Group and its subsidiaries, a founding and main Shareholder in Mobily, where there is an indirect interest of a number of Board members: Eng. Khalifa Al Shamsi, Eng. Hatem Dowidar and Dr. Mohammed Karim Bennis.

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

Major Transactions with Related Parties in 2022 (SAR '000s)

	31 December 2022	31 December 2021
Interconnection services and roaming services rendered		
Founding Shareholder	82,319	41,542
Associate	4,601	2,271
Interconnection services and roaming services received		
Founding Shareholder	228,354	228,372
Associate	120,374	119,263
Management fees		
Founding Shareholder	(92,713)	120,838
Other telecommunication services		
Associate	10,142	4,294

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 were calculated based on the relevant agreement with Emirates Telecommunication Group Company PJSC , however it ended on 31 December 2021 and the Company reached an agreement with Emirates Telecommunication Group Company PJSC to not conclude a new agreement for services and technical support.

Mobily has signed several contracts with Elm Information Security to provide a range of telecommunication services, authentication and devices supply, amounting to SAR 23,200,000.00, in which the member of the Board of Director, Dr. Khaled Alghoneim is indirectly interested. As well, the company has several contracts with Bayan Credit Information Company that include a data hosting center project and provisioning of network services by Mobily, in addition to a silver package for providing credit reporting services by Bayan, amounting to SAR 1,310,000.00, in which the member of the Board of Director, Dr. Khaled Alghoneim is indirectly interested.

In addition, the Company renewed a contract with The Company for Cooperative Insurance (Tawuniya) to provide medical insurance to Mobily employees, amounting to SAR 54,809,879.75 starting from 01 April 2022 until 31 March 2023, and where the members of the Board of Directors were indirectly interested for the Eng. Homood Al Tuwaijri and Dr. Khaled Alghoneim.

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.

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.

Governance

Compensation and Remuneration (continued)

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 the Chief Financial Officer:

Board of Directors' Compensation and Remuneration (SAR '000s)

	Fixed Remuneration							Variable Remuneration								
	Specific Amount	Allowance for Attending Board Meetings	Total Allowance for Attending 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 (value is entered)	Total	End-of-Service Benefits	Total	Expense Allowance
First: Independent Members																
1- Nabeel Mohamed Al Amudi	33.32	21	18	-	-	-	72.32	-	-	-	-	-	-	-	72.32	-
2- Homood Abdullah Al Tuwaijri	450	27	45	9.85	-	-	531.85	-	-	-	-	-	-	-	531.85	25.62
3- Mutaz Al Kusai Azzawi	450	27	45	-	-	-	522	-	-	-	-	-	-	-	522	123.26
4- Khaled Al Abdulaziz Ghoneim	33.32	27	12	-	-	-	72.32	-	-	-	-	-	-	-	72.32	-
5- Abdulkarim Ibrahim Al Nafie	37.49	27	24	-	-	-	88.49	-	-	-	-	-	-	-	88.49	24.85
6- Ahmed Abdelsalam Aboudoma	37.49	42	45	-	-	-	124.49	-	-	-	-	-	-	-	124.49	-
Total	**1,041.62**	**171**	**189**	**9.85**	**-**	**-**	**1,411.47**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,411.47**	**173.73**
Second: Non-Executive Members																
1- Suliman Abdulrahman Al Gwaiz	400	27	21	-	-	-	448	-	-	-	-	-	-	-	448	-
2- Khalifa Hassan Al Shamsi	425	42	33	-	-	-	500	-	-	-	-	-	-	-	500	-
3- Hatem Mohamed Dowidar	33.32	42	15	-	-	-	90.32	-	-	-	-	-	-	-	90.32	-
4- Mohammed Karim Bennis	37.49	36	39	-	-	-	112.49	-	-	-	-	-	-	-	112.49	-
Total	**895.81**	**147**	**108**	**-**	**-**	**-**	**1,150.81**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,150.81**	**-**

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

The above-mentioned amounts reflect cash received in 2022, where the annual remunerations are recorded for 2021, and were paid during 2022.

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

	Fixed Remuneration (except attendance allowance)	Attendance of Meetings Allowance	Total
Audit Committee			
1- Homood Abdullah Al Tuwaijri	-	27	27
2- Abdulaziz Ibrahim Alnowaiser	-	27	27
3- Mohammed Othman Alsubaie	9	27	36
4- Ahmed Abdelsalam Aboudoma	6	21	27
5- Mohammed Karim Bennis	-	27	27
Total	**15**	**129**	**144**
Executive Committee			
1- Nabeel Mohamed Al Amudi	-	15	15
2- Suliman Abdulrahman Al Gwaiz	6	15	21
3- Khalifa Hassan Al Shamsi	-	15	15
4- Mutaz Kusai Al Azzawi	6	15	21
5- Hatem Mohamed Dowidar	-	15	15
Total	**12**	**75**	**87**
Compensation and Remuneration Committee			
1- Khalifa Hassan Al Shamsi	-	18	18
2- Mutaz Kusai Al Azzawi	-	18	18
3- Abdulkarim Ibrahim Al Nafie	6	18	24
Total	**6**	**54**	**60**
Risk Management Committee			
1-Homood Abdullah Al Tuwaijri	-	12	12
2-Khaled Abdulaziz Al Ghoneim	-	12	12
3-Mohammed Karim Bennis	6	12	18
4-Ahmed Abdelsalam Aboudoma	-	12	12
Total	**6**	**48**	**54**

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

Governance

Compensation and Remuneration (continued)

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	8,136
	Allowances	6,470
	In-kind benefits	-
	Total	**14,606**
Variable Remuneration	Periodic Bonuses	8,400
	Earnings	-
	Short-Term Incentive Plans	-
	Long-Term Incentive Plans	6,350
	Shares awarded (value is entered)	-
	Total	**14,750**
End-of-service benefits		8,033
Total Executives' compensation and remuneration for the Board, if any		-
Total		**37,389**

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

Governance

About Mobily

Organization and Activity

Etihad Etisalat Company ("Mobily" or the "Company"), a Saudi Joint Stock Company, is registered in the Kingdom of Saudi Arabia under commercial registration number 1010203896 issued in Riyadh on 14 December 2004 (corresponding to Dhul Qa'adah 2, 1425H). The address of the Company's head office 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 a mobile telephone network including all related elements and the provision of all related services locally and internationally through its own network.

Pursuant to the Communications, Space & Technology Commission (CST) 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 and fixed internet services.

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

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

Breakdown of 2022 results contributions are as follows (SAR millions)

	Consumer	Business	Wholesale	Outsourcing and others	Total
Usage	7,651	1,639	1,304	-	10,594
Activation and subscription fees	2,405	625	22	-	3,052
Others	821	691	168	343	2,023
Total	**10,877**	**2,955**	**1,494**	**343**	**15,669**

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.
- Wholesale and retail trade of computers and electronic equipment, maintenance and operation of such equipment, and provision of related services.
- Providing consulting and office administrative service activities.
- 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.
- Technology in financial services.

Governance

About Mobily (continued)

Subsidiary Companies

Below is the summary of the Company's subsidiaries and ownership percentage as of 31 December 2022 and 31 December 2021:

Name	Country of Incorporation	Country of Operations	Capital	Ownership Percentage 31 December 2022 Direct	Ownership Percentage 31 December 2022 Indirect	Ownership Percentage 31 December 2021 Direct	Ownership Percentage 31 December 2021 Indirect	Initial Investment (SAR '000s)
Mobily Infotech India Private Limited	India	India/ Kingdom of Saudi Arabia	INR 20 million	99.99%	0.01%	99.99%	0.01%	1,836
Zajil International Network for Telecommunication Company*	Saudi Arabia	Kingdom of Saudi Arabia	SAR 10 million	96%	4%	96%	4%	80,000
National Company for Business Solutions	Saudi Arabia	Kingdom of Saudi Arabia	SAR 10 million	100%	-	100%	-	10,000
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	Kingdom of Saudi Arabia	SAR 98.2 million	100%	-	100%	-	98,200

* On 15 March 2021, the Board of Directors of Etihad Etisalat Company approved to liquidate Zajil International Network for Telecommunication Company, which is still in the process of completing the procedures and legal requirements for its liquidation.

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.

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, which is still in the process of completing the procedures and legal requirements for its liquidation.

National Company for Business Solutions - LLC

The main activities of the Company include providing consulting services and office administrative service activities.

During the year 2021, the Company acquired the remaining 5% which was owned by Bayanat Al-Oula for Network Services. National Company for Business Solutions owns an investment in Ecommerce Taxi Middle East (Luxembourg) of 9.5% (2021: 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 W.L.L - LCC

It acts as a holding company for the commercial, industrial, and service Group. Mobily Ventures owns the following investments:

- Anghami LLC (Cayman Islands): 5.07% (2021: 7.66%)
- Dokkan Afkar (British Virgin Islands): 3.28% (2021 : 3.28%)

On 3 February 2022, Anghami LLC announced that it had completed its business combination with Vistas Media Acquisition Company ("VMAC"). On 4 February 2022 the shares of Anghami Inc. commenced trading on the Nasdaq stock exchange in the USA under the ticker ANGH.

Etihad Fintech Company - Single Person Company

The main activity of the Company is technology in financial services.

Governance

Important Events

Etihad Fintech Company "Mobily Pay" received the Saudi Central Bank's license to conduct payments and Electronic Wallets Businesses

On 29 March 2022, Mobily announced that Etihad Fintech Company "Mobily Pay" received the Saudi Central Bank's (SAMA) license to conduct payments and Electronic Wallets Businesses. Mobily Pay provides financial digital services to individuals and corporates such as sending and receiving money locally and internationally, bills payments, and issuing digital and physical cards.

Etihad Fintech Company "Mobily Pay" is a subsidiary wholly owned by Etihad Etisalat Co. (Mobily) that provides fintech services and solutions for individuals and corporates.

Addendum announcement from Etihad Etisalat (Mobily) in respect of the Potential Offer by Emirates Telecommunications Group Company to Increase its Shareholdering in Etihad Etisalat Company (Mobily)

On 17 March 2022, Mobily stated that, with reference to the announcement made by Etihad Etisalat Company ("Mobily") published on the Saudi Exchange website on 13/8/1443H (corresponding to 16 March 2022) in respect of the approach from Emirates Telecommunications Group Company P.J.S.C ("e&") to discuss increasing its shareholding in Mobily to 50% plus one share by means of a pre-conditional partial tender offer, pursuant to the Merger and Acquisition Regulations issued by the Capital Market Authority (the "M&A Regulations"), with a proposed price of SAR 47 per Mobily share (the "Potential Offer"), Mobily clarifies that it has received e&'s letter in relation to the Potential Offer on 13/8/1443H (corresponding to 16 March 2022).

Additional details about the Potential Offer of Emirates Telecommunications Group Company to Increase its Shareholding in Etihad Etisalat (Mobily)

On 16 March 2022, Mobily stated that, with reference to Etihad Etisalat Company ("Mobily")'s announcement made earlier today 13/8/1443H (corresponding to 16 March 2022), Mobily announces further details in respect of the approach from Emirates Telecommunications Group Company P.J.S.C ("e&") to discuss increasing its shareholding in Mobily to 50% plus one share by means of a pre-conditional partial tender offer (the "Potential Offer") pursuant to the Merger and Acquisition Regulations issued by the Capital Market Authority (the "M&A Regulations").

e& has proposed a price of SAR 47 per Mobily share (the "Proposed Offer Price") for the purposes of the Potential Offer. The Mobily Board has discussed this and notes that the Proposed Offer Price represents a premium to the share price of Mobily, as set out in the Mobily announcement made earlier today 13/8/1443H corresponding to 16 March 2022. Therefore, the Mobily Board believes it is appropriate to further discuss the details and conditions of the Potential Offer with e&.

e& remains able to formally launch an offer at any time should it choose to do so, subject to applicable regulations, without having to come to an understanding with the Mobily Board.

It should be noted that Mobily and e& are only in discussions at this time, and there can be no certainty as to whether the Potential Offer will be made, whether any offer at any other price will be made by e&, nor as to the terms on which any offer might be made by e&, or whether the Mobily Board will recommend such an offer if it is eventually made. If e& proceeds to make an offer, (i) it will be announced at the relevant time and will be subject to certain conditions, relevant regulatory approvals and applicable regulatory requirements, including pursuant to the M&A Regulations, (ii) e& will publish an offer document which will contain the final terms and conditions of the offer, and (iii) the Mobily Board will issue a circular which will set out the view/recommendation of the Mobily Board in relation thereto and the financial advice that the Mobily Board would receive in respect thereof, along with all other information required by applicable regulations.

Those members of the Mobily Board who are senior Executives of e&, being Messrs. Hatem Dowidar, Mohamed Bennis and Khalifa Al Shamsi, have declared their conflicts of interest in relation to the discussions between Mobily and e&, and have recused themselves therefrom, as well as from any deliberations or resolutions of the Mobily Board in this regard. Mobily has appointed J.P. Morgan Saudi Arabia Company and Riyad Capital Company as joint financial advisers, and Abuhimed Alsheikh Alhagbani Law Firm as legal adviser to assist it in relation to the Potential Offer.

Approach by Etisalat Group Company to discuss a Potential Offer by Emirates Telecommunications Group Company to Increase its Shareholding in Etihad Etisalat Company (Mobily)

On 16 March 2022, Mobily announced that it has been approached by Emirates Telecommunications Group Company P.J.S.C ("e&") to discuss e& increasing its shareholding in Mobily to 50% plus one share by means of a pre-conditional partial tender offer (the "Potential Offer") pursuant to the Merger and Acquisition Regulations issued by the Capital Market Authority.

The purpose of the discussions is for e& to come to an understanding with the Mobily Board of Directors (the "Mobily Board") in respect of the conditions applicable to the Potential Offer (including its implementation) which the Mobily Board would be able to recommend to Mobily's shareholders.

e& has proposed a price of SAR 47 per Mobily share (the "Proposed Offer Price") for the purposes of the Potential Offer, which would represent a premium of:

- 22.2% to Mobily's closing share price of SAR 38.45 on 15 March 2022;
- 38.8% to the 3-month volume weighted average price of Mobily shares over the period ending on 15 March 2022; and
- 45.1% to the 6-month volume weighted average price of Mobily shares over the period ending on 15 March 2022.

e& has informed Mobily that the Potential Offer and proposed discussions are aligned with e&'s strategic objectives to expand and optimize its portfolio by pursuing opportunities within its existing footprint, in particular the rapidly growing Saudi market, and that e& aims to deepen the strong existing ties with Mobily, with the potential for further collaboration and the realization of greater synergies.

e& has not declared a firm intention to make a Potential Offer at this time. Therefore, this announcement should not be considered to be an announcement of e&'s firm intention to make an offer.

Further announcements relating to any developments will be made in due course, including in relation to the structure of the transaction, the price, terms and conditions of the offer (if made), as well as the applicable timetable and procedures.

The latest developments regarding the Signing of Technical Services and Support Agreement with Emirates Telecommunications Group

On 07 March 2022, Mobily ("Company") stated that, with reference to Etihad Etisalat Company (Mobily) (the "Company") announcement on the Saudi Stock Exchange (Tadawul) website on 1/6/1438H (corresponding to 28 February 2017) regarding the signing of Technical Services and Support Agreement with Emirates Telecommunications Group Company (Etisalat Group), for the duration of 5 years ending on 31 December 2021.

Etihad Etisalat Company (Mobily) announces that it has decided together with Etisalat Group not to renew the agreement for services and technical support.

Mobily and Etisalat Group will continue to explore ways of cooperation to achieve the interests of both parties and their shareholders and in accordance with the relevant laws and regulations.

Mobily's Board of Directors also affirms its confidence in the Company's capabilities and ability to continue growing, providing its services at a high level, achieving its strategic ambition and adding value to its shareholders, and contributing to its role as an enabler of the digital economy in accordance with the Saudi Vision 2030 and creating new opportunities.

Mobily also confirms that it has the national competencies, and the accumulated technical and operational expertise capable of achieving its strategic objectives.

In this regard, Mobily would like to express its appreciation to Etisalat Group for its support, while Etisalat Group continues to be a strategic shareholder to the Company.

Governance

Forward-Looking Statements

Support of National Orientation

Mobily continues its relentless efforts to support the digital transformation process in the Kingdom of Saudi Arabia in line with Vision 2030 and increase the contribution of the communications and information technology sector to the Kingdom's GDP. This vision aims to seize the development opportunities and diversify the sources of income to create a sustainable national economy to benefit from the Kingdom's strong digital infrastructure, which will enable it to maintain continuity of businesses and operations during crises.

Given the extreme importance of the digital transformation process in achieving the Kingdom's social and economic goals to build a digital society and government, a thriving digital economy, and an innovative future for the Kingdom, the strategy of the Ministry of Communications and Information Technology enabled the acceleration of the digital transformation process in the sector. The results for the year 2022 showed the growth of the telecommunications market by 7.1% and the growth of the information technology sector by 14.6% compared to 2021. In addition, the sector achieved an increase in the number of jobs by 7%, reaching 340,000 jobs, and a steady increase of 3.3% in women's participation in the sector, reaching 30.5%, compared to Q2 of 2021. The Ministry is looking forward to achieving the sector's goals for the year 2023, which are to increase the coverage of fiber optic networks for homes in all regions of the Kingdom up to 64%, increase the coverage of the 4G mobile broadband network up to 99%, increase the capacity of data and cloud service centers up to 150 MW, and provide 40,000 quality training opportunities for national competencies enrolled in the Future Skills Program to develop digital skills.

Achievement of Strategic Development

During the year 2022, Mobily's strategy (GAIN) succeeded in achieving exceptional growth and outstanding successes in all business sectors, which will enable the Company to accelerate growth and consolidate its position as a leading company in the Saudi market and the ICT sector.

To support this role, Mobily will continue to invest in innovation, diversify and expand the services, products, and solutions offered to meet the evolving needs of customers and provide outstanding services to all Stakeholders. The Company will continue to support the Kingdom's directions for developing the tourism, entertainment, sports, and culture sectors by investing in the development of network and Internet of Things (IOT) infrastructure, expanding 5G services in regions of the Kingdom, and developing innovative solutions and applications based on the capabilities of the 5G network, in order to support increasing data transfer 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 is proud of its active role in supporting the objectives and vision of the Ministry of Communications and Information Technology's Strategy 2023, and it will continue its efforts to develop its strategy and 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.

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

Governance

Social Responsibility Activities

Mobily believes in the importance of social responsibility as an essential part of its values. In line with this, the Company launched various social initiatives with the aim of making a positive impact on society, and sponsored several awareness campaigns to ensure safety and raise awareness about potential risks. This is in addition to being an official sponsor of the Hajj season, which makes positive impacts by raising awareness and improving the pilgrims' experience. The Company is also committed to applying the best international standards in environmental and social management and corporate governance in all activities and operations in order to preserve the environment and society by developing and implementing a specialized sustainability strategy guiding community investment decisions in several areas, including education, equal opportunity, technical support, individual and public health, responsible use of resources, waste management, and climate change mitigation. Mobily endeavors to achieve the internal objectives of this strategy to improve procedures and results on an ongoing basis.

Based on its interest in the development of Saudi youth and investment in human capital, 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's services related to cooperative training and employment opportunities. The Company also continues its efforts 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 in and contribute effectively to the labor market. During 2022, Mobily successfully launched the fifth version of the Elite Program, which was designed in line with digital transformation and is one of the pillars of the Vision 2030. In its design, the program relied on several main axes, including job rotation between departments, advanced training at the best international universities, counseling, and orientation sessions, in addition to continuous evaluation to measure performance progress. Out of its interest in developing human cadres, Mobily won the Labor Award in Skills and Training Track as the best training program for students and graduates. In view of the Company's efforts to embrace and prepare talents to achieve professional success, Mobily ranked fourth for the best work environment for professional development in the Kingdom, according to LinkedIn Rating, 3 ranks higher than last year.

In support of charitable work and its interest in making a positive impact and achieving a broad social impact, Mobily donated SAR 1 million to the National Campaign for Charitable Work through the "Ehsan" platform. Moreover, Mobily maintained its social partnership with the Ministry of Housing's Jood Eskan Platform, which aims to involve the Saudi community across the Kingdom in efforts to provide housing for those in need.

In support of sustainability in the Kingdom, Mobily contributed to many initiatives in various sectors, as it succeeded in installing the first energy generation tower through environmentally friendly sources using wind turbines and solar panels that support renewable energy to reduce the impact of carbon emissions. Mobily also had a significant role in supporting the field of sports, as it was the official partner of the Diriyah Formula E World Championship for fully electric motorsports, and it contributed with Formula E in promoting electric mobility, providing renewable energy solutions, reducing air pollution, and combating climate change. In addition, Mobily is a platinum partner for the largest national sporting event in the history of the Kingdom and a strategic partner for the Game Changers Program of the Ministry of Communications and Information Technology.

These initiatives highlight Mobily's commitment to advancing environmental and technological development in several domains and its belief in empowering young national talents. The Company will continue to achieve environmental commitment and responsible work to develop initiatives that enhance sustainability and contribute to community service.

Governance

Shareholders

General Assembly of shareholders

During 2022, the Ordinary General Assembly of shareholders met once. The Ordinary General Assembly Meeting was held on 23 May, through modern technology means using the Tadawulaty System. Below is the Board of Directors' members' attendance record:

Sr.	Name	Position	23 May
1	Nabeel Mohamed Al Amudi	Chairman	Absent
2	Suliman Abdulrahman Al Gwaiz	Vice Chairman	Present
3	Khalifa Hassan Al Shamsi	Member	Present
4	Mutaz Kusai Al Azzawi	Member	Present
5	Homood Abdullah Al Tuwaijri	Member	Present
6	Khaled Abdulaziz Al Ghoneim	Member	Present
7	Hatem Mohamed Dowidar	Member	Present
8	Mohammed Karim Bennis	Member	Present
9	Ahmed Abdelsalam Aboudoma	Member	Present
10	Abdulkarim Ibrahim Al Nafie	Member	Present

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 financial statements for the fiscal year ending 31 December 2021.
2. Approval on the auditor report for the fiscal year ending 31 December 2021.
3. Approval on the Board of Directors report for the fiscal year ending 31 December 2021.
4. Approval on releasing the members of the Board of Directors from their liabilities for the fiscal year ending 31 December 2021.
5. Approval on the businesses and contracts made with Emirates Telecommunications Group Company, where the following members of the Board of Directors were indirectly interested: (for the previous term: Eng. Saleh Al Abdooli, Eng. Khalifa Al Shamsi and Mr. Serkan Okandan); (and the current term: Eng. Khalifa Al Shamsi, Eng. Hatem Dowidar and Dr. Mohammed Karim Bennis). Details of which are:
   Interconnection and roaming services rendered of SAR 43,813,000, interconnection and roaming services received of SAR 347,635,000, managements fees of SAR 120,838,000, other management expenses of SAR 6,645,000, and other telecommunications services of SAR 4,294,000, without preferential conditions
6. Approval on the businesses and contracts made between the Company and Public Pension Agency, where Mr. Suliman Al-Gwaiz, Chairman of the Board of Directors and Mr. Hussain Al Asmari, Member of the Board of Directors were indirectly interested. Details of which are to establish a call center, for a period of one year starting from 11 April 2021 until 10 April 2022 and without preferential conditions, at a value of SAR 4,087,235.
7. Approval on the businesses and contracts made between the Company and the Company for Cooperative Insurance (Tawuniya), where the member of the Board of Directors, Eng. Homood Al Tuwaijri was indirectly interested. Details of which are to provide medical insurance services to Mobily employees, for a period of one year starting from 01 April 2021 until 31 March 2022 and without preferential conditions, at a value of SAR 53,279,897.90.
8. Approval on delegating the Ordinary General Assembly its authorization powers stipulated in paragraph (1) of Article 71 of the Companies Law to the Company's Board of Directors, for a maximum of one year from the date of approval by the General Assembly to delegate its powers, or until the end of the 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.
9. Approval on the recommendation of the Board of Directors to distribute cash dividends to the shareholders for the fiscal year ending 31 December 2021 in the amount of SAR 654,500,000 at SAR 0.85 per share, representing 8.5% of the nominal value per share. The eligibility of cash dividends will be to shareholders who own 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) by the end of the second trading day following the eligibility date. The distribution of dividend will start from 9 June 2022.
10. Approval on amending the Audit Committee Charter.

Actions taken by the Board of Directors to inform its Members, especially Non-Executives, of the Shareholders' Proposals and Observations on the Company and its Performance

Mobily's Investor Relations Department maintains regular communication with the Company's shareholders through various communication channels. If any proposals have been 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.

Kindly note that the Board of Directors authorized the Company to take the necessary actions that enable Shareholders to communicate their proposals and observations, through the following communication channels for the Investor Relations Department:

Tel. 00966560314099
E-mail: IRD@mobily.com.sa
Address: King Fahd Road, Mobily C1, Al Yabis Building, 3rd Floor, P.O. Box 9979, Riyadh 11423

Requests for the Shareholders' Register

During 2022, the Company requested the Shareholders Register 7 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	General Assembly Meeting
2	15 February	Corporate Action
3	23 February	Corporate Action
4	4 April	Corporate Action
5	22 May	Corporate Action
6	25 May	Dividend Entitlement
7	25 May	Dividend Entitlement

Governance

Dividend Policy

First: Dividend Entitlement

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

Second: Distribution of Dividends

The Board of Directors shall recommend the announcement and payment of any dividends, before such dividends are approved by the General Assembly of Shareholders. Such 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.

On 19 February 2023, the Board of Directors recommended distributing cash dividends to Shareholders for the fiscal year 2022. The total proposed amount of dividend distribution is SAR 885.5 million, at SAR 1.15 per share. The percentage of dividend to the share par value is 11.5%. 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 the 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. The distribution date will be announced later, after the approval of this recommendation by the General Assembly.

Governance

Company Risks

Mobily operates in a challenging environment driven by emerging technologies, stiff competition, and regulatory changes. Managing risk from the identification phase until the phase of risk mitigation is getting increasingly demanding. To navigate safely through this challenging and ever-changing environment, Mobily has established a dedicated Enterprise Risk and Business Continuity Management (ERM&BCM) division that plays a significant role in monitoring the environment and proactively identifying, assessing, and mitigating potential risks. The division operates in accordance with international standards (ISO 31000 and ISO 22301) and in compliance with Capital Market Authority (CMA) regulations in Saudi Arabia and regularly provides updates to the Executive Risk Management Committee (ERMC) and Board Risk Management Committee (BRMC) about its activities covering existing and emerging risks as well as the status of its BCM programs in order to implement necessary actions to mitigate the top risks. Through the ERM & BCM division, the management has strengthened Mobily's ability to proactively manage risks and ensure operational resiliency in case of any adverse event.

The following are the top risks that are monitored by the Risk Management Committee of the Board of Directors:

Top Risk	Key Drivers	Management Response
Strategy Execution	• Delivering growth • Balancing long-term sustainability with short-term growth opportunities • Capabilities to drive and execute strategy • Macroeconomic conditions	• Strategy and business development expertise enhancement • Corporate Project Management Office (PMO) in place with frequent reporting on strategy projects' progress • Close monitoring of strategic goals and KPIs • Regular market research
Enterprise Digital Transformation	• Resources to support planned transformational initiatives • Corporate-wide agility to deliver on transformation projects • Business requirements • Change management	• Expedite the implementation of digital transformation projects • Create a clear value realization program
Regulatory Decisions	• Evolving regulatory regimes create uncertainty • Unfavorable regulations and decisions impacting the level playing field in the market • Data privacy	• Strong corporate governance and compliance are in place to ensure compliance with all regulatory requirements • Regular engagement with government entities on relevant key matters impacting Mobily and the whole sector
Cyber Attacks	• Vulnerabilities and threats • Cybersecurity governance • Implementation of cyber security controls • Staff awareness	• Security and Privacy and IT Teams work together to implement the controls and prevent cyberattacks in compliance with National Cybersecurity Authority (NCA) and ISO requirements • Employee training to maintain and raise levels of awareness
Subsidiaries Governance and Operation	• Governance practices and integration with Mobily • Dependency on third parties • Market competition	• Clear operating model is in place • Subsidiary Management Unit is established to oversee the subsidiaries performance • Successfully formed Board of Directors, Audit Committee and all relevant committees in place with clear Charters and Delegation of Authorities

Governance

Company Risks (continued)

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.

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty 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 2 major customers representing 34% of total accounts receivable as at 31 December 2022 (31 December 2021: 25%), noting that at the same time, these customers have payable balances from the Group covering approximately 83% of their accounts receivable balances (31 December 2021: 90%).

The rest of the balances do not have significant concentration of credit risk, with exposure spread over large number of customers.

Liquidity Risk

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

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

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

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

	Less than 1 Year	1 to 5 Years	More than 5 Years	Total Contractual Cash Flows	Carrying Amount
At 31 December 2022					
Borrowings	1,937	8,410	1,110	11,457	9,624
Lease liabilities	1,125	1,558	896	3,579	3,221
Accounts payable	4,532	-	-	4,532	4,532
Due to related parties	161	-	-	161	161
Financial liabilities	64	155	76	295	259
	7,819	**10,123**	**2,082**	**20,024**	**17,797**
At 31 December 2021					
Borrowings	1,554	9,290	1,592	12,436	10,834
Lease liabilities	1,044	1,620	814	3,478	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**	**2,521**	**21,118**	**19,112**

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 borrowings 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 are endorsed in the Kingdom of Saudi Arabia and other standards and requirements 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 19 February 2023 (corresponding to 28 Rajab 1444H).

GOVERNANCE

Summary of Assets, Liabilities and Financial Results

The following tables summarize the consolidated balance sheet, operating income and income statement as of 31 December 2022, 2021, 2020, 2019 and 2018:

Summary of the Consolidated Balance Sheet (SAR millions)

	2022	2021	2020	2019	2018
Current assets	9,716	8,085	6,476	6,512	7,101
Non-current assets	30,053	31,279	31,932	32,704	31,461
Total assets	**39,769**	**39,364**	**38,408**	**39,216**	**38,562**
Current liabilities	11,656	11,083	10,985	11,367	11,554
Non-current liabilities	11,755	13,085	12,978	14,098	13,139
Total liabilities	**23,411**	**24,168**	**23,963**	**25,465**	**24,693**
Shareholders' equity	**16,358**	**15,196**	**14,445**	**13,751**	**13,869**
Total liabilities and equity	**39,769**	**39,364**	**38,408**	**39,216**	**38,562**

The Company's total assets as of 31 December 2022 amounted to SAR 39,769 million, while total liabilities amounted to SAR 23,411 million and Shareholders' equity amounted to SAR 16,358 million.

Property and equipment accounted for the largest proportion of the Company's assets with a net book value of SAR 19,508 million, while loans accounted for most liabilities at SAR 9,623 million. These loans were allocated for the purposes of the public company, acquiring network equipment, purchasing communications equipment and financing CAPEX. The end-of-service gratuity (EOSG) for the Company's employees was SAR 502 million as of 31 December 2022.

Summary of Consolidated Operating Income (SAR millions)

	2022	2021	2020	2019	2018
Usage	10,594	10,037	9,663	9,347	8,225
Activation and subscription fees	3,052	2,766	2,397	2,308	2,419
Others	2,023	2,031	1,986	1,795	1,221
Total revenues	**15,669**	**14,834**	**14,046**	**13,450**	**11,865**

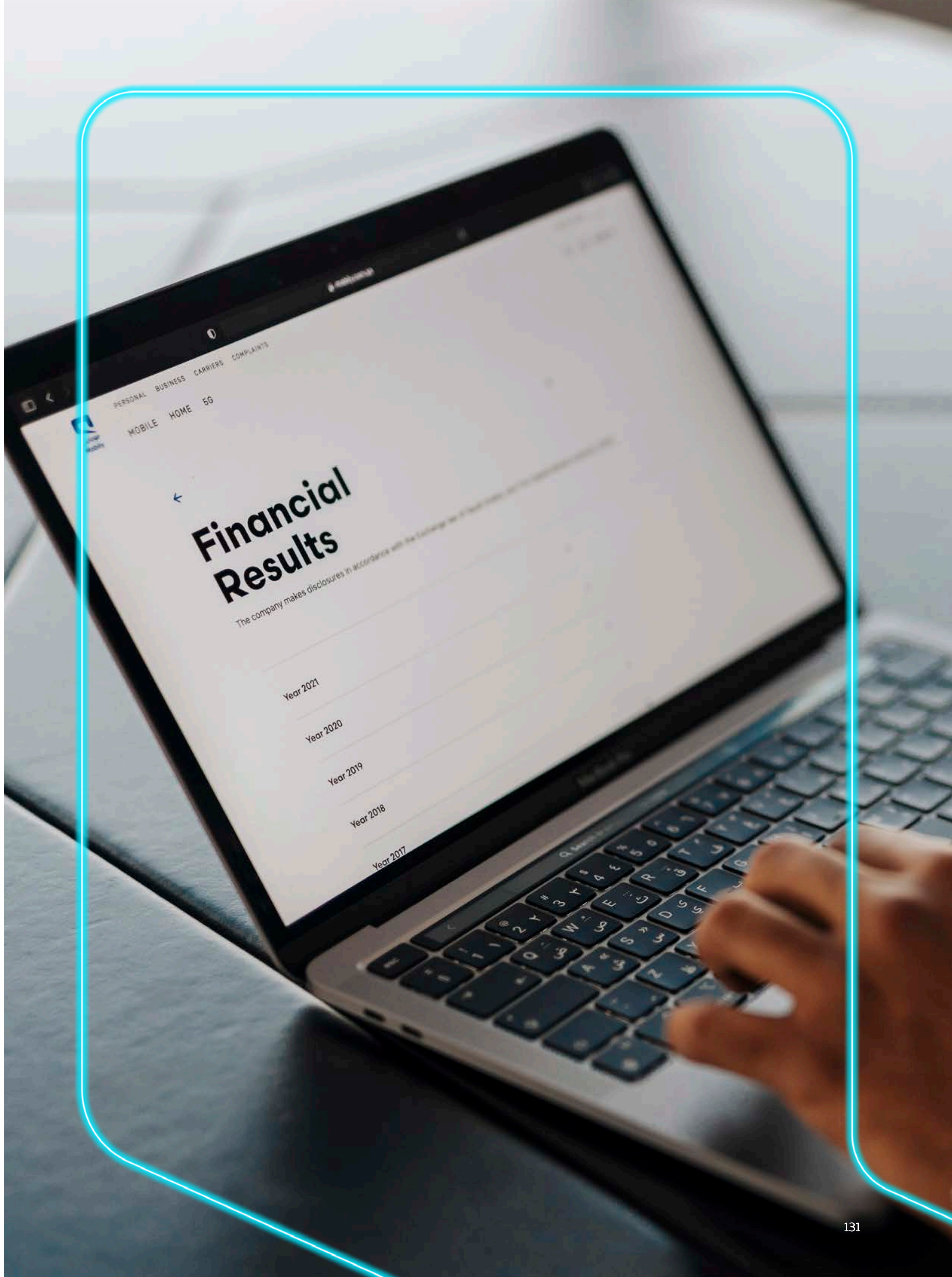
Governance

Summary of Assets, Liabilities and Financial Results (continued)

Summary of Consolidated Income Statement (SAR millions)

	2022	2021	2020	2019	2018	Value Change 21/22	Percentage Change 21/22
Revenue	15,669	14,834	14,046	13,450	11,865	835	5.63%
Cost of sales	(6,306)	(6,163)	(5,894)	(5,650)	(5,283)	(143)	2.32%
Gross profit	9,363	8,671	8,152	7,800	6,582	692	7.98%
Selling and marketing expenses	(1,463)	(1,390)	(1,391)	(1,277)	(1,286)	(73)	5.25%
General and administrative expenses	(1,628)	(1,558)	(1,407)	(1,509)	(747)	(70)	4.49%
Depreciation and amortization	(3,851)	(3,927)	(3,970)	(3,917)	(3,809)	76	(1.94%)
Profit from operations	2,310	1,654	1,366	967	603	656	39.66%
Finance income	46	5	21	45	35	41	820.00%
Finance expenses	(607)	(505)	(561)	(929)	(799)	(102)	20.20%
Zakat and income tax	(122)	(79)	(43)	(49)	38	(43)	54.43%
Net Profit / (Loss)	1,657	1,072	783	31	(123)	585	54.57%

- Mobily achieved a growth in net profit of SAR 1,657 million for the year 2022 compared to SAR 1,072 million in 2021, recording the highest annual net profit in the last 9 years due to the growth of all revenue streams, with a healthy growth in the subscriber base, in addition to the Company's efficiency in managing its operations
- Gross profit increased by 8.0% in FY 2022, reaching SAR 9,363 million from SAR 8,671 million in FY 2021, due to the increase in revenues
- The revenues reached SAR 15,669 million in 2022, a 5.6% growth from SAR 14,834 million achieved last year. The increase in revenues was driven by the growth of all revenue streams, with a healthy growth in the subscriber base
- EBITDA delivered its highest level over the past 9 years, with an amount of SAR 6,161 million in 2022, compared to SAR 5,581 million in the previous year. The increase in EBITDA mostly reflects the growth in revenues and the Company's efficiency in managing its operations
- EBITDA margin reached 39.3% in 2022 versus 37.6% in 2021
- Operational profit increased by 39.7%, reaching SAR 2,310 million in 2022 from SAR 1,654 million in the last year, due to the improvement in EBITDA



Governance

Loans

Details of loans and notes payable as at 31 December 2022 are as follows. It should be noted that the amounts that have been paid during 2022 amount to SAR 1,259.89 million:

										31 December 2022 (SAR millions)			31 December 2021 (SAR millions)			
Lender	Borrowings Nature	Borrowings Purpose	Date	Currency	Principal Amount	Utilized Amount	Profit Rate	Period	Other Information	Current	Non-Current	Total (remaining due amount)	Current	Non-Current	Total (remaining due amount)	Paid-up Amount during 2022
Syndicated Financing - Local Banks	Long-term refinancing facility agreement Sharia' compliant	Syndicated Murabaha facility for general corporate purpose	Q4, 2019	Saudi Riyals	SAR 7,619 million	SAR 7,619 million	SIBOR plus profit margin	7 years	Repayment period of 7 years with semi-annual repayments	752	5,688	6,440	562	6,441	7,003	571.43
Export Credit Agency of Finland (Finnvera)	Long-term financing agreement Sharia' compliant	Acquiring network equipment	Q3, 2013, Q1, 2014 & Q4, 2018	US Dollars	USD 720 million (SAR 2,700 million)	USD 720 million (SAR 2,700 million)	Fixed rate per annum	10 years	Utilization period of 1.5 years, repayment period of 8.5 years with semi-annual repayments	265	314	579	326	579	905	346.05
Export Credit Agency of Sweden (EKN)	Long-term financing agreement Sharia' compliant	Acquiring network equipment	Q3, 2013, Q1, 2014 & Q4, 2018	USD Dollars	USD 652 million (SAR 2,444 million)	USD 629 million (SAR 2,358 million)	Fixed rate per annum	10 years	Utilization period of 1.5 years, repayment period of 8.5 years with semi-annual repayments	190	334	524	281	524	805	298.05
Export Development of Canada (EDC)	Long-term financing agreement Sharia' compliant	Acquiring telecommunication devices and equipment	Q2, 2014	US Dollars	USD 122 million (SAR 458 million)	USD 101 million (SAR 377 million)	Fixed rate per annum	10.5 years	Utilization period of 2 years, repayment period of 8.5 years with semi-annual repayments	41	41	82	41	82	123	44.36
Alinma Bank	Long-term financing agreement Sharia' compliant	Finance capital expenditure including capital expenditure	Q4, 2019	Saudi Riyals	SAR 3,000 million	SAR 2,000 million	SIBOR plus profit margin	10 years	Payable over a period of 10 years with semi-annual repayments and with 3 years grace period	65	1,933	1,998	-	1,998	1,998	-
	Total									**1,313**	**8,310**	**9,623**	**1,210**	**9,624**	**10,834**	**1,259.89**

Governance

Statutory Payments

Paid and Due Statutory Payments (SAR millions)

		2022		
Item	Payable to	Paid	Due for Fiscal Year-End, Not Paid	Short Description and Reason
Zakat	General Authority of Zakat and Tax	77.68	121.83	In accordance with the relevant laws and regulations
Tax	General Authority of Zakat and Tax	1,301.29	68.77	In accordance with the relevant laws and regulations
GOSI fees	General Organization for Social Insurance	136.84	13.42	In accordance with the relevant laws and regulations
Visa and Passport costs	Ministry of Interiors	2.29	-	In accordance with the relevant laws and regulations
Labor Office fees	Ministry of Labor	9.52	-	In accordance with the relevant laws and regulations

Provision for Zakat

	31 December 2022
Balance at the beginning of the year	108,839
Charge during the year	119,283
Payments during the year	(77,679)
Balance at the end of the year	**150,443**

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 2021 and settled its zakat thereon. The Group has finalized its zakat status for the years up to 2009 as well as 2012 and 2013.

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 received zakat assessments that showed additional zakat liabilities for the years 2010, 2011 and 2014 to 2018 of SAR 157 million, which have been appealed against by the Group at the Preliminary and Higher Appeal Committees. During the fourth quarter of 2022, the Group received a preliminary favorable ruling regarding zakat assessments for the years 2010 and 2011. A ruling was also received accepting some of the objections regarding zakat assessments for the years from 2014 to 2018 by the Committee for the Resolution of Tax Violations and Disputes and the Group has appealed the items that were not accepted before the Appeal Committee for Tax Violations and Disputes, and the appeal is still under study. The Group believes that this ruling will not result in any additional provisions.

Income tax

Income tax expense payable by subsidiaries, in accordance with the prevailing tax regulations in their countries, for the year ended 31 December 2022 amounted to SAR 2.5 million (2021: SAR 1.6 million). Income tax paid during the year ended 31 December 2022 amounted to SAR 2 million (2021: SAR 1.6 million).

Governance

Lawsuits and Violations

The Committee for the Consideration of Violations of the Communications Law has passed several decisions, including penalties against Mobily, which were in accordance with the Communications Law and the Executive Regulations thereof. Such decisions were based on various reasons, including the manner used for issuing SIM Cards, rejection of number transfer requests, non-compliance with some controls and provisions, and other reasons.

The Company seeks to avoid a recurrence of such penalties through the following actions:

1. Constantly organizing workshops for Mobily employees and holding meetings with specialists
2. Complying with the Authority's resolutions and instructions
3. Raising awareness about new regulations, especially with regard to preparation of SIM cards, number transfer services, and compliance with statutory requirements in this regard
4. Complying with tariff 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 the allocation of the necessary HR resources and policies to remedy violations within the statutory periods, in compliance with the terms, conditions, and regulations of the Communications, Space, and Technology Commission.

The CST violation committee has issued several penalty resolutions against the Group amounting to SAR 76 million as of 31 December 2022. The Group filed multiple lawsuits against CST at the Board of Grievances in order to oppose such resolutions of the CST violation committee which remains outstanding and based on the status of these lawsuits as of 31 December 2022, the Group's management believes that sufficient provisions have been recorded.

The Group, in its ordinary course of business, is subject to proceedings, lawsuits and other claims. However, based on the status of these lawsuits as of 31 December 2022, the Group's management believes that sufficient provisions have been recorded.

Governance

Annual Review of the Effectiveness of Internal Control Procedures

The formulation of the Audit Committee (Referred to below the "Committee") in Mobily, took into consideration the requirements of corporate governance in terms of its composition and direct association with the Board of Directors (Referred to below "BoD") of the Company. The Committee'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 9 meetings during the year 2022.

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, overseeing 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.

Highlights of the Committee's business during 2022:

- Reviewing and approving the internal audit plan and ensuring the availability of the required resources to guarantee its continuous effectiveness
- Auditing and approving the objectives and performance indicators of the CEO of the internal audit department
- Supervising the work of the internal audit department and following up with the implementation of its plan, including setting up a mechanism for continuous auditing using modern technologies
- Discussing the internal audit management reports issued in 2022, the notes contained therein, the corrective plans, and the progress of the implementation of the recommendations by the relevant departments of the Company
- Discussing other topics that may affect the Company's work that were submitted to the Committee by the Executive management or referred to the Committee for consideration by the Board of Directors
- Supervising the work of the External Auditors and meeting them periodically
- Reviewing the quarterly and annual financial statements and submitting recommendations to the Board of Directors to approve them
- Reviewing the "Management Letter" on internal controls issued by the External Auditors and implementing its recommendations
- Reviewing a range of new policies and updates on other existing policies
- Following up on activities that strengthen the Company's regulatory system and its continuous work, including following up on the implementation of the fixed asset modernization project of the Company, the implementation of an alternative data center project when emergencies occur, and enhancing the level of automation in various aspects of the Company's work
- Reviewing management's proposals for doubtful debt allocations and cancellation procedures
- Reviewing reports from management on legal and regulatory compliance requirements and monitoring the implementation of pertinent recommendations
- Reviewing the necessary arrangements for enabling a mechanism for employees to communicate their concerns in a confidential manner
- Reviewing reports from the Company's Management on the accounts receivable strategy as well as management reports on the status of collection and monitoring the implementation of the recommendations contained in the reports
- Reviewing the methodology of expected bad debt credit losses under the application of the International Standard (IFRS9) and submitting recommendations thereon
- Informing the BoD periodically about the Committees' activities through the sharing of its minutes of meetings and regular updates during BoD meetings

The Audit Committee's Opinion on the Effectiveness of the 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. The 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 levels 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 of the Company's internal control system did not reveal any major weaknesses, with some observations aimed towards its improvement. The observations were communicated with Company Management and a plan was set to implement the relevant recommendations. The Committee emphasized the need for Executive Management to expedite the timely closure of all notes and the implementation of recommendations, while giving greater importance to high-risk notes and overdue recommendations. This is in addition to the continuous monitoring of the internal control system to ensure that its objectives are achieved, with the improvement of the operations' efficiency and effectiveness, and while complying with relevant regulations. The Committee will follow up on the recommendations with the agreed implementation dates.

Governance

Corporate Governance Compliance

Following the review of the Corporate Governance Regulations issued by the Capital Market Authority (CMA), the Company has adopted governance rules and standards pursuant to these Regulations. To illustrate the Company's compliance with such 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	Reasons for Non-Application
Article 37 – 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 programs required for the same, taking the following into account: 2) Developing the necessary mechanisms for Board members, Committee members, and the Executive Management to continuously enroll in training programms and courses in order to develop their skills and knowledge in the fields related to the activities of the Company.	This is a guiding article. There is no fixed program, but training is provided as needed, and specialized international conferences are also attended.
Article 39 – Paragraph D	D) The individual assessment of the Board members shall take into account the extent of the member's effective participation and his/her commitment to performing his/her duties and responsibilities, including attending the Board and its Committees'meetings and dedicating adequate time thereof.	This is a guiding article. The Board of Directors did not set indicators for individual measurement or evaluation for this year.
Article 82 – Paragraph 3	The Company shall establish programs for developing and encouraging the participation and performance of the Company's employees. In particular the programs shall include the following: 3) Establishing social organizations for the benefit of the Company's employees.	This is a guiding article. The Company is developing other programs to encourage and motivate the participation and performance of its employees.
Article 84	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.	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 aim to develop the social and economic conditions of the community.
Article 85 – Paragraph 1	The Board shall establish programs 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.	This is a guiding article. The Company is interested in promoting participation in various social activities in order to sustain and achieve the desired goals.
Article 87 – Paragraph 8 Article 90 – Paragraph A - 4 - B	The Company shall disclose the remuneration of 5 Senior Executives in detail pursuant to the appended schedule to the Corporate Governance Regulations.	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 (90) 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 from the detailed disclosure according to the titles and positions, the details were not presented as mentioned in Appendix (1) of the Senior Executives of the Corporate Governance Regulations.
Article 87 – 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 a report shall include the following: 19) Geographical analysis of the Company's and its affiliates' revenues.	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.
Article 92	1) If the Board forms a corporate governance committee, it shall assign to it the competencies stipulated in Article (91) of these Regulations. Such a committee shall oversee any matters relating to the implementation of governance and shall provide the Board with its reports and recommendations at least annually.	This is a guiding article. The Board of Directors ensures compliance with the Company's governance rules, as well as reviewing and updating these rules, and improving the Company's Code of Conduct, and other policies and internal procedures. The Board members are constantly informed about the latest developments in the area of governance.

It should be noted that:

- The Audit Committee did not recommend appointing an Internal Auditor for the Company during the last fiscal year
- 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
- There is no inconsistency with the standards approved by the Saudi Organization for Chartered Professional Accountants
- No shares or debt instruments were issued for each affiliate company
- According to Article 85 of Rules on the Offer of Securities and Continuing Obligations, the Company has not been informed of any interest in voting rights shares owned by any person (other than Board members and Senior Executives and their relatives)
- No convertible debt instruments, contractual securities, preemptive or similar rights were issued or granted by the Company during the fiscal year
- No conversion or subscription rights under any convertible debt instruments, contractually 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 Board member or Senior Executive has waived any remunerations
- 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 reservations on the Annual Financial Statements
- The Board of Directors did not recommend replacing the External Auditor before the end of its term
- No Board member has any competing business with the Company or any of the activities practiced by the Company
- There are no Treasury shares retained by the Company
- There are no programs establishing a scheme for granting Company shares or a percentage of the Company profits and pension programs for employees, and setting up an independent fund for such program

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 2023

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 2022, 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 2022, 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 Internal Code of Ethics for Professional Accountants (including International Independence Standards) (the Code), that is 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 the Code's 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 31 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 specific team members from IT, 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 specific team members from IT, 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 6.6 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, actions taken to eliminate threats or safeguards applied.

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: 3 Sha'ban 1444H
Corresponding to: 23 February 2023

Etihad Etisalat Company (A Saudi Joint Stock Company)

Consolidated Statement of Financial Position

as at 31 December 2022

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

	Notes	31 December 2022	31 December 2021
Assets			
Non-current assets			
Property and equipment	7	19,507,574	20,380,112
Intangible assets	8	7,607,659	7,910,524
Right of use assets	9	2,703,004	2,730,091
Investment in joint venture	10	9,474	-
Contract costs	11	29,155	116,926
Contract assets	12.1	80,132	71,007
Financial and other assets	13	115,812	70,742
Total non-current assets		**30,052,810**	**31,279,402**
Current assets			
Inventories	14	109,047	107,728
Contract costs	11	378,728	380,919
Contract assets	12.1	830,400	495,130
Accounts receivable	15	4,928,663	4,593,349
Due from related parties	16.2	169,660	143,329
Financial and other assets	13	458,622	313,388
Short term Murabaha	17	2,013,500	1,000,000
Cash and cash equivalents	18	827,725	1,050,663
Total current assets		**9,716,345**	**8,084,506**
Total assets		**39,769,155**	**39,363,908**
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital	1	7,700,000	7,700,000
Statutory reserve	19	2,648,971	2,648,971
Other reserves	20	90,075	(36,988)
Retained earnings		5,919,489	4,884,263
Total shareholders' equity		**16,358,535**	**15,196,246**
Non-current liabilities			
Borrowings	21	8,310,441	9,623,840
Lease liabilities		2,211,375	2,192,886
Provision for end of service benefits	22	501,802	513,053
Provision for decommissioning	23	190,543	181,119
Contract liabilities	12.2	280,515	216,561
Financial and other liabilities	24	260,425	357,564
Total non-current liabilities		**11,755,101**	**13,085,023**
Current liabilities			
Borrowings	21	1,313,399	1,210,518
Lease liabilities		1,009,659	927,505
Accounts payable	25	4,531,738	4,606,445
Contract liabilities	12.2	694,956	737,613
Due to related parties	16.2	161,127	281,563
Accrued expenses	26	2,873,311	2,561,464
Provisions	27	827,067	466,883
Zakat and income tax	28	152,562	127,205
Financial and other liabilities	24	91,700	163,443
Total current liabilities		**11,655,519**	**11,082,639**
Total liabilities		**23,410,620**	**24,167,662**
Total shareholders' equity and liabilities		**39,769,155**	**39,363,908**

The attached notes from 1 to 42 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 2022

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

	Notes	31 December 2022	31 December 2021
Revenue	31	15,668,915	14,834,056
Cost of revenue	32	(6,305,559)	(6,162,541)
Gross profit		**9,363,356**	**8,671,515**
Operating expenses			
Selling and marketing expenses	33	(1,462,886)	(1,389,991)
General and administrative expenses	34	(1,628,231)	(1,558,438)
Impairment on accounts receivable and contract assets	12.1,15	(111,654)	(142,565)
Depreciation and amortization	7,8,9	(3,850,550)	(3,926,520)
Total operating expenses		**(7,053,321)**	**(7,017,514)**
Operating profit		**2,310,035**	**1,654,001**
Other income and expenses			
Share in profit / (losses) of joint venture	10	28,226	(18,848)
Finance income		45,990	5,196
Finance costs	35	(606,977)	(504,807)
Other income, net		1,496	15,383
Total other expenses		**(531,265)**	**(503,076)**
Net profit before zakat and income tax		**1,778,770**	**1,150,925**
Zakat and income tax	28	(121,830)	(79,384)
Net profit		**1,656,940**	**1,071,541**
Earnings per share:			
Basic and diluted earnings per share (in SR)	36	**2.15**	**1.39**

The attached notes from 1 to 42 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

for the year ended 31 December 2022

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

	31 December 2022	31 December 2021
Net profit	**1,656,940**	**1,071,541**
Items that will not be reclassified subsequently to profit or loss:		
Actuarial remeasurement of end of service benefits	32,690	(7,992)
Change in fair value of equity investments	(28,789)	31,116
Share in other comprehensive income of joint venture	96	-
Total items that will not be reclassified subsequently to profit or loss	**3,997**	**23,124**
Items that will be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	(5,354)	(589)
Cash flow hedge - change in fair value	153,462	7,122
Cash flow hedge - reclassified to profit or loss	7,744	34,821
Total items that will be reclassified subsequently to profit or loss	155,852	41,354
Other comprehensive income	**159,849**	**64,478**
Total comprehensive income	**1,816,789**	**1,136,019**

The attached notes from 1 to 42 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 2022

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

	Notes	31 December 2022	31 December 2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		1,656,940	1,071,541
Adjustments:			
Depreciation and amortization	7,8,9	3,850,550	3,926,520
Impairment loss on accounts receivable and contract assets	12.1,15	111,654	142,565
Inventory obsolescence	14	11,175	(77,859)
Provision for end of service benefits	22	71,533	62,200
Provisions		449,586	216,665
Loss on sale of property and equipment		17,550	17,783
Share in (profit) / losses of joint venture	10	(28,226)	18,848
Finance income		(45,990)	(5,196)
Finance costs	35	606,977	504,807
Zakat and income tax	28	121,830	79,384
Others		(19,183)	(13,704)
Changes in:			
Inventories		(12,494)	43,464
Contract costs		89,962	(59,375)
Contract assets		(316,343)	(86,463)
Accounts receivable		(566,394)	(849,327)
Due from related parties		(26,331)	(31,130)
Financial assets and others		(38,470)	(73,743)
Accounts payable		220,916	51,080
Contract liabilities		21,297	(112,815)
Due to related parties		(120,436)	128,727
Accrued expenses		213,157	327,297
Provisions		(68,957)	(170,609)
Financial liabilities and others		(25,841)	6,860
Provision for decommissioning		(2,308)	(2,558)
Cash generated from operating activities		**6,172,154**	**5,114,962**
End of service benefits paid	22	(50,094)	(41,899)
Finance costs paid		(358,439)	(299,514)
Zakat and income tax paid	28	(79,728)	(44,171)
Net cash generated from operating activities		**5,683,893**	**4,729,378**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment of property and equipment		(2,329,482)	(2,132,089)
Payment of intangible assets		(101,500)	(87,236)
Proceeds from sale of property and equipment		681	334
Short term Murabaha		(1,013,500)	(700,000)
Finance income received		37,846	2,899
Net cash used in investing activities		(3,405,955)	(2,916,092)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		-	700,000
Payment of borrowings		(1,259,886)	(1,403,750)
Payment of lease liabilities		(600,756)	(610,864)
Dividends paid		(640,234)	(377,507)
Net cash used in financing activities		**(2,500,876)**	**(1,692,121)**
Net changes in cash and cash equivalents		(222,938)	121,165
Cash and cash equivalents at beginning of the year		1,050,663	929,498
Cash and cash equivalents at end of the year	18	**827,725**	**1,050,663**

The attached notes from 1 to 42 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 2022

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

	Share capital	Statutory reserve	Other reserves	Retained earnings	Total shareholders' equity
Balance as at 1 January 2022	**7,700,000**	**2,648,971**	**(36,988)**	**4,884,263**	**15,196,246**
Net profit	-	-	-	1,656,940	1,656,940
Other comprehensive income	-	-	127,063	32,786	159,849
Total comprehensive income	-	-	127,063	1,689,726	1,816,789
Dividends	-	-	-	(654,500)	(654,500)
Balance as at 31 December 2022	**7,700,000**	**2,648,971**	**90,075**	**5,919,489**	**16,358,535**
Balance as at 1 January 2021	**7,700,000**	**2,648,971**	**(109,458)**	**4,205,714**	14,445,227
Net profit	-	-	-	1,071,541	1,071,541
Other comprehensive income / (loss)	-	-	72,470	(7,992)	64,478
Total comprehensive income	-	-	72,470	1,063,549	1,136,019
Dividends	-	-	-	(385,000)	(385,000)
Balance as at 31 December 2021	**7,700,000**	**2,648,971**	**(36,988)**	**4,884,263**	**15,196,246**

The attached notes from 1 to 42 are an integral part of these consolidated financial statements.

Chief Financial Officer

Chief Executive Officer

Chairman

Etihad Etisalat Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

(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 address of the Company's head office 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 mobile telephone network including all related elements and the provision of all related services locally and internationally through its own network.

Pursuant to the Communications, Space & Technology Commission (CST) 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 and fixed internet services.

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.

1.2 Subsidiary Companies

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

Name	Country of incorporation	Ownership percentage 31 December 2022 Direct	Ownership percentage 31 December 2022 Indirect	Ownership percentage 31 December 2021 Direct	Ownership percentage 31 December 2021 Indirect
Mobily Infotech India Private Limited	India	99.99%	0.01%	99.99%	0.01%
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%	-	100.00%	-
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 15 March 2021, the Board of Directors of Etihad Etisalat Company approved to liquidate Zajil International Network for Telecommunication Company, which is still in the process of completing the procedures and legal requirements for its liquidation.

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.
- Wholesale and retail trade of computers and electronic equipment, maintenance and operation of such equipment, and provision of related services.
- Providing consulting and office administrative service activities.
- 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.
- 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 Mobily Infotech India Private Limited incorporated in Bangalore, India which commenced its commercial activities during the year 2008, the main activity is in the business of providing IT services, applications, billing and testing support, product marketing, process management, support services and call center services primarily to its group companies. Early 2009, the remaining 0.01% of the Mobily Infotech India Private Limited share capital was acquired by National Company for Business Solutions which is subsidiary. 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 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 which main activity comprises the wholesale and retail trade of computers and electronic equipment, maintenance and operation of such equipment, and the provision of related services. The acquisition included Zajil's rights, assets, liabilities, 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% of Zajil International Network for Telecommunication Company is owned by National Company for Business Solutions which is a subsidiary. 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, which is still in the process of completing the procedures and legal requirements for its liquidation.

1.2.3 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 which main activity is providing consulting and office administrative service activities.

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

National Company for Business Solution owns the following investments:

Name	Country of incorporation	Ownership percentage 31 December 2022	Ownership percentage 31 December 2021	Carrying amount 31 December 2022	Carrying amount 31 December 2021
Ecommerce Taxi Middle East	Luxembourg	9.5%	10%	1,702	1,702

Etihad Etisalat Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2022

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

1.2.4 National Company for Business Solutions FZE

During 2014, National Company for Business Solutions (KSA) completed the legal procedures related to the investing in National Company for Business Solutions FZE, with 100% ownership of its capital, based in the United Arab of Emirates which main activity is the trading, import and export of computer systems.

1.2.5 Mobily Ventures Holding W.L.L

During 2014, the Company completed the legal procedures related to the investing in Mobily Ventures Holding Company with 100% ownership of its capital, which is a Bahraini limited liability company which main activity is to act as holding company for commercial or industrial or services companies.

Mobily Ventures Holding W.L.L owns the following investments;

		Ownership percentage		Carrying amount	
		31 December		31 December	
Name	Country of incorporation	2022	2021	2022	2021
Anghami LLC	Cayman Islands	5.07%	7.66%	7,873	36,711
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"). On 4 February 2022 the shares of Anghami Inc. commenced trading on the Nasdaq stock exchange in the USA under the ticker ANGH.

1.2.6 Etihad Fintech Company

During 2019, the Company completed the legal procedures related to the establishment of Etihad Fintech Company with 100% ownership of its capital, which is a Saudi closed joint stock company which main activity is technology in financial services.
Etihad Fintech Company obtained its license on 17 March 2022, from Saudi Central Bank (SAMA) and commercially launched on 2 October 2022.

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.

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 Group's functional currency. All amounts have been rounded off to the nearest thousand Saudi Riyal unless otherwise stated.

3 BASIS OF CONSOLIDATION

Control is achieved when 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, revenue 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, INTERPRETATIONS AND AMENDMENTS

The standards and amendments that are issued, but not yet effective, as of 31 December 2022 are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective. These standards are not expected to have a material impact on the Group at their effective dates.

Amendments and interpretations
Amendments to IAS 1 Presentation of Financial Statements – Classification of liabilities as current or non-current
Amendments to IAS 1 Presentation of Financial Statements and IFRS practice statement 2 – Disclosure of accounting policies
Amendments to IAS 8 Accounting Policies, Changes in accounting estimates and errors – Definition of accounting estimate
Amendments to IAS 12 Income Taxes – Deferred Tax related to Assets and Liabilities arising from a single transaction

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:

- 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.

Etihad Etisalat Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2022

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

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.

All other liabilities are classified as non-current.

5.2 Business combinations

Business combinations are accounted for using the acquisition method upon transfer of control to the Group. The consideration transferred is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition related costs are generally recognized in the consolidated statement of profit or loss as incurred.

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 as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value at the acquisition-date of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date fair values of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), 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 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 a gain on bargain purchase at a differential price is recognized in the consolidated statement of profit or loss.

After initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing for goodwill acquired from the business combination and from the date of acquisition, it will be allocated to cash-generating units ("CGU") that are expected to benefit from the consolidation regardless of whether the other assets or liabilities acquired have been allocated to those units.

If goodwill is not allocated to designated cash-generating units because of an incomplete initial calculation, the initial impairment loss will not be tested unless impairment indicators are available to enable the Group to distribute the carrying amount of the goodwill to the cash generating units or the group of cash generating units expected to benefit from business combination. Where goodwill is allocated to the cash generating unit and part of the operations of that unit are disposed of, goodwill associated with the discontinued operation will be included in the carrying amount when determining the gain or loss on disposal of the operation. The goodwill in such circumstances is measured on the basis of the value of a similar disposed operation and the remaining portion of the cash-generating unit.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another relevant IFRS approved in Kingdom.

Any contingent consideration to be paid (if any) will be recognized at fair value at the acquisition date and classified as equity or a financial liability. Contingent consideration classified as a financial liability is subsequently remeasured at fair value with the changes in fair value recognized in the consolidated statement of profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquire is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognized in the consolidated statement of profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to the consolidated statement of profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for the business combination is not completed by the end of the reporting period which constitutes the period in which the combination occurred, the Group presents the items whose value calculation has not been completed in a temporary manner in the consolidated financial statements. During the measurement period, which is not more than one year from the acquisition date, the temporary value recognized on the acquisition date is retroactively adjusted to reflect the information obtained about the facts and circumstances that existed at the date of acquisition and if it is determined that this will affect the measurement of amounts recognized as of that date.

The Group recognizes additional assets or liabilities during the measurement period if new information becomes available about facts or circumstances that existed at the date of the acquisition and if it will result in recognition of assets or liabilities from that date. The measurement period ends once the group obtains all information that existed at the acquisition date or as soon as it becomes sure of the absence of more information.

5.3 Investment in an associate and a joint venture

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

A joint venture is joint arrangement whereby the Group has joint control of the arrangement and has rights to the net assets of the joint arrangement. 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 governing body of the investee.

Factors to determine significant influence include holding directly or indirectly voting power of the investee, representation on the board of directors or equivalent governing body of the investee, participation in policymaking processes including participation in decisions about dividends or other distributions, material transactions between the entity and the investee, interchange of managerial personnel or provision of essential technical information.

The investment in associates or joint ventures are accounted for in the consolidated financial statements of the Group using the equity method of accounting. The investment in associates or joint ventures in the consolidated statement of financial position are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit and loss and other comprehensive income of the associate or joint venture adjusted for any impairment in the value of the net investment. 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 equity. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term

Etihad Etisalat Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2022

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognizing its share of further losses.

Additional losses are recognized and recorded as liabilities only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

Unrealized gain or losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture.

On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment.

Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in the consolidated statement of profit or loss in the acquisition year.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to the consolidated statement of profit or loss the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest if that gain or loss includes the disposal of the related assets or liabilities.

When any entity within the Group transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognized in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

5.4 Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash at banks and short term murabahas with a maturity of three months or less, 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

5.5.1.1 Recognition and initial 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 – for items that are not recognized at fair value through profit and loss – plus the transaction costs that contributed directly to its acquisition.

5.5.1.2 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.

5.5.1.3 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.

5.5.1.4 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.

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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

5.5.2.1 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 stated in the consolidated statement of financial position at their cost, less any accumulated depreciation and accumulated impairment losses.

The cost of telecommunication network and equipment comprises all expenditures incurred up to the customer connection point, including contractors' charges, direct materials and labour costs to the date the relevant assets are placed into service.

Assets under construction are carried at cost, less any recognized impairment loss. Depreciation of these assets commences when the assets are ready for their intended use.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items.

When significant parts of a property and equipment are to be replaced (except land), the Group recognizes such parts as individual assets with a specific useful life. All other repairs and maintenance costs are charged to the consolidated statement of profit or loss during the reporting period in which they are incurred, except to the extent that they increase productivity or extend the useful life of an asset, in which case they are capitalized.

Depreciation is charged and reduces the cost of assets, other than land, using mainly the straight-line method, over the below estimated useful lives.

	Depreciation rate
Buildings	5%
Leasehold improvements	10 %
Telecommunication network equipment	3% - 20%
Computer equipment and software	10% - 33%
Office equipment and furniture	14% - 33%
Vehicles	20% - 25%

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Major renovations and improvements are capitalized if they increase the productivity or the operating useful life of the assets as well as direct labour and other direct costs. Repairs and maintenance are expensed when incurred.

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.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the consolidated statement of profit or loss within other operating income or expenses.

The residual values, useful lives and depreciation method of property and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. The effect of such changes is recognized in the consolidated statements of profit or loss prospectively.

5.7 Intangible Assets

Intangible assets are presented in the consolidated statement of financial position at cost less accumulated amortization and accumulated impairment losses. The cost of intangible assets acquired in a business combination represents their fair value as at the date of acquisition. The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite life are amortized over the useful economic life and the estimated useful life and amortization method are reviewed at the end of each financial year, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets with indefinite life are not amortized, but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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 License and frequency spectrum fees

Acquired telecommunication licenses are initially recorded at cost or, if part of a business combination, at fair value. Amortization periods for license and frequency spectrum fees are determined primarily by reference to the unexpired license period, the conditions for license renewal and whether licenses are dependent on specific technologies. Amortization is charged to the consolidated statement of profit or loss on a straight-line basis over the estimated useful lives when the related network services 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 and evaluated 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 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 are capitalized based on the cost incurred to acquire the specific software and bring it into use. Amortization is charged to the consolidated statement of profit or loss on a straight line basis over the estimated useful life from the date the software is available for use.

5.7.5 Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from its use or on disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in the consolidated statement of profit or loss.

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. 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.

Impairment losses 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 tax

The Group calculates zakat in accordance with the regulations of the Zakat, Tax and Customs Authority (ZATCA). Provision for zakat for the Group is charged to the consolidated statement of profit or loss. 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.

The Company 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.

The Group is subject to VAT as per the regulations of ZATCA. The net VAT amount recoverable from and/ due to the ZATCA is included in the consolidated statement of financial position.

Adjustments resulting from final assessments, if any, are recorded during the period in which these assessments are approved.

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5.11 Employee termination benefits

5.11.1 Retirement benefit costs and end of service benefits

Payments to defined contribution schemes are charged as an expense as they fall due. Payments made to state-managed pension schemes are dealt with as payments to defined contribution schemes where the Group's obligations under the schemes are equivalent to those arising in a defined contribution scheme.

Employee's end of service benefits provision is calculated annually by actuaries in accordance with the projected unit credit method as per (IAS 19) Employee Benefits, taking into consideration the labour law of the respective country in which the subsidiary operates. The provision is recognized based on the present value of the defined benefit obligations.

The present value of the defined benefit obligations is calculated using assumptions on the average salary incremental rate, average employees' years of service and an appropriate discount rate. The assumptions used are calculated on a consistent basis for each period and reflect management's best estimate.

Remeasurement of net liabilities that includes actuarial gains and losses arising from the changes in assumptions used in the calculation, is recognized directly in other comprehensive income. Remeasurements are not reclassified to the consolidated statement of profit and 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.

Net interest cost is calculated using the discount rate to net defined benefit assets or liabilities. The Group recognizes the following changes in the net benefit obligation identified in the consolidated statement of profit or loss:

- Service costs that include the current service costs, past service costs, profits and losses resulting from labour downsizing and non-routine payments.
- Net finance cost.

5.11.2 Other short and long-term employee benefits

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period in which the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service. Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

5.12 Revenue

The Group recognizes revenue from contracts with customers when it transfers control over a product or services to a customer and based on the consideration specified in the contract with the customer and excludes amounts collected on behalf of other parties.

When there is a high degree of uncertainty about the possibility of collection from certain customers, the Group recognizes revenue only upon collection.

The timing of revenue recognition is either at a point in time or over time depending upon the satisfaction of the performance obligation by transferring control of goods or services to the customer.

The Group mainly earns revenue from providing mobile telecommunication services and devices sale. Products and services may be sold separately or in bundled packages.

5.12.1 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.

5.12.2 Devices Sale

Revenue from sale of devices is recognized at the point in time when control of the devices is transferred to the customer, and generally on delivery of the devices, the amount invoiced / collected 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.

5.12.3 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.

5.12.4 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.

5.12.5 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.

5.12.6 Determination 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.

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).

5.12.6.1 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 products 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.

5.12.6.2 Significant financing component

If a customer can pay for purchased equipment or services over a period of time, IFRS 15 requires judgement to determine if the contract includes a significant financing component. If it does, then the transaction price is adjusted to reflect the time value of money.

5.12.6.3 Non-cash consideration

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

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5.12.6.4 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.

5.13 Contract balances

5.13.1 Contract assets

Contract assets are the rights to consideration in exchange for products or services transferred by the Group to the customer. If the Group performs by transferring products 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.

5.13.2 Contract costs

Contract costs relate to incremental costs of obtaining a contract and certain costs to fulfil a contract to be recognized as an asset when:

- The costs relate directly to the contract (or to a specified anticipated contract)
- The costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.
- The costs are expected to be recovered

Contract costs recognized by the Group are amortized on a systematic basis that is consistent with the Group's transfer of related goods or services to the customer.

5.13.3 Contract liabilities

Contract liabilities are recognized if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related products or services. Contract liabilities are recognized as revenue when the Group performs under the contract (i.e. transfers control of the related products or services to the customer).

5.14 Costs and expenses

5.14.1 Cost of revenue

Represent the cost of revenue incurred during the period which include the costs of products sold, inventory obsolescence, governmental charges, interconnection costs and other direct and indirect costs related to the revenues recognized.

5.14.1.1 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.

5.14.1.2 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.

5.14.2 Selling and marketing expenses

Expenses related to the selling, distribution and marketing functions represents direct and indirect costs that are not specifically part of cost of revenue and are directly related to sales, distribution and marketing activities.

5.14.3 General and administrative expenses

Represent expenses related to the administration and not to the revenue earning or the selling, distribution and marketing functions. General and administrative expenses include direct and indirect costs that are not specifically part of cost of revenue or sales and marketing expenses.

5.15 Dividends

The Company's dividends policy is approved by the General Assembly and the Company recognizes a liability to pay a dividend when the distribution is authorized. A corresponding amount is recognized directly in equity.

5.16 Foreign currencies

The financial statements and disclosures are presented in Saudi Riyals (the functional currency of Etihad Etisalat Company – the Parent Company). For each subsidiary, the Group determines the functional currency, which is defined as the currency of the primary economic environment in which the entity operates, and items included in the financial statements of each subsidiary are measured using that functional currency.

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item to which it relates. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Saudi Riyals using exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the reporting period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint venture or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the Company's shareholders are reclassified to the consolidated statement of profit or loss.For all partial disposals of associates or joint ventures that do not result in the Group losing significant influence or joint control, the proportionate share of the accumulated exchange differences is reclassified to the consolidated statement of profit or loss.

5.17 Leases

The Group assesses at inception of a contract, 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.

5.17.1 The Group 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 any 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.

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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 renew option or not; 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, or, if that rate cannot be readily determined, the Group's incremental borrowing rate at the date of reassessment.

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.

5.17.2 The Group 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

Operating segments of the Group are identified based on internal reports, which are regularly reviewed by the Group's main decision makers (Chief Operating Decision Maker "CODM") for the purpose of resource allocation among segments and performance assessment.

5.19 Provisions

5.19.1 General

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and the obligation can be measured reliably.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the financial year, after taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost in the consolidated statement of profit or loss.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

5.19.2 Asset decommissioning liabilities

The Group recognizes obligations on decommissioning of assets when there is a legal or constructive obligation arising from past events and it is likely to result in an outflow of resources to settle the obligation and if the obligation can be reliably measured.

The Group calculates a provision with the value of future costs related to the decommissioning of the assets. Upon initial recognition of the obligation, the present value of the expected costs (using a discount rate for future cash flows) is added to the value of the right of use assets. The unwinding of the discount is expensed as incurred and recognized in the consolidated statement of profit or loss as a finance costs.

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 right of use assets.

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 are stated at the lower of cost or net realizable value. Costs of inventories are determined using the weighted average method. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

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 not recognized until there is reasonable assurance that the Group will comply with the attached conditions and that the grants will be received.

Government grants are recognized in the consolidated statement of profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue in the consolidated statement of financial position and transferred to the consolidated statement of profit or loss on a systematic and rational basis over the useful lives of the related assets.

When the Group receives government grants as compensation for expenses or losses already incurred or immediate financial support with no future related costs, these are recognized in the profit or loss in the period in which they become receivable.

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6 SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The preparation of the Group's consolidated financial statements in "prepared in accordance with IFRS as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA" requires the use of estimates, assumptions and judgments that affect the amounts recorded as revenue, expenses, assets, liabilities and the accompanying disclosures, as well as the disclosure of contingent liabilities. The estimates, assumptions and judgements are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates due to market changes or circumstances arising beyond the control of the Group, such changes are reflected in the assumptions when they occur. Uncertainty about these estimates, assumptions and judgments could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The estimates are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods.

6.1 Provisions

In respect of provisions including decommissioning provision, the Group provides for anticipated outflows of resources considered probable. Estimates are used in assessing the likely amount of the settlement. The ultimate liability may vary from the amounts provided and would be dependent on the eventual outcome. Provisions are recorded by discounting the future cash flows at a current pre-tax rate that reflects the risks specific to the liability. The unwinding of the discount is recognized in the consolidated statement of profit or loss as a finance cost.

6.2 Impairment losses on trade receivables and contract assets

The Group uses a provision matrix to calculate expected credit loss on 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 calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the Group updates its historical default rates and reflects that in future estimates.

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

6.3 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.

6.4 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.

6.5 Impairment of non-financial assets

An impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow (DCF) model. The cash flows are derived usually from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

6.6 Property and equipment

6.6.1 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.

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.

6.6.2 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.

6.7 Zakat and taxation

The Group calculates zakat, withholding tax and VAT in accordance with the requirements of the Zakat, Tax and Customs Authority (ZATCA) which are subject to change based on final assessments received. The final outcome of any additional amounts assessed by the ZATCA depends on the eventual outcome of the appeal process which the Group is entitled to submit. When the final tax outcome differs from the amounts initially recorded, such differences could impact the consolidated statement of profit or loss in the period in which the final judgment is made.

6.8 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.

6.9 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.

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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.

6.10 Revenue

6.10.1 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.

6.10.2 Gross versus net presentation

When the Group sells products or services as principal, revenue and related costs are reported on a gross basis in revenue and operating cost. If the Group sells products 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 products 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 are the key criteria to determine whether the Group is acting as a principal:

- The Group has the primary responsibility for providing the products 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 products or services.

6.10.3 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.

6.10.4 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.

6.11 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.

The Group cannot readily determine the interest rate implicit in a lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

The Group estimates the IBR using observable inputs (such as market interest rates) when available in addition to make certain entity-specific estimates.

7 PROPERTY AND EQUIPMENT

	Land and buildings	Telecom network equipment	Computer equipment and software	Other assets	Capital work in progress	Total
Cost						
As at 1 January 2022	1,453,250	47,068,971	5,317,539	1,215,307	59,554	55,114,621
Additions	32,631	1,485,765	359,290	44,205	108,618	2,030,509
Reclassification / Transfers	-	-	-	65	(65)	-
Disposals	(4,622)	(129,255)	(630)	(7,798)	-	(142,305)
As at 31 December 2022	1,481,259	48,425,481	5,676,199	1,251,779	168,107	57,002,825
Accumulated depreciation and impairment						
As at 1 January 2022	462,022	29,043,551	4,203,341	1,025,595	-	34,734,509
Charge for the year	56,532	2,474,658	309,929	43,697	-	2,884,816
Disposals	(2,053)	(114,010)	(523)	(7,488)	-	(124,074)
As at 31 December 2022	516,501	31,404,199	4,512,747	1,061,804	-	37,495,251
Net book value as at 31 December 2022	**964,758**	**17,021,282**	**1,163,452**	**189,975**	**168,107**	**19,507,574**
Net book value as at 31 December 2021	**991,228**	**18,025,420**	**1,114,198**	**189,712**	**59,554**	**20,380,112**

- During the year ended 31 December 2022, the Group has capitalized internal technical staff costs amounting to SR 178 million (31 December 2021: SR 164 million).
- Other assets include Leasehold improvements, Office furniture and equipment and Vehicles.
- The Group has reviewed the estimated useful lives and residual value of property and equipment during the year ended 31 December 2022, which resulted in change in the estimate of certain items, noting that the effect of these changes on actual and expected depreciation expense, was not significant.

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8 INTANGIBLE ASSETS

	Telecommunication services licenses	Goodwill	Indefeasible Right of Use (IRU)	Others	Total
Cost:					
1 January 2022	13,586,350	1,466,865	1,282,199	97,689	16,433,103
Additions	-	-	53,178	9,483	62,661
31 December 2022	13,586,350	1,466,865	1,335,377	107,172	16,495,764
Accumulated Amortization					
1 January 2022	7,650,939	-	773,951	97,689	8,522,579
Charge for the year	289,059	-	76,295	172	365,526
31 December 2022	7,939,998	-	850,246	97,861	8,888,105
Net book value at 31 December 2022	**5,646,352**	**1,466,865**	**485,131**	**9,311**	**7,607,659**
Net book value at 31 December 2021	**5,935,411**	**1,466,865**	**508,248**	**-**	**7,910,524**

8.1 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 2022 amounted to SR 26,083 million (31 December 2021: SR 25,512 million) has been determined based on a value-in-use calculation using cash flow projections from financial budgets covering a five years period. The pre-tax discount rate applied to cash flow projections is 10% (31 December 2021: 10%) and cash flows beyond the five years period are extrapolated using a 1.5% growth rate (31 December 2021: 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, no goodwill impairment was recognized.
- The calculation of value-in-use for the goodwill is most sensitive to the following assumptions:

1. 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) which considers into account both debt and shareholders' equity. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service and segment-specific risk is incorporated. The cost of shareholders' equity is driven by the expected return on investment by the Group's investors. The pre-tax discount rate used is 10% (31 December 2021: 10%).
- A rise in the pre-tax discount rate beyond 12% (i.e., +2 %) (31 December 2021: 12.1% (i.e., +2.1 %)) in the CGU would result in an impairment loss.

2. 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 2021: 1.5%).
- Management believes 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 2021: 0%) in the long-term growth rate would not result in an impairment loss.

9 RIGHT OF USE ASSETS

	Telecommunication network equipment	Land and buildings	Total
Cost			
As at 1 January 2022	5,018,486	920,137	5,938,623
Additions	558,667	14,454	573,121
As at 31 December 2022	5,577,153	934,591	6,511,744
Accumulated Depreciation			
As at 1 January 2022	2,681,943	526,589	3,208,532
Charge for the year	488,707	111,501	600,208
As at 31 December 2022	3,170,650	638,090	3,808,740
Net book value as at 31 December 2022	**2,406,503**	**296,501**	**2,703,004**
Net book value as at 31 December 2021	**2,336,543**	**393,548**	**2,730,091**

- 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 ranges between 2 years to 25 years and usually is for 10 years and often includes an option to renew the lease at the end of the initial lease term. The Group is required to restore the premises to the condition they were at time of entering into lease. The average weighted discount rate used is 5.37% (31 December 2021: 5.42%).

10 INVESTMENT IN JOINT VENTURE

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. 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 during the year 2021. During the year 2022, Sehati for Information Technology Service Company re-issued the financial statements for the year 2020, which resulted in the reversal of the previously recognized additional losses.

The following is the information of joint venture that is not material:

	31 December 2022	31 December 2021
Group's share of net profit	28,226	(18,848)
Group's share of other comprehensive income	96	-
Group's share of total comprehensive income	28,322	(18,848)
Group's share carrying amount	9,474	-

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11 CONTRACT COSTS

Contract costs consist of the followings:

	31 December 2022	31 December 2021
Costs to obtain the contracts	201,593	278,629
Costs to fulfil the contracts	206,290	219,216
	407,883	**497,845**
Current	378,728	380,919
Non-current	29,155	116,926
	407,883	**497,845**

- 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 using the same pattern of performance obligation transfer to the customer as per the underlying contract.

12 CONTRACT BALANCES

12.1 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 2022	31 December 2021
Contract Assets	937,244	620,901
Less: allowance for impairment loss on contract assets	(26,712)	(54,764)
	910,532	**566,137**
Current	830,400	495,130
Non-current	80,132	71,007
	910,532	**566,137**

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

	31 December 2022	31 December 2021
Transfer from contract assets recognized at the beginning of the year	(566,436)	(470,045)
Increase as a result of change in the measure of the progress	882,779	556,508
	316,343	**86,463**

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

	31 December 2022	31 December 2021
Balance at the beginning of the year	(54,764)	(49,258)
Reversal / (Charge) for the year	28,052	(5,506)
Balance at the end of the year	(26,712)	(54,764)

12.2 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 2022	31 December 2021
Current	694,956	737,613
Non-current	280,515	216,561
	975,471	**954,174**

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

	31 December 2022	31 December 2021
Revenue recognized that was included in the contract liability balance at the beginning of the year	(741,840)	(870,229)
Increase due to cash received, excluding amounts recognized as revenue during the year	763,137	757,414
	21,297	**(112,815)**

13 FINANCIAL AND OTHER ASSETS

13.1 Financial assets

	31 December 2022	31 December 2021
Equity investments at fair value through other comprehensive income	9,575	38,413
Derivatives financial instruments	136,654	17,845
Restricted cash	40,588	-
Others	84,860	-
	271,677	**56,258**
Current	177,242	17,845
Non-current	94,435	38,413
	271,677	**56,258**

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13.2 Other assets

	31 December 2022	31 December 2021
Prepaid expenses	46,055	39,994
Advance payments to trade suppliers	13,280	55,348
Capital advances	21,377	32,329
Others	222,045	200,201
	302,757	**327,872**
Current	281,380	295,543
Non-current	21,377	32,329
	302,757	**327,872**

14 INVENTORIES

	31 December 2022	31 December 2021
Handsets and equipment	167,092	168,027
SIM cards	13,919	8,952
Prepaid vouchers and scratch cards	844	557
	181,855	**177,536**
Less: provision for inventory obsolescence	(72,808)	(69,808)
	109,047	**107,728**

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

	31 December 2022	31 December 2021
Balance at the beginning of the year	(69,808)	(150,413)
(Charge) / Reversal during the year	(11,175)	77,859
Written off during the year	8,175	2,746
Balance at the end of the year	(72,808)	(69,808)

15 ACCOUNTS RECEIVABLE

	31 December 2022	31 December 2021
Accounts receivable	6,785,886	6,310,866
Less: allowance for impairment loss on accounts receivable	(1,857,223)	(1,717,517)
	4,928,663	**4,593,349**

Ageing analysis of trade receivables as follows:

	31 December 2022			31 December 2021		
	Gross Amounts	Allowance for impairment loss	ECL rate	Gross Amounts	Allowance for impairment loss	ECL rate
Not past due	905,686	(58,413)	6.4%	717,249	(27,964)	3.9%
Past due:						
1-30 days	466,454	(16,848)	3.6%	429,722	(25,782)	6.0%
31-90 days	631,398	(32,255)	5.1%	581,485	(68,960)	11.9%
91-180 days	557,504	(129,856)	23.3%	507,570	(113,096)	22.3%
181-360 days	984,596	(223,583)	22.7%	1,051,446	(244,914)	23.3%
> 360 days	3,240,248	(1,396,268)	43.1%	3,023,394	(1,236,801)	40.9%
	6,785,886	**(1,857,223)**	**27.4%**	**6,310,866**	**(1,717,517)**	**27.2%**

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

	31 December 2022	31 December 2021
Balance at the beginning of the year	(1,717,517)	(1,580,458)
Charge for the year	(139,706)	(137,059)
Balance at the end of the year	(1,857,223)	(1,717,517)

16 RELATED PARTIES' TRANSACTIONS AND BALANCES

16.1 Related parties' 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:

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	31 December 2022	31 December 2021
Interconnection services and roaming services rendered		
Founding shareholder	82,319	41,542
Associate	4,601	2,271
Interconnection services and roaming services received		
Founding shareholder	228,354	228,372
Associate	120,374	119,263
Management fees		
Founding shareholder	(92,713)	120,838
Other telecommunication services		
Associate	10,142	4,294

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 service, interconnection services and roaming services to the Group based on normal commercial terms. Management fees is calculated based on the relevant agreement with Emirates Telecommunication Group Company PJSC which was ended on 31 December 2021 and the Company reached an agreement with the with Emirates Telecommunication Group Company PJSC not to conclude a new agreement for services and technical support.

Compensation and benefits to key management personnel

	31 December 2022	31 December 2021
Compensation and benefits - short term	105,967	90,049
Compensation and benefits - post-employment	3,964	3,901
Total compensation and benefits to key management personnel	**109,931**	**93,950**

16.2 Related party balances

	31 December 2022	31 December 2021
Due from related parties		
Founding shareholder	135,440	108,895
Associate	3,554	3,768
Joint venture	30,666	30,666
	169,660	**143,329**
Due to related parties		
Founding shareholder	129,454	243,675
Associate	31,673	37,888
	161,127	**281,563**

17 SHORT TERM MURABAHA

The Group invests part of its excess cash in murabaha that have a maturity of more than three months but less than a year with several banks, with an annual average profit rate of 1.95% (2021: 0.46%). Income arising from these murabaha is reported under finance income in the consolidated statement of profit or loss.

18 CASH AND CASH EQUIVALENTS

	31 December 2022	31 December 2021
Cash on hand	714	416
Cash at banks	396,761	470,247
Short-term murabaha *	430,250	580,000
	827,725	**1,050,663**

*The Group invests a part of its surplus cash in murabaha that have a maturity of three months or less with several banks with an annual average profit rate of 0.22% (2021: 0.03%). Income arising from these murabaha is reported under finance income in the consolidated statement of profit or loss.

19 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.

20 OTHER RESERVES

	Foreign currency translation reserve	Hedging reserve	Fair value reserve	Total
As at 1 January 2022	(12,577)	(55,892)	31,481	(36,988)
Exchange differences on translation of foreign operations	(5,354)	-	-	(5,354)
Cash flow hedges - change in fair value	-	153,462	-	153,462
Cash flow hedges - reclassified to profit or loss	-	7,744	-	7,744
Equity investments	-	-	(28,789)	(28,789)
As at 31 December 2022	**(17,931)**	**105,314**	**2,692**	**90,075**
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)**

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21 BORROWINGS

A list of the borrowings acquired by the Company are as follows:

Lender	Borrowings nature	Borrowings purpose	Date	Currency	Principal amount	Utilized amount	Profit rate	Period	Other information	31 December 2022 (million Saudi Riyals)		31 December 2021 (million Saudi Riyals)	
										Current	Non- Current	Current	Non- Current
Syndicated Financing - Local Banks	Long-term refinancing facility agreement Sharia' compliant	Syndicated Murabaha Facility for general corporate purpose	Q4, 2019	Saudi Riyals	7,619 million Saudi Riyals	7,619 million Saudi Riyals	SIBOR plus profit margin	7 years	Repayment period of 7 years with Semi-annual repayments	752	5,688	562	6,441
Export Credit Agency of Finland (Finnvera)	Long-term financing agreement Sharia' compliant	Acquiring network equipment	Q3, 2013, Q1, 2014 & Q4, 2018	US Dollars	USD 720 million (Saudi Riyals 2,700 million)	USD 720 million (Saudi Riyals 2,700 million)	Fixed rate per annum	10 years	Utilization period of 1.5 years, repayment period of 8.5 years with Semi-annual repayments	265	314	326	579
Export Credit Agency of Sweden (EKN)	Long-term financing agreement Sharia' compliant	Acquiring network equipment	Q3, 2013, Q1, 2014 & Q4, 2018	USD Dollars	USD 652 million (Saudi Riyals 2,444 million)	USD 629 million (Saudi Riyals 2,358 million)	Fixed rate per annum	10 years	Utilization period of 1.5 years, repayment period of 8.5 years with Semi-annual repayments	190	334	281	524
Export Development of Canada (EDC)	Long-term financing agreement Sharia' compliant	Acquiring telecommunication devices and equipment	Q2, 2014	US Dollars	USD 122 million (Saudi Riyals 458 million)	USD 101 million (Saudi Riyals 377 million)	Fixed rate per annum	10.5 years	Utilization period of 2 years, repayment period of 8.5 years with Semi-annual repayments	41	41	41	82
Alinma Bank	Long-term financing agreement Sharia' compliant	Finance capital expenditure including capital expenditure	Q4, 2019	Saudi Riyals	3,000 million Saudi Riyals	2,000 million Saudi Riyals	SIBOR plus profit margin	10 years	Payable over a period of 10 years with Semi-annual repayments and with 3 years grace period	65	1,933	-	1,998
	Total									**1,313**	**8,310**	**1,210**	**9,624**

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Maturity profile of borrowings:

	31 December 2022	31 December 2021
Less than one year	1,313,399	1,210,518
Between one to five years	7,305,510	8,180,357
Over five years	1,004,931	1,443,483

Following is the reconciliation of movement of liabilities to cash flows arising from financing activities;

	31 December 2022		
	Borrowings	Lease liabilities	Total
As at 1 January 2022	10,834,358	3,120,391	13,954,749
Changes from financing activities			
Payment of borrowings	(1,259,886)	-	(1,259,886)
Payment of lease liabilities	-	(600,756)	(600,756)
Total changes from financing activities	**(1,259,886)**	**(600,756)**	**(1,860,642)**
Other changes			
Finance costs	451,192	131,665	582,857
Finance costs paid	(358,439)	-	(358,439)
Accrued interest payable movement	(43,385)	-	(43,385)
Lease additions, net	-	569,734	569,734
Total liability related to other changes	**49,368**	**701,399**	**750,767**
Balance as 31 December 2022	**9,623,840**	**3,221,034**	**12,844,874**

	31 December 2021		
	Borrowings	Lease liabilities	Total
As at 1 January 2021	11,483,815	2,604,766	14,088,581
Changes from financing activities			
Proceeds from Borrowings	700,000	-	700,000
Payment of Borrowings	(1,403,750)	-	(1,403,750)
Payment of lease liabilities	-	(610,864)	(610,864)
Total changes from financing activities	**(703,750)**	**(610,864)**	**(1,314,614)**
Other changes			
Finance costs	350,084	133,493	483,577
Cash flow hedges - reclassified to profit or loss	(3,444)	-	(3,444)
Finance costs paid	(299,514)	-	(299,514)
Accrued interest payable movement	7,167	-	7,167
Lease additions, net	-	992,996	992,996
Total liability related to other changes	**54,293**	**1,126,489**	**1,180,782**
Balance as 31 December 2021	**10,834,358**	**3,120,391**	**13,954,749**

22 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.

Net expense recognized in consolidated statement of profit or loss is as follows:

	31 December 2022	31 December 2021
Service cost	57,890	49,834
Interest cost	13,643	12,366
	71,533	**62,200**

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

	31 December 2022	31 December 2021
Balance at the beginning of the year	513,053	484,760
Charge recognized in consolidated statement of profit or loss	71,533	62,200
(Gains) / Losses recognized in the consolidated statement of comprehensive income	(32,690)	7,992
Benefits paid / adjustment	(50,094)	(41,899)
Balance at the end of the year	**501,802**	**513,053**

Significant assumptions (weighted average) used in determining the provision for end of service benefits are as follows:

	31 December 2022	31 December 2021
Discount rate	4.61%	2.03%
Salary increase rate	2.59%	0.86%
Mortality rate	0%	0%
Withdrawal rate	10.90%	12.73%

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 2022		31 December 2021	
Sensitivity Level	Increase of 1%	Decrease of 1%	Increase of 1%	Decrease of 1%
Discount rate	(47,057)	65,618	(46,878)	55,846
Future salary increase rate	68,644	(50,403)	58,010	(50,553)

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 2022, the weighted-average duration of the defined benefit plan was 11.23 years (2021: 12.31 years).

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23 PROVISION FOR DECOMMISSIONING

	31 December 2022	31 December 2021
Balance at the beginning of the year	181,119	170,116
Additions during the year	3,434	4,594
Unwind of discount	8,298	8,967
Utilization during the year	(2,308)	(2,558)
Balance at the end of the year	**190,543**	**181,119**

24 FINANCIAL AND OTHER LIABILITIES

24.1 Financial liabilities

	31 December 2022	31 December 2021
Frequency spectrum licenses	195,746	223,653
Derivatives financial instruments	-	45,841
Others	63,739	-
	259,485	**269,494**
Current	63,739	45,841
Non-current	195,746	223,653
	259,485	**269,494**

24.2 Other liabilities

	31 December 2022	31 December 2021
Government grants *	83,910	103,142
Employees' long-term incentives program	-	50,000
Others	8,730	98,371
	92,640	**251,513**
Current	27,961	117,602
Non-current	64,679	133,911
	92,640	**251,513**

*The Group benefited from certain grants by Communications, Space & Technology Commission under Universal Service Fund service agreement. These grants 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.

25 ACCOUNTS PAYABLE

	31 December 2022	31 December 2021
Trade accounts payable	2,993,904	2,748,424
Capital expenditure payable	1,537,834	1,858,021
	4,531,738	**4,606,445**

26 ACCRUED EXPENSES

	31 December 2022	31 December 2021
Accrued telecommunication expenses	1,261,252	1,239,970
Accrued services and maintenance expenses	519,226	493,339
Accrued selling and marketing expenses	328,486	235,108
Others	764,347	593,047
	2,873,311	**2,561,464**

27 PROVISIONS

The Group, in its ordinary course of business establishes legal, regulatory and other provisions considering legal assessment of each individual case as much as possible. The movement of these provisions is as follows:

	31 December 2022	31 December 2021
Balance at the beginning of the year	466,883	401,457
Charge during the year	430,927	235,510
Payment / settlements during the year	(70,743)	(170,084)
Balance at the end of the year	**827,067**	**466,883**

28 ZAKAT AND INCOME TAX

	31 December 2022	31 December 2021
Zakat	150,443	108,839
Income tax	2,119	18,366
	152,562	**127,205**

28.1 Zakat

The Group calculates and records the zakat due according to the zakat base and in accordance with the zakat rules and principles in the Kingdom of Saudi Arabia.

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28.1.1 Zakat base calculation

	31 December 2022	31 December 2021
Adjusted net profit for the year	2,251,781	1,317,606
Shareholder's equity at beginning of the year	14,578,734	14,169,685
Provisions at beginning of the year	3,034,304	2,875,356
Borrowings	9,623,840	10,834,358
Other additions	5,046,363	4,914,907
Property and equipment and intangible assets	(27,115,233)	(28,290,636)
Other deductions	(2,724,381)	(2,762,420)
Total zakat base	**4,695,408**	**3,058,856**

28.1.2 Provision for zakat

	31 December 2022	31 December 2021
Balance at the beginning of the year	108,839	73,618
Charge during the year	119,283	77,784
Payments during the year	(77,679)	(42,563)
Balance at the end of the year	**150,443**	**108,839**

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 2021 and settled its zakat thereon. The Group has finalized its zakat status for the years up to 2009 as well as 2012 and 2013.

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 received zakat assessments that showed additional zakat liabilities for the years 2010, 2011 and 2014 to 2018 of SR 157 million, which have been appealed against by the Group at the Preliminary and Higher Appeal Committees. During the fourth quarter of 2022, the Group received preliminary favorable ruling regarding zakat assessments for the years 2010 and 2011. Also received ruling accepting some of the objectionable regarding zakat assessments for the years from 2014 to 2018 by the Committee for the Resolution of Tax Violations and Disputes and the Group has appealed the items that were not accepted before the Appeal Committee for Tax Violations and Disputes, and the appeal is still under study. The Group believes that this ruling will not result into any additional provisions.

28.2 Income tax

Income tax expense payable by subsidiaries, in accordance with the prevailing tax regulations in their countries, for the year ended 31 December 2022 amounted to SR 2.5 million (2021: SR 1.6 million). Income tax paid during the year ended 31 December 2022 amounted to SR 2 million (2021: SR 1.6 million).

29 FINANCIAL ASSETS AND LIABILITIES

29.1 Financial assets

	31 December 2022	31 December 2021
Financial assets at fair value:		
Financial assets - fair value through other comprehensive income *	9,575	38,413
Derivatives financial instruments**	136,654	17,845
Total financial assets at fair value	**146,229**	**56,258**
Financial assets at amortized cost:		
Accounts receivable	4,928,663	4,593,349
Due from related parties	169,660	143,329
Short term Murabaha	2,013,500	1,000,000
Cash and cash equivalents	827,725	1,050,663
Restricted cash	40,588	-
Other financial assets	93,729	-
Total financial assets at amortized cost	**8,073,865**	**6,787,341**
Total financial assets	**8,220,094**	**6,843,599**
Current	8,125,659	6,805,186
Non-current	94,435	38,413
Total financial assets	**8,220,094**	**6,843,599**

29.2 Financial liabilities

	31 December 2022	31 December 2021
Financial liabilities at fair value:		
Derivatives financial instruments**	-	45,841
Total financial liabilities at fair value	**-**	**45,841**
Financial liabilities at amortized cost:		
Borrowings	9,623,840	10,834,358
Lease liabilities	3,221,034	3,120,391
Accounts payable	4,531,738	4,606,445
Due to related parties	161,127	281,563
other financial liabilities	259,485	223,653
Total financial liabilities at amortized cost	**17,797,224**	**19,066,410**
Total financial liabilities	**17,797,224**	**19,112,251**
Current	7,079,662	7,071,872
Non-current	10,717,562	12,040,379
Total financial liabilities	**17,797,224**	**19,112,251**

* 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.

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Fair value of financial assets and financial liabilities measured at amortized cost are not significantly different from their carrying amounts.

At 31 December 2022, the Group had financial derivatives agreements in place with a total notional amount of SAR 2,948 million designated as cash flow hedge instruments to cover cash flow fluctuations arising from profit rates that are subject to prevailing market price fluctuations and categorized as level 2.

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.

29.3 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.

29.3.1 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty 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 2022 (31 December 2021: 25%), noting that at the same time, these customers have payable balances from the Group covering approximately 83% of their accounts receivable balances (31 December 2021: 90%). The rest of the balances do not have significant concentration of credit risk, with exposure spread over large number of customers.

29.3.2 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 borrowings agreements.

The following represents the maturities of financial liabilities at the reporting date based on undiscounted contractual cash flows:

	Less than one year	1 to 5 years	More than 5 years	Total contractual cash flows	Carrying amount
At 31 December 2022					
Borrowings	1,937,177	8,410,079	1,110,105	11,457,361	9,623,840
Lease liabilities	1,124,980	1,558,163	896,222	3,579,365	3,221,034
Accounts payable	4,531,738	-	-	4,531,738	4,531,738
Due to related parties	161,127	-	-	161,127	161,127
Financial liabilities	63,739	155,354	75,983	295,076	259,485
	7,818,761	**10,123,596**	**2,082,310**	**20,024,667**	**17,797,224**
At 31 December 2021					
Borrowings	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**

29.3.3 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.

29.3.3.1 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.

29.3.3.2 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 borrowings 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.

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30 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 borrowings 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 2022	31 December 2021
Borrowings and other financial liabilities	13,040,620	14,178,402
Less: Cash and cash equivalents and short term Murabaha	(2,841,225)	(2,050,663)
Net debt	**10,199,395**	**12,127,739**
Total shareholders' equity	16,358,535	15,196,246
Net debt to shareholders' equity	**0.62**	**0.80**

31 REVENUE

1) Disaggregation of the Group's revenue:

	Consumer	Business	Wholesale	Outsourcing and others	Total
31 December 2022					
Usage	7,650,696	1,638,966	1,304,428	-	10,594,090
Activation and subscription fees	2,405,476	624,725	21,677	-	3,051,878
Others	821,422	691,080	167,559	342,886	2,022,947
	10,877,594	**2,954,771**	**1,493,664**	**342,886**	**15,668,915**
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**

2) Revenue expected to be recognized in the future related to performance obligations that are unsatisfied or partially unsatisfied:

	Within one year	More than one year	Total
31 December 2022			
Expected revenue for remaining performance obligations that will be satisfied in subsequent	1,409,920	458,638	1,868,558
31 December 2021			
Expected revenue for remaining performance obligations that will be satisfied in subsequent	1,365,865	322,375	1,688,240

32 COST OF REVENUE

	31 December 2022	31 December 2021
Network access charges	1,952,472	1,814,697
Rental and maintenance of network equipment expenses	780,168	802,790
Cost of inventories	1,021,402	1,129,710
Government contribution fees in trade earnings	1,295,935	1,241,775
Frequency wave fees	260,054	270,508
National transmission and interconnection costs	108,048	101,415
License fees	129,593	124,178
Others	757,887	677,468
	6,305,559	**6,162,541**

33 SELLING AND MARKETING EXPENSES

	31 December 2022	31 December 2021
Advertisement, promotion and sales commissions	714,288	683,385
Salaries, wages and employees' benefits	714,282	687,575
Others	34,316	19,031
	1,462,886	**1,389,991**

34 GENERAL AND ADMINISTRATIVE EXPENSES

	31 December 2022	31 December 2021
Salaries, wages and employees' benefits	664,866	632,701
Maintenance	234,285	251,230
Consulting and professional services	100,422	73,802
Others	628,658	600,705
	1,628,231	**1,558,438**

35 FINANCE COSTS

	31 December 2022	31 December 2021
Finance costs related to borrowings	451,192	350,084
Finance costs related to lease liability	131,665	133,493
Other finance costs	24,120	21,230
	606,977	**504,807**

Etihad Etisalat Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2022

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

36 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing net profit by the weighted average number of common 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.

	31 December 2022	31 December 2021
Profit for the year	1,656,940	1,071,541
Weighted average number of shares	770,000	770,000
Basic and diluted earnings per share (in SR)	**2.15**	**1.39**

37 COMMITMENTS AND CONTINGENCIES

37.1 Capital commitments

The Group has capital commitments resulting from contracts for supply of property and equipment with an amount of SR 536 million as at 31 December 2022 (31 December 2021: SR 850 million).

37.2 Contingent liabilities

- The Group had contingent liabilities in the form of letters of guarantee and letters of credit amounting to SR 602 million as at 31 December 2022 (31 December 2021: SR 863 million).
- The CST violation committee has issued several penalty resolutions against the Group amounting to SR 76 million as of 31 December 2022. The Group filed multiple lawsuits against CST at the Board of Grievances in order to oppose such resolutions of the CST violation committee which remains outstanding and based on the status of these lawsuits as of 31 December 2022, the Group's management believes that sufficient provisions have been recorded.
- The Group received withholding tax assessments for the years 2010 and 2011, the principal of the additional tax according to these assessments amounted to SR 142 million which have been objected to by the Group at the Preliminary and Appeal Committees. During April 2021, the Group received an unfavorable ruling from General Secretariat of Zakat, Tax and Customs Committees (GSTC) with respect to withholding tax assessments for the years 2010 and 2011 which is not consistent with the previous favorable ruling for the years 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 with respect to withholding tax for the years 2010 and 2011. On 19 February 2022, the Group received notification from GSTC that ZATCA has filed appeals with the Higher Appeal Committee (HAC) against the withholding tax rulings issued for the years 2008 and 2009 in favor of the Group amounting to SR 72 millon, The Group has responded to GSTC and the appeals is still under review. The Group's management believes that this ruling will not result in any additional provisions.
- The Group, in its ordinary course of business, is subject to proceedings, lawsuits and other claims. However, based on the status of these lawsuits as of 31 December 2022, the Group's management believes that sufficient provisions have been recorded.

38 SEGMENT INFORMATION

Information regarding the Group's operating segments is set out below in accordance with IFRS 8 "Operating Segments" which requires the identification of operating segments based on 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 evaluate their performance.

The Group is primarily engaged in providing of telecommunications services and related products. The majority of the Group's revenues, profits and assets relate to its operations in the Kingdom of 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 information in aggregate form which is the same information that is provided to the Group's Board of Directors for the purposes of resource allocation and evaluation of the segment performance.

	31 December 2022	31 December 2021
Consumer revenue	10,877,594	10,776,285
Business revenue	2,954,771	2,580,618
Wholesale revenue	1,493,664	1,242,737
Outsourcing and others revenue	342,886	234,416
Total revenue	**15,668,915**	**14,834,056**
Total cost of revenue	(6,305,559)	(6,162,541)
Depreciation and amortization	(3,850,550)	(3,926,520)
Total other operating expense	(3,202,771)	(3,090,994)
Total non-operating expense	(531,265)	(503,076)
Zakat and income tax	(121,830)	(79,384)
Net profit	**1,656,940**	**1,071,541**
Capital expenditures	2,093,170	2,091,868

39 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 2022.

40 DIVIDENDS

On 9 June 2022, a dividend of SR 654.5 million (SR 0.85 per share) that was approved by the Annual General Assembly on 23 May 2022 (corresponding to 22 Dhul Qa'adah 1443H) was paid by the Company.

On 19 February 2023, the Board of Directors of the Company decided to recommend to the General Assembly of the Company a dividend for the fiscal year 2022 amounting to SR 885.5 million (SR 1.15 per share, for 770 million shares). The date of payment of dividends will be determined after the approval of the company's General Assembly. There is no liability recognized in these consolidated financial statements in respect of these dividends.

41 COMPARATIVE FIGURES

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

42 APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Company`s Board of Directors approved the consolidated financial statements for the year ended 31 December 2022 on 19 February 2023 (corresponding to 28 Rajab 1444H).

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