

# 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, Mobyly 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, Mobyly 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

Mobyly'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. Mobyly'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, Mobyly 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 Mobyly 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 Mobyly'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 Mobyly 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 Mobyly part of the customer's everyday lifestyle.

The Wholesale Unit this year was an important contributor to Mobyly'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 Mobyly, 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 Mobyly. 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 Mobyly 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, Mobyly 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

Mobyly'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 Mobyly, as we evolve into the technology company of the future. With our new strategy, we will reposition Mobyly 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 Mobyly 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 Mobyly's transformation.

I am also indebted to our employees across Mobyly 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.

# CFO's Statement



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**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 EBITDA 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 <sup>1</sup>	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 <sup>2</sup>	4,067	3,489	16.6%
Net debt <sup>3</sup>	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%)

<sup>1</sup>EBITDA = Operating Income with Depreciation & Amortization and impairment of property and equipment added back

<sup>2</sup>Operational Cash Flow = EBITDA minus CAPEX

<sup>3</sup>Net debt = total debt including short term Murabaha minus cash & cash equivalents

