ANNUAL REPORT 2023

ADAPT. INNOVATE. LEAD.

Mobily

THEME OF THE YEAR

ADAPT. INNOVATE. LEAD.

THIS WAS A HISTORIC YEAR FOR MOBILY AS IT REAPED THE BENEFITS OF THE GAIN STRATEGY AND BEGAN EXECUTION OF THE NEW MOBILY 2023-27 STRATEGY TO ACHIEVE ITS STRONGEST PERFORMANCE IN THE LAST TEN YEARS.

ADAPTING TO THE NEW TMT REALITY

Despite facing a tough and dynamic market, Mobily delivered beyond expectations, reaching new heights in revenue, profit, and customer satisfaction. It continued to execute its vision of evolving into a telecommunications, media, and technology (TMT) company. The Company drove the adoption of leading technologies in high-potential areas such as cloud computing, cybersecurity, Big Data, and artificial intelligence. It also expanded its market reach in digital and adjacent markets through partnerships with hyperscalers and the development of new products and services.

INNOVATING FOR THE FUTURE

Mobily's investments in technology and network expansion have positioned the Company to serve a burgeoning consumer market and demand for Saudi Vision 2030 projects in the years ahead. In 2023, it continued to expand its scale with new submarine cables, data centers, accelerated 5G coverage, and strategic partnerships. Mobily has established itself as a preferred telecoms partner, growing with and supporting the development and diversification of the Kingdom's economy. The Company's commitment to its environmental, social, and governance (ESG) strategy ensure long-term sustainability of the business and value creation for all stakeholders.

LEADING THE MARKET

Mobily is focused on establishing and maintaining "leadership in enriching your digital world." It continued to be the first choice for consumers by delivering top-rated customer experience, cutting-edge products and operational excellence. The Company expanded its market share across its business segments and significantly grew its brand value, becoming one of the most recognized brands in Saudi Arabia. Investments in digital technologies and accelerated network infrastructure have positioned the Company to lead the market and capture the largest share of revenue growth in the years ahead. In addition to improving its top and bottom lines, Mobily achieved prime ESG ratings and won a wide range of awards, including recognition as the best carrier in the region and for the best customer service and best investor relations in the Kingdom.

Mobily's remarkable journey throughout the year underscores its successful strategic pivot and operational excellence, cementing its role as a transformative force within the TMT sector, ready to shape the future of digital connectivity and innovation in alignment with Saudi Vision 2030.

AT A GLANCE

A REMARKABLE YEAR OF ACCELERATED GROWTH

Building on the momentum of GAIN to leap into our next phase of growth and transformation, Mobily moved forward with confidence and focus to achieve our highest revenue and profits in a decade. We remained resilient in the face of a challenging telecommunications industry, pioneering technological advancements and product developments, while maintaining our market leadership by excelling in brand value, customer service and operational performance.

OPERATING HIGHLIGHTS

NAMED
"BEST MIDDLE EAST CARRIER"

LAUNCHED NEW
"MOBILY 2023-27 STRATEGY"

ACHIEVED
99.4%
CUSTOMER SATISFACTION FOR THE QUALITY OF INTERNET BROWSING SERVICES

CONNECTED
2 NEW
INTERNATIONAL CABLES BETWEEN EUROPE AND ASIA, WHICH WILL BE COMPLETED BY 2025

LAUNCHED
MOBILY GAMERS PORTAL

BECAME FIRST OPERATOR TO PROVIDE FIXED CONNECTIVITY FOR
NEOM

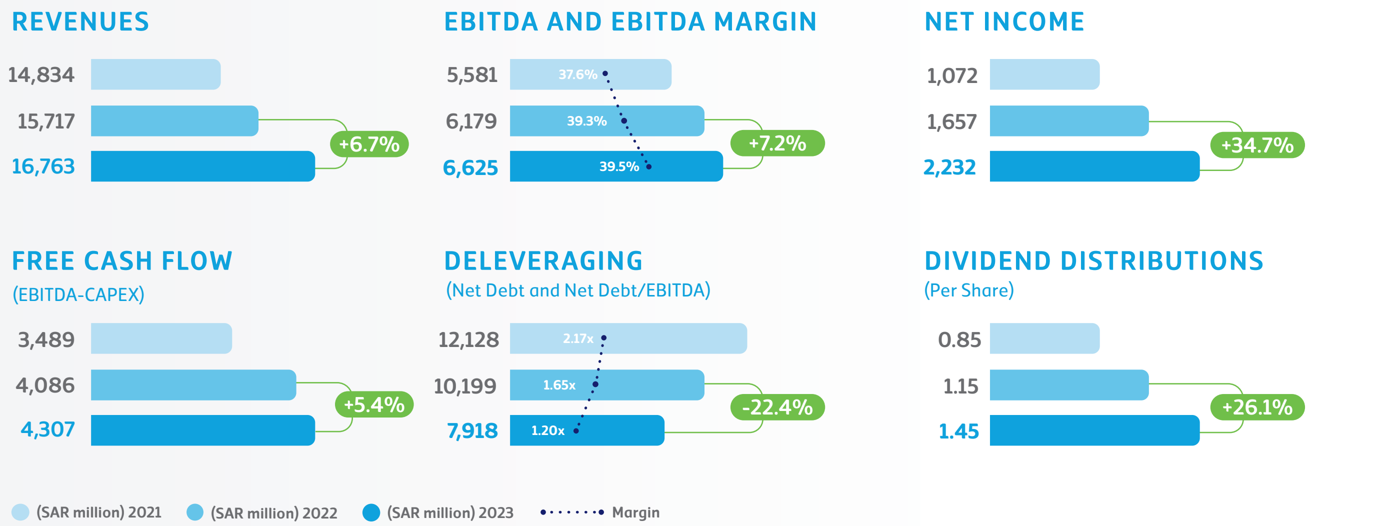
ESG HIGHLIGHTS

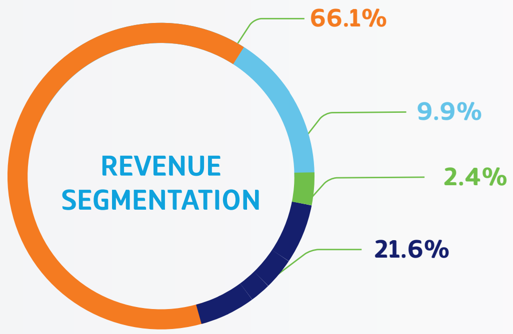
UPGRADED TO 'A' IN MSCI ESG INDEX
FIRST SAUDI TELECOM-MUNICATIONS COMPANY TO ACHIEVE THIS RATING

LAUNCHED MOBILY'S NEW
'RISILIENT'
CYBERSECURITY STRATEGY FOR 2023-27

INTRODUCED
MOBILY RECYCLING INITIATIVE
TO PROMOTE THE CIRCULAR ECONOMY

FINANCIAL HIGHLIGHTS





CONSUMER: SAR 11,081 MILLION

WHOLESALE: SAR 1,660 MILLION

BUSINESS: SAR 3,613 MILLION

OTHERS: SAR 409 MILLION

HIGHEST ANNUAL REVENUES, EBITDA AND NET INCOME IN THE LAST
10 YEARS

MOBILY'S CUSTOMER ACQUISITION STRATEGY INCREASED THE MOBILE SUBSCRIBER BASE BY 4.4% TO
11.8 MILLION

FTTH SUBSCRIBERS GREW BY 5.4% TO
0.293 MILLION

NET DEBT TO EBITDA RATIO OF
1.20X

2023 AWARDS

Best CEO Award for Large Establishments in the Labor Awards

Mobily's CEO, Eng. Albadran won the prestigious Best CEO Award for Large Establishments in the Labor Awards, presented by the Minister of Human Resources and Social Development, His Excellency Eng. Ahmed bin Sulaiman Al Rajhi, in recognition of exceptional and pioneering CEOs.

Best Investor Relations Telecom Company Award in Saudi Arabia 2023

Won the Best Investor Relations Telecom Company Award in Saudi Arabia 2023 by the Global Business Outlook (GBO) Awards, highlighting the efforts made towards improving transparency and market presence, as well as maintaining an outstanding relationship with Mobily's Stakeholders.

Customer Experience Award 2022 at ICT Indicators Forum

During the ICT Indicators Forum in 2023, the Communications, Space and Technology Commission (CST) announced Mobily as the winner of the Customer Experience Award 2022 for achieving the award's international standards based on customer votes.

Opensignal's new Live Video Experience Award

The first Saudi operator to win Opensignal's new Live Video Experience Award. Mobily was also the winner of the Video Experience Award and shared the 5G Video Experience and 5G Live Video Experience Awards.

Opensignal's Availability Award

Mobily has gone from sharing the Availability Award to winning it solely, in recognition of its leading customer experience position in providing a consistently available and seamless network experience for its users.

Best Digital Annual Report in the Middle East

Won first place in the Middle East for the Best Digital 2022 Annual Report Award by the Middle East Investor Relations Association (MEIRA), affirming Mobily's efforts and commitment to enhance transparency to earn the trust of all Stakeholders.

Best Print Report in the Middle East

Placed second in the Middle East for the Best 2022 Annual Report Award by the Middle East Investor Relations Association (MEIRA), highlighting Mobily's sustained commitment in best practice Investor Relations.

Best Middle Eastern Carrier at Global Carrier Awards

Awarded Best Middle East Carrier at this year's Global Carrier Awards (GCAs), reflecting its ongoing commitment to provide innovative digital solutions in wholesale services on local, regional and international levels.

LEAD Award for Customer Experience Excellence

Won the LEAD Award for Customer Experience Excellence from the SAMENA Telecommunications Council, in recognition of Mobily's efforts to achieve customer satisfaction through implementing the highest standards of quality and efficiency.

Talent Management and Development Award at the MENA Star Awards 2023

Won first place in the Talent Management and Development Award from the Society for Human Resource Management (SHRM) at the MENA Star Awards 2023. This award recognizes Mobily's unwavering commitment to investing, maintaining and managing human capital thereby fostering growth, and creating a thriving work environment.

Research Excellence Accolade 2023

In recognition of Mobily's excellence in presenting pioneering research strategies that reshape industry standards in Saudi Arabia, Mobily won the Research Excellence Accolade 2023 presented by Survey2connect (XEBO) for innovation and excellence in the market research category.

2023 CERTIFICATES

Hayyak Certificate

The Saudi Standards, Metrology and Quality Authority (SASO) awarded Mobily the Saudi Quality Certificate "Hayyak" for Beneficiaries' Service Centers as the first private company to obtain it, due to Mobily's commitment to achieving the highest quality standards.

Mobily, the First in the Kingdom to obtain Procurement Excellence Program Certificate

First telecommunications company in the Kingdom to be awarded the Procurement Excellence Program (PEP) certificate from the Chartered Institute of Procurement and Supply (CIPS) for meeting the highest international standards.

ISO Certificate for Quality Management System (ISO 9001:2015)

Mobily received ISO 9001:2015 for its application of international standards to improve customer experience.

ISO Certificate for Health and Safety Management System (ISO 45001:2018)

Mobily obtained ISO 45001:2018 in recognition of its efforts to reduce workplace incidents and demonstrate occupational health and safety commitment.

Local Content Certificate for the Fourth Consecutive Year

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

ISO Certificate for Customer Services (ISO 10002)

Mobily obtained ISO 10002 for its application of international standards of customer service.

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 third time.

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VIEW OUR DIGITAL REPORT

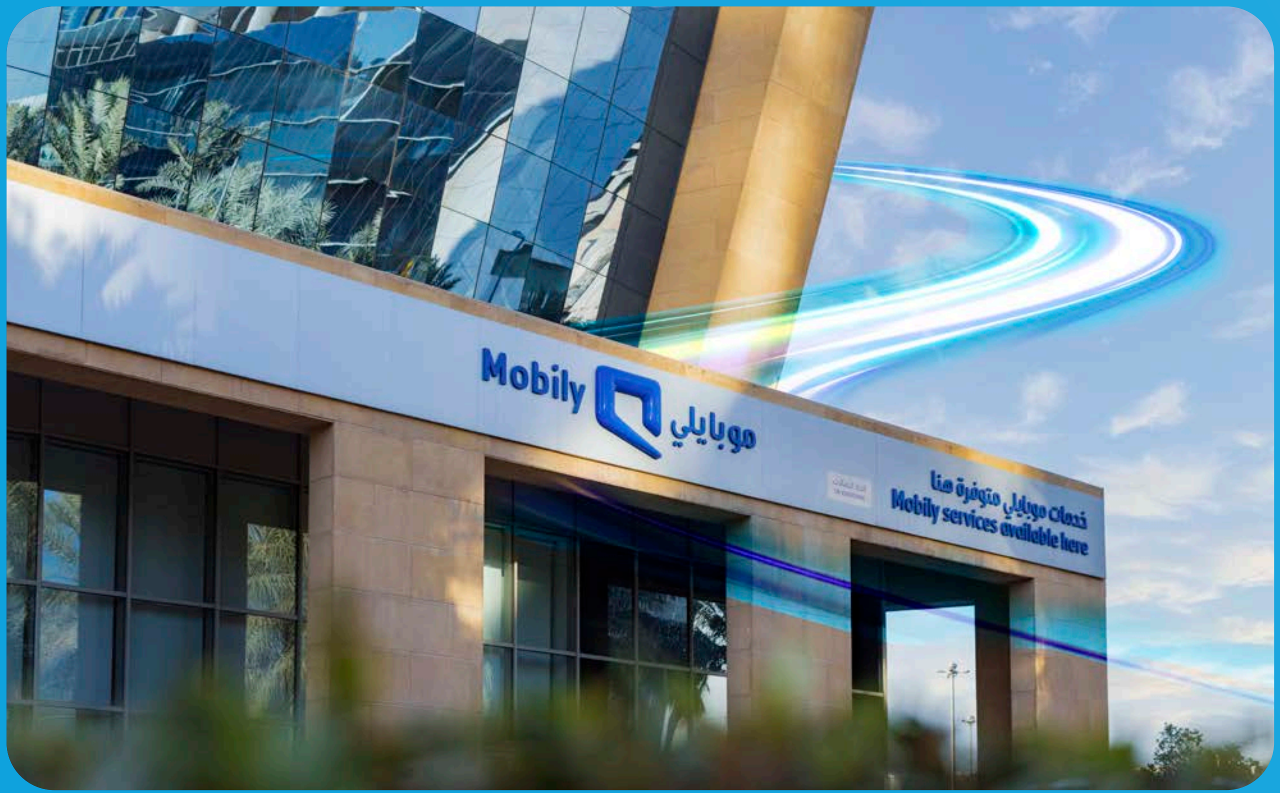
OVERVIEW

01

ABOUT MOBILY

LEADING PROVIDER OF INTEGRATED TELECOMMUNICATIONS SERVICES

Mobily is a leading provider of integrated telecommunications services to 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 networks and one of the largest data center systems worldwide.



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 customer experience.

Mobily owns its network infrastructure, including Saudi Arabia's newest fiber-optic network, which extends 60,670 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 2023. 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.

What We Do

Mobily takes a multi-faceted and forward-thinking approach to continuous improvement by creating increased value for all its Stakeholders while laying a solid foundation for sustainable growth, as it accelerates its strategic transformation into a leading TMT player.

The Company's commitment to continuous investment in its technological infrastructure and digitization, along with rapid innovation in its wide-ranging and innovative product offerings across all its segments, demonstrates Mobily's dedication to not only meeting current market demands but also anticipating and shaping future trends in the telecommunications sector.

Its dedication to attracting, developing and retaining outstanding talent throughout the organization ensures a skilled and capable workforce, equipped with the right knowledge and expertise to deliver a best-in-class experience and service to the Company's customers across all its operating units, including:

CONSUMER

Manages all aspects for individual customers and is responsible for the products offered to end users, acquisition, life cycle and support.

BUSINESS

Serves the B2B market with a comprehensive range of mobile, fixed and digital services for digital transformation, efficiency and productivity.

WHOLESALE

Provides Mobily and its customers with international connectivity and roaming services through its ever-expanding infrastructure.

MOBILY PAY

Offers a complete set of customizable digital e-wallet services, including card payments, wallet-to-wallet transfers, local and international bank transfers, bill payments and sending gifts.

YEAR IN REVIEW

REMARKABLE PROGRESS AND ACHIEVEMENTS

Mobily has delivered remarkable progress and achievements in 2023, distinguishing itself as a frontrunner in Saudi Arabia's telecommunications sector. Its strategic initiatives, including impactful partnerships and technological innovations, have earned it noteworthy recognitions, as it continues to serve its customers, enhance digital infrastructure and contribute to the Kingdom's progressive vision.

24 JAN

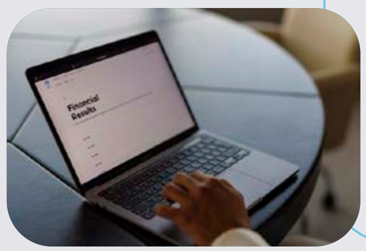
Continuing Local Partnership with 2023 CORE Diriyah E-Prix

Mobily sponsored the ABB FIA Formula E World Championship season 9 of the 2023 CORE Diriyah E-Prix, reflecting its commitment to support sustainability as part of its broader corporate strategy.

31 JAN

Showcasing Innovations and Digital Solutions at LEAP 2023

Mobily was the Leading Digital Partner for the second edition of the LEAP 2023 International Technology Conference in line with the Company's objectives to enable the digital economy in the Kingdom and provide capabilities and opportunities for individuals to achieve their ambitions.



7 FEB

Adopting AI to Enhance User Experience

Mobily deployed new artificial intelligence technology to improve network performance across the Kingdom, working in collaboration with Ericsson to use AI to analyze 5G networks, diagnose issues and their causes, and offer solutions.

7 MAR

Sponsoring Biban 23 as a Digital Partner

Mobily sponsored the Biban 23 Forum held by the General Authority for Small and Medium Enterprises (Monsha'at) as a digital partner, as part of its aim to empower entrepreneurs and keep pace with the digital transformation in all sectors of the Kingdom.

26 MAY

Receiving an MSCI ESG Index Rating Upgrade

Mobily received an upgrade in its rating on the MSCI ESG Index from BBB to A, as the first Saudi telecommunications company to obtain this rating in the Kingdom, reflecting its commitment to implementing a set of standards related to best practices and policies in the fields of environmental, social and corporate governance.

2 OCT

Partnering with Huawei to Develop Cloud and Digital Services

Mobily signed an MoU with China's Huawei to collaborate on cloud services and enhance its digital and Internet of Things (IoT) B2B offerings, with both parties committing to working closely on various areas that aim to level up Mobily's digital offerings in Saudi Arabia.

19 OCT

Launching Fusion along with Local Industry Peers

Mobily, and 2 other industry peers, launched Fusion, a data company offering innovative solutions to government entities, aiming to equip Saudi government entities with advanced technological tools to make faster decisions regarding the delivery of services to individuals.

1 NOV

Signing Agreements with the Ministry of Health to Enhance the Efficiency and Quality of Health Services

Mobily signed an MoU and agreement to improve the efficiency and quality of health services provided to beneficiaries in the Kingdom, in line with Vision 2030, by enhancing cooperation opportunities in the fields of digital health and biotechnology and developing and operating managed services in laboratories.

13 NOV

Winning 'Best Annual Report in the Middle East' at MEIRA Awards

Mobily won first place for the 'Best Digital Annual Report in 2022' and second place for the 'Best Printed Annual Report in 2022' in the Middle East at the annual Middle East Investor Relations Association (MEIRA) awards.

16 NOV

Forging Key Strategic Partnerships for Enhanced Cybersecurity at Black Hat 2023

Mobily Business Unit cemented its leadership in regional cybersecurity at Black Hat MEA 2023, signing 7 key MoUs with industry leaders including Trend Micro, Netskope and Emircom to expand its Managed Security, Cloud Security and Next-Gen SOC offerings, to empower businesses and individuals with advanced defenses against rising cyber threats.

13 DEC

CEO Eng. Salman Albadran Winning the 'Best CEO Award for Large Establishments'

Mobily's CEO, Eng. Salman Albadran, received the prestigious honor of being named the 'Best CEO for Large Establishments' at the Labor Awards, recognizing his exceptional leadership of Mobily and his strategic vision which served as a platform for Mobily's achievements over the past 3 years.

STAKEHOLDER ENGAGEMENT

STRONG AND SUSTAINABLE VALUE FOR STAKEHOLDERS

Mobily's exceptional achievements and record results in 2023 stemmed from its dedication to supporting, engaging and working collaboratively with all its key Stakeholders to ensure alignment, create shared value and lay a robust foundation for future strategic and sustainable growth.

01 Customers

- Re-established the Emergency Credit service and transformed the International Credit Transfer service to elevate customer experience
- Launched Mobily Gamers, an e-sports and gaming portal, to foster engagement and growth within the dynamic Saudi Arabian gaming industry
- Implemented a permanent 50% discount on monthly postpaid subscriptions for customers with special needs
- Enhanced customer support services boosted platform transactions by 43% compared to 2022, facilitating smoother interactions and improved customer experience
- Analyzed customer calls, leading to targeted initiatives like app upgrades, streamlined bill issuance, and enhanced IVR functionality, which significantly reduced call center inquiries
- Launched the Total Experience program, solidifying Mobily's leadership in customer experience
- Powered customer-centric digital transformation with chatbot enhancements, API services, eSIM improvements and self-service options, exceeding customer expectations
- Introduced AppleCare+ support for a wider range of Apple devices, providing additional protection and peace of mind to our customers

02 People

- Identified and launched targeted initiatives to attract and empower female talent within the workforce
- Promoted continuous learning culture by offering workshops and online platforms, addressing key technical and soft skill needs
- Streamlined performance rewards through a revamped merit increase policy and seamless implementation process
- Empowered employees through 13 diverse learning tracks, equipping them with skills across multiple arenas
- Promoted cross-functional collaboration and knowledge sharing through 150+ engaging events across departments and teams
- Maintained security across premises and business operations, conducting rigorous inspections, implementing cutting-edge technology, and responding to over 40,000 internal and external requests
- Cultivated a culture of integrity and respect via robust ethics, human rights and diversity programs, reflecting the Company's commitment to set policies and values

03 Communities

- Partnered with 2023 CORE Diriyah E-Prix to advance sustainability initiatives and electric vehicle adoption, contributing to Vision 2030's environmental goals
- Inked an agreement with Ericsson to recycle expired electronic devices, promoting responsible waste management and environmental protection
- Launched a recycling initiative and workshop to raise awareness of the importance of preserving the environment and reducing waste damage
- Launched Fusion, a collaborative data transformation initiative with industry peers, driving a smarter and more efficient Saudi Government
- Sponsored and participated in LEAP 2023, showcasing cutting-edge technologies and inspiring digital progress for a thriving Saudi Arabia
- Inked a deal with the Ministry of Health (MoH) to drive e-health innovation, elevating healthcare services and citizen well-being
- Sponsored Biban 23, nurturing entrepreneurial spirit and creating opportunities for Saudi business success
- Posted environmental issues on social media platforms, raising community awareness and encouraging action towards protecting the planet

04 Shareholders

- Facilitated open communication with a virtual General Assembly meeting
- Engaged with over 260 participants at 10 international and local conferences
- Nurtured relationships with investors and analysts through 100+ meetings
- Revamped the Investor Relations and Sustainability pages and the IR app with engaging tools and updated information
- Introduced the Dividend Payment Inquiry page, offering investors convenient and instant information about their dividend status
- Prioritized frequent interactions with the investor community
- Demonstrated commitment to responsible practices through upgraded ESG ratings

NETWORK CAPACITY AND FOOTPRINT

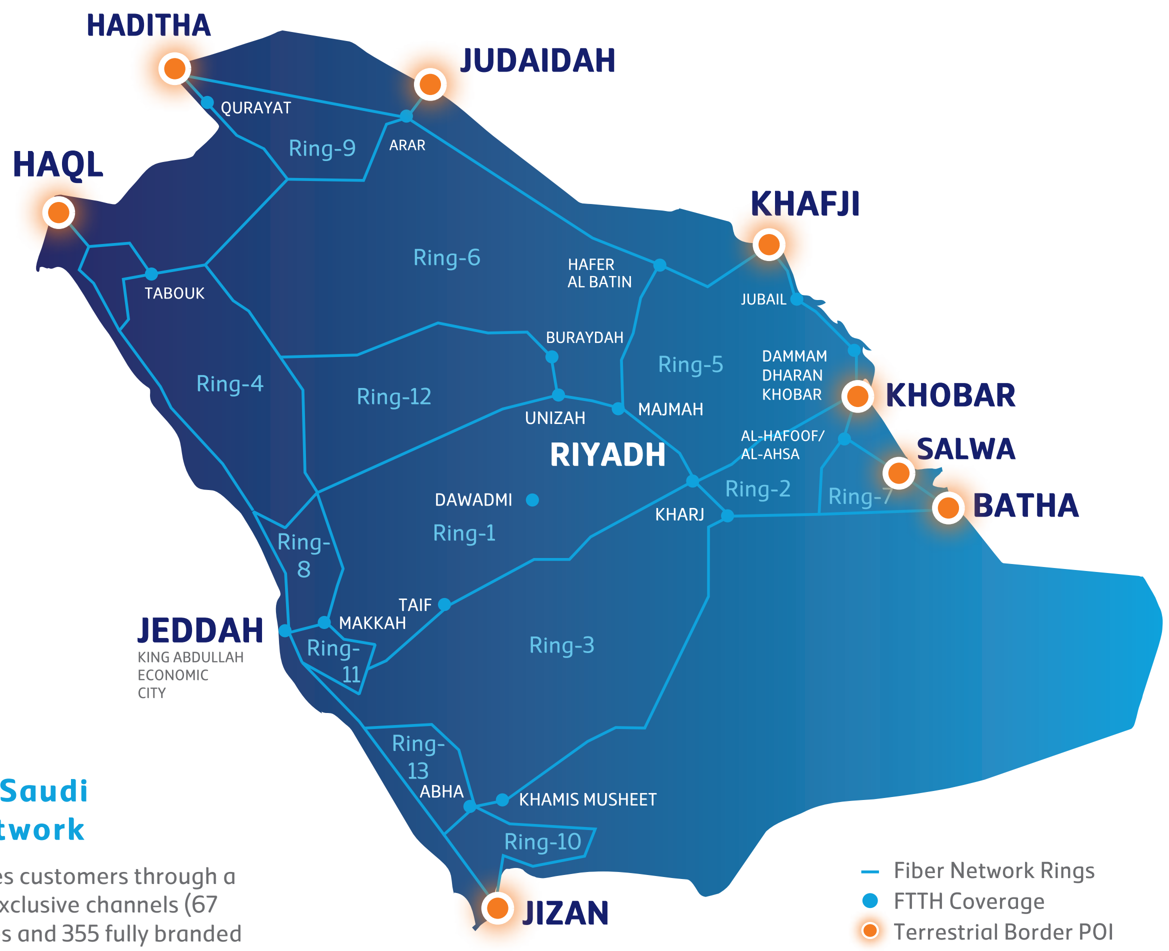
ADVANCED 5G NETWORK COVERS 52 CITIES WITH OVER 5,900 5G SITES

Mobily connects Saudi Arabia with its comprehensive network that provides more than 98% of the Kingdom's population with 3G and 4G coverage. Its advanced 5G network covers 52 cities with over 5,900 5G sites, ensuring that over 84% of the population in Saudi Arabia's 7 largest cities have access to 5G services. Additionally, Mobily's expansive network, including long-distance, metropolitan and fiber network infrastructures, spans an impressive 60,670 km to connect all major Saudi cities.

With state-of-the-art data centers located in Saudi Arabia's major centers of Riyadh, Dammam and Jeddah, Mobily 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 operates an extensive international gateway in partnership with a range of global partners, supported by overland and submarine cables. International gateway destinations include Egypt, Jordan, Iraq, Kuwait, Bahrain, Qatar, Yemen, India, Singapore, the wider Asia Pacific region, the USA and Europe.



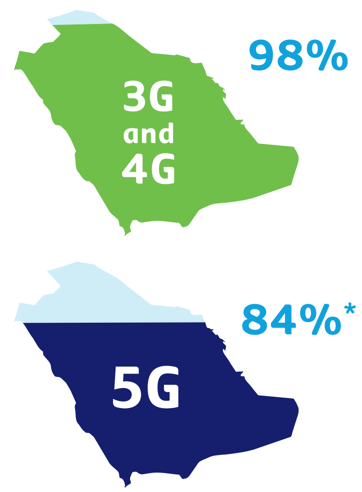
Mobily's Saudi Fiber Network

Mobily reaches customers through a total of 422 exclusive channels (67 flagship stores and 355 fully branded outlets), along with 1,629 non-exclusive channels (third-party retailers POS).

422
Outlets

~1,629
Retailers

NETWORK POPULATION COVERAGE

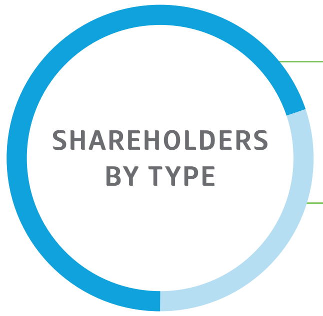


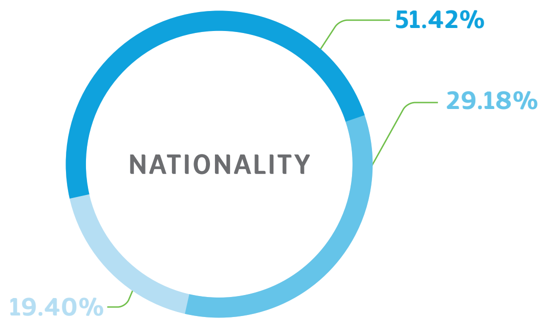
*The ratio represents coverage of 5G across 7 main cities in Saudi Arabia

In 2023, Mobily continued to expand its 4G network by adding 770 new sites across Saudi Arabia, while also increasing its fiber coverage by 205 sites. Mobily further enhanced its 5G network by adding 850 new sites, achieving over 84% coverage in the Kingdom's 7 main cities, and extending 5G to 360 new outdoor areas.

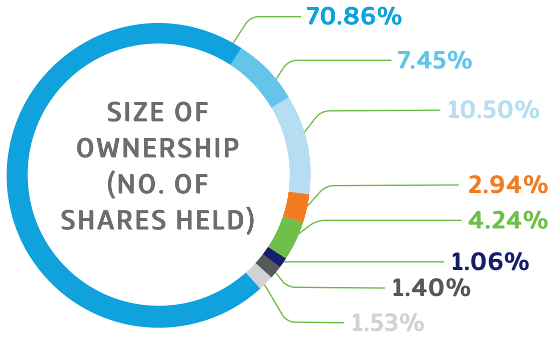
SHAREHOLDER'S INFORMATION

BUILDING INVESTOR TRUST





- SAUDI
- GCC
- OTHER



- MORE THAN 1,000,000
- 500,000-999,999
- 100,000-499,999
- 50,000-99,999
- 10,000-49,999
- 5,000-9,999
- 1,000-4,999
- FEWER THAN 1,000

TOP 5 INTERNATIONAL SHAREHOLDERS

- GOVERNMENT OF THE REPUBLIC OF SINGAPORE
- STICHTING DEPOSITARY APG EM EQUITY POOL
- VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND
- VANGUARD EMERGING MARKETS STOCK INDUSTRIAL FUND
- MFS EMERGING MARKETS EQUITY FUND

SHARE INFORMATION

LISTING DATE:
20 DECEMBER 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 2023:
SAR **49.05**

CLOSING PRICE AS OF 31 DECEMBER 2022:
SAR **34.75**

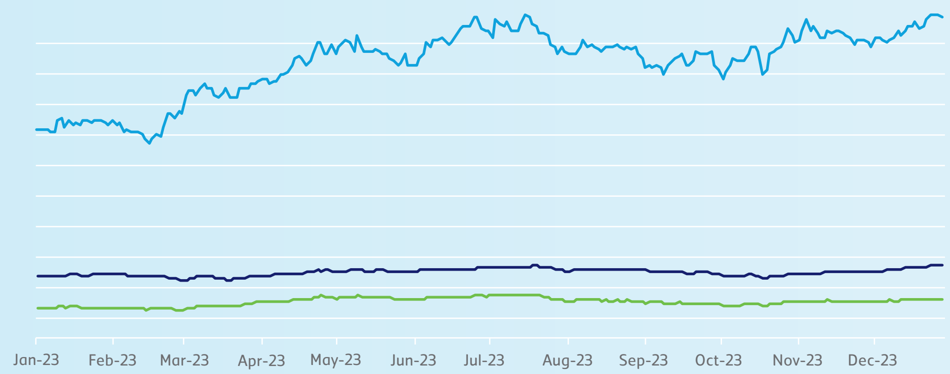
MARKET CAP AS OF 31 DECEMBER 2023:
SAR **37,768.50** MILLION

FOREIGN OWNERSHIP AS OF 31 DECEMBER 2023:
19.40%

DIVIDEND PAY-OUT AS OF 31 DECEMBER 2023:
SAR **1.45** PER SHARE

FOREIGN OWNERSHIP LIMIT:
49.00%

SHARE PRICE PERFORMANCE VS. MARKET INDICES



31 December 2023
- Etihad Etisalat **49.05**
- TASI **11,967.39**
- TTSI **7,719.52**

MOBILY IR WEBPAGE

MOBILY IR APP

INVESTMENT CASE

COMPELLING INVESTMENT PROPOSITION

Mobily continues to demonstrate agility and leadership to overcome obstacles and deliver outstanding operational and financial results, leveraging its differentiated proposition, core strengths and clarity of vision for the future to maintain its growth trajectory and create strong and sustainable value for its shareholders.

01 Charting a Path to Digital Brilliance

- Unveiling a bold strategic roadmap that aims to unlock transformative growth and enrich the digital world
- Consistent growth across diverse streams, operational excellence and a remarkable deleveraging journey
- Elevated dividend payout
- A surging share price fueled by a robust local, regional and international investor base
- Analyst acclaim with increased share recommendations and target prices

02 Powering Partnerships

- Strategic partner to the Saudi Government, shaping the Kingdom's digital future through ICT Strategy 2023 alignment
- The preferred partner for national and international giants, powering digital transformation journeys
- Investor and supporter of innovative Saudi fintech and SMEs, nurturing the next generation of digital leaders

03 Building a Brand that Stands Strong

- Ranked #7 for being a most valuable Saudi brand, and the fastest growing telecommunications brand in the Middle East (18% growth)
- Leading with industry-accredited certifications, ensuring quality and reliability for every connected experience
- Proven Saudi leadership team steers the course, driving sustainable, future-proof success

04 Technology at the Forefront

- Extensive 5G coverage reaching 84% in major cities across the Kingdom
- Boosted IoT offerings, unlocking high-growth use cases like fleet and building management
- Ranked #1 in Quality of Experience of online gaming and top applications, delivering unparalleled customer satisfaction*
- Award-winning customer experience platform and next-gen network optimized with AI and digital twins, for agility and future-proofed performance
- Recognized as the #1 mobile app among all 3 operators in Saudi Arabia, delivering exceptional convenience and value

05 Championing a Digital Green Leap

- Ongoing dedication to our 3-year ESG Strategy, driving positive change across the board
- Upgraded ratings across renowned ESG indices, reflecting our commitment to responsible practices
- Supporting Saudi Vision 2030, ICT Strategy 2023, Saudi Green Initiative, UN Sustainable Development Goals (SDGs) and Global Reporting Initiative (GRI), driving progress beyond profits

*CST reports

ALIGNING WITH INVESTMENT COMMUNITY BEST PRACTICES

FUELING DEEPER TRUST AND FORGING STRONGER CONNECTIONS

Recognizing evolving investor expectations, Mobily's IR team steered a course of strategic alignment and enhanced communication in 2023. Revamped IR and sustainability web platforms became portals to increased accessibility and engagement, while targeted initiatives showcased Mobily's compelling investment proposition and ESG progress, fueling deeper trust and forging stronger connections with investors and Stakeholders.

The Mobily Investor Relations team navigated 2023 with a steadfast commitment to fostering investor engagement, enhancing transparency and driving strategic growth. Through innovative initiatives and unwavering dedication, the team achieved exceptional results, solidifying Mobily's position as a leading investment choice in the region.

Unveiling Value through Clear and Consistent Communication

Mobily's commitment to comprehensive and transparent disclosure was underscored by enhanced reporting practices. Quarterly earnings call presentations were fortified with richer details, providing investors with deeper insights into the Company's performance. The Annual Report underwent a significant expansion, with new chapters and a more compelling narrative showcasing Mobily's full story. In line with global best practices, the Sustainability Report adopted the GRI standards, offering an even more comprehensive picture of Mobily's commitment to environmental, social and governance principles.

Data-Driven Engagement

Understanding the importance of tailor-made strategies, the IR team conducted frequent and granular analyses of Mobily's shareholder register. These insights fueled the development of targeted initiatives aimed at attracting and retaining long-term partners. Participation in 10 highly regarded investor conferences and roadshows further expanded Mobily's reach and visibility within the global investment community.

Frictionless Connections

Investing in enhanced communication channels proved integral to the team's success. The launch of the Dividend Payment Inquiry webpage empowered investors with convenient access to their dividend payment status. Revamped IR and sustainability webpages, alongside a user-friendly IR app, served as transparent windows into Mobily's operations and performance. Recognizing the importance of inclusivity, the team implemented a dedicated IVR system for their phone line, further streamlining the investor experience. Additionally, the launch of an official webpage for Mobily's General Assembly meeting empowered remote investors to actively participate, access meeting materials and vote seamlessly.

Connecting Purpose with Performance

Mobily's dedication to sustainable practices was further strengthened in 2023. A comprehensive ESG Gap analysis identified areas for improvement, while the implementation of company-wide ESG KPIs established a clear roadmap for progress. These efforts resonated with 5 prestigious ESG indices, culminating in Mobily's stellar upgrade to an A in the MSCI ESG Index, the highest rating amongst Saudi telecommunication peers, placing Mobily among the top 4 companies in Saudi Arabia. Further demonstrating this unwavering commitment, Mobily actively participated in 6 key sustainability events throughout the year, fostering dialogue, learning and collaboration in the responsible business landscape.

Charting a Course for Shared Success

The IR team's dedication yielded tangible results, most notably in the form of increased investor engagement. Over 100 meetings with investors and analysts throughout the year signified a heightened level of interest and interaction. This confidence translated into a 16.3% increase in the average target share price, a clear indicator of Mobily's growing appeal within the investment community. The team's strategic efforts also contributed to a significant expansion of Mobily's investor base, with institutional investors reaching 77.8% and foreign investors accounting for 19.4% of the pool.

Further affirming Mobily's strong positioning, SNB Capital and Aljazira Capital upgraded the Company to "Buy" based on its attractive valuation discount, positive dividend outlook and growing Return on Investment (ROI). This upgrade, combined with a total of 13 "Buy" ratings from prestigious local and international research houses, reflects analysts' strong confidence in Mobily's future potential.

Mobily's dedication to transparency and investor relations excellence was further celebrated through prestigious awards throughout the year. The 'Best Investor Relations Telecom Company Award in Saudi Arabia' by the Global Business Outlook (GBO), alongside recognition as the 'Fastest Growing Telecoms Brand in the Middle East 2023' by Brand Finance, stand as testaments to the team's unwavering commitment and exceptional results. Furthermore, Mobily secured first place in the Middle East for the Best Digital 2022 Annual Report Award and second place for the Best Printed 2022 Annual Report Award at the MEIRA event, reaffirming their dedication to transparency and Stakeholder trust. Additionally, an honorary award from Tadawul for their effective efforts in developing an Investor Relations Toolkit for listed companies showcased their commitment to industry best practices.

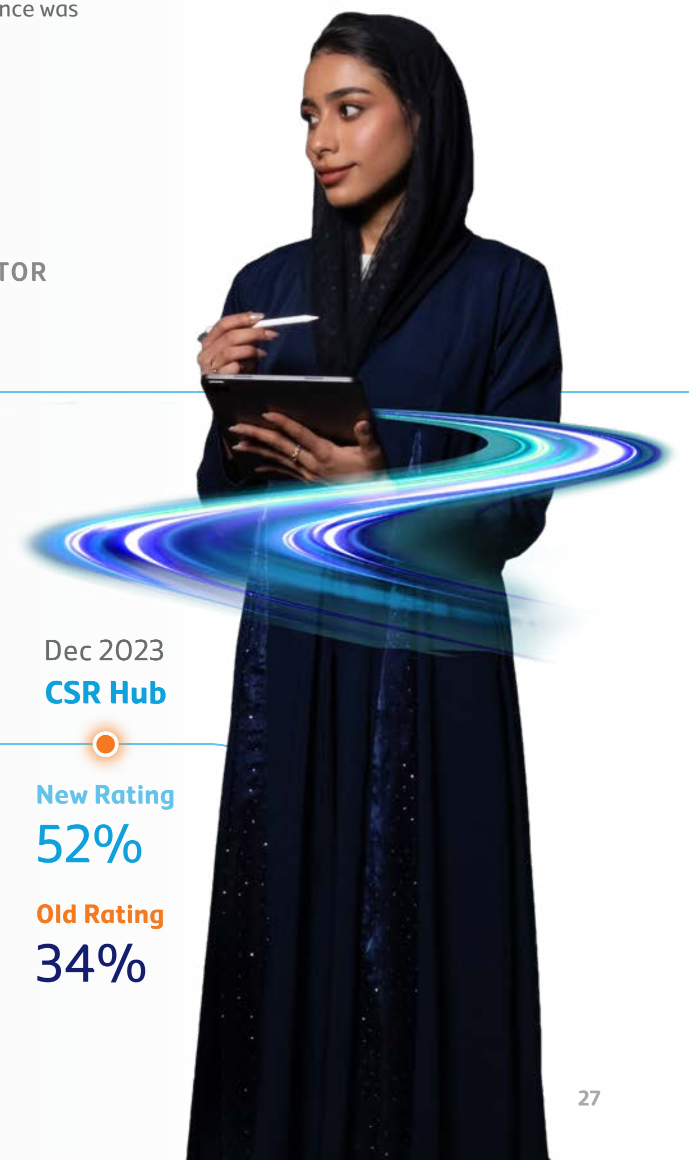
CONDUCTED
+100
MEETINGS

13 "BUY"
RATINGS FROM PRESTIGIOUS LOCAL AND INTERNATIONAL RESEARCH HOUSES

PARTICIPATED IN
10
RENOWNED AND PRESTIGIOUS INVESTOR CONFERENCES AND ROADSHOWS

	Feb 2023 ESG Invest	May 2023 MSCI	Sep 2023 Sustainalytics*	Nov 2023 S&P DJSI	Dec 2023 CSR Hub
New Rating	52/100	A	31.2/100	33/100	52%
Old Rating	45/100	BBB	31.8/100	25/100	34%

* Lower score indicates better results.



STRATEGIC REVIEW

02

CHAIRMAN'S STATEMENT

ADAPT. INNOVATE. LEAD.

We are embarking on a transformative journey with the aim to become the TMT company of the future

MR. ABDULKARIM IBRAHIM ALNAFIE
CHAIRMAN

It is my pleasure to present to you Mobily's Annual Report for 2023. This has been a remarkable year for our Company, as we achieved record revenues, profits and customer satisfaction. We continued to adapt, innovate and lead, overcoming global economic challenges and a competitive market environment. We made significant progress in executing our strategy and creating value for all our Stakeholders to achieve outstanding results and pave the way for future growth.

FIRST
SAUDI TELECOMMUNICATIONS COMPANY TO ACHIEVE 'A' IN MSCI'S ESG INDEX

A Thriving Telecommunications Sector

In 2023, Saudi Arabia continued to build a prosperous and sustainable future by embracing digitalization and diversification. The non-oil sector showed resilience amid global inflation, interest rate hikes and OPEC+ production cuts that affected the oil revenue and GDP growth. The sector grew by 5%, supported by government spending, domestic demand and diversification efforts. The International Monetary Fund expects this trend to continue in 2024, with the economy expanding by 1.2% to 4%. The Kingdom also revised its Green Initiative targets, reflecting its commitment to sustainability and Vision 2030.

Saudi Arabia achieved remarkable milestones in digital transformation, ranking second in the G20 digital index and reaching a 99% internet penetration rate and a high mobile broadband connection rate. The Government continues to position Saudi Arabia as an attractive destination for global technology firms, encouraging investment and innovation within the digital sector. This year, the Communications and Information Technology Commission established multiple initiatives, regulations and partnerships to promote the growth of digital services and infrastructure and foster a safe and innovative competitive environment.

Elevating Our Strategy

Following the successful execution of the GAIN strategy in 2022, Mobily began to implement a new strategy this year focused on "leadership in enriching your digital world." The vision is to transform our business into the new reality as a telecommunications, media and technology (TMT) company. In order to achieve this, we will continue to increase our capabilities across game-changing technologies such as cloud computing, cybersecurity, Big Data and artificial intelligence (AI).

The Mobily 2023-27 Strategy aims is to capture the largest share of consumer revenue growth through exceptional customer experience and innovative offerings. We will be solidifying our leadership in the business-to-business (B2B) market, repositioning Mobily as a leader in new trends through service excellence and end-to-end digitalization. We will also achieve total experience leadership, diversifying into digital and adjacent markets through partnerships and investments. Finally, we will continue to partner with the Government on strategic projects and initiatives under Vision 2030.

A Year of Accelerated Performance

Our dynamic and talented team has proven its ability to execute strategic change, while overcoming challenges and ensuring operational excellence. Mobily set 10-year growth records in 2023 for revenues, EBITDA and net profit. We also increased our brand value, raised customer satisfaction and improved our performance in terms of service levels and internet speed.

10-YEAR
GROWTH RECORDS ACHIEVED IN 2023

CHAIRMAN'S STATEMENT (CONTINUED)

We have positioned the Company for long-term accelerated growth through market-leading customer experience, digital transformation and infrastructure. Our network now boasts international submarine cables, state-of-the-art data centers, vast fiber network and cutting-edge 5G sites, offering ultra-fast speeds and ensuring reliable connectivity for our growing customer base. We have also formed a joint venture with industry peers to develop large-scale, big data solutions for government projects.

Aligning with the Kingdom's Vision

In 2023, Mobily was a key enabler of the Kingdom's economic transformation journey. We marked our presence in several giga projects that are instrumental to the nation's development, such as NEOM, where we became the first operator to ensure fixed connectivity. Mobily has established itself as the preferred information communications technology (ICT) partner, delivering cutting-edge solutions and services that support the nation's drive for technological advancement.

Building on the successful execution of GAIN, Mobily's new strategy prioritizes core services and system integration, contributing to Vision 2030's goal of transforming the Kingdom into a digital hub. We have evolved into an integrated one-stop-shop for business-to-business solutions, offering a comprehensive portfolio of ICT products and services that advance the business environment.

Mobily's commitment to sustainability and long-term investments aligns with Vision 2030's broader objectives, emphasizing responsible business practices and economic viability. By serving as a preferred partner, we are actively contributing to the overarching goals of economic diversification, job creation and technological advancement. This year, we also focused on digital health and biotechnology to improve the quality and efficiency of healthcare in the Kingdom.

Partnering for Growth

In 2023, Mobily forged new strategic partnerships and initiatives to enhance its services and offerings. We continued to collaborate with hyper-scalers, such as Microsoft and Amazon, to expand our footprint in the digital space. This included establishing a center to provide AWS services, asserting Mobily as a leading provider for cloud computing services in the Kingdom.

We continued to partner with established vendors such as Ericsson, Nokia and Huawei to develop solutions for 5G. We also partnered with Huawei to provide integrated IoT solutions as well as intelligent customer experience management, which resulted in award-winning performance by our Customer Experience.

Delivering Increasing Impact

Mobily's approach to business is based on sustainability and building trust among customers, employees, partners and shareholders. We strive to create value for all Stakeholders and to positively influence the environment and society at large. The Company continues to execute its environmental, social and governance (ESG) performance across 5 strategic pillars: Accountable Enterprise, Marketplace and Customers, Responsible Employer, Positive Community Impacts and Safeguarding the Planet.

Mobily follows and implements global best practices related to governance, ensuring compliance, regularly reviewing and updating policies and procedures, and promoting ethical behavior. Our diligent monitoring and management of risks supported our growth and resilience in 2023. Risk management practices were integral and remain an important part of our new corporate strategy.

Mobily remained an important contributor to Saudi society, fueling local employment, developing our talent and participating in community events. We are especially proud of our partnership with the Diriyah E-Prix in cooperation with Formula E, which reflects Mobily's commitment to and connection with our people and society.

COLLABORATED WITH HYPERSCALERS
TO EXPAND FOOTPRINT IN THE DIGITAL SPACE

AWARD-WINNING PERFORMANCE
BY CUSTOMER EXPERIENCE UNIT

2024 Outlook

Following impressive results in 2023, Mobily will accelerate its growth in the year ahead and cement its role as a leading TMT player in Saudi Arabia. We will continue to diversify and expand our offerings to meet the changing needs of our customers while maintaining our leadership in customer service. Mobily will create sustainable value for shareholders by seizing the opportunities in the booming Saudi market, monetizing our investments, and leading the way in new trends and innovations.

To realize our vision, it will be key to adapt to the new TMT landscape, by investing in constant innovation to stay ahead of the curve in this dynamic industry. Furthermore, we will introduce new digital solutions and product offerings, developing sustainable revenue lines and increasing our market share in connectivity. To fuel our growth, we will endeavor to activate new partnerships, especially in the B2B area with technological leaders such as AWS.

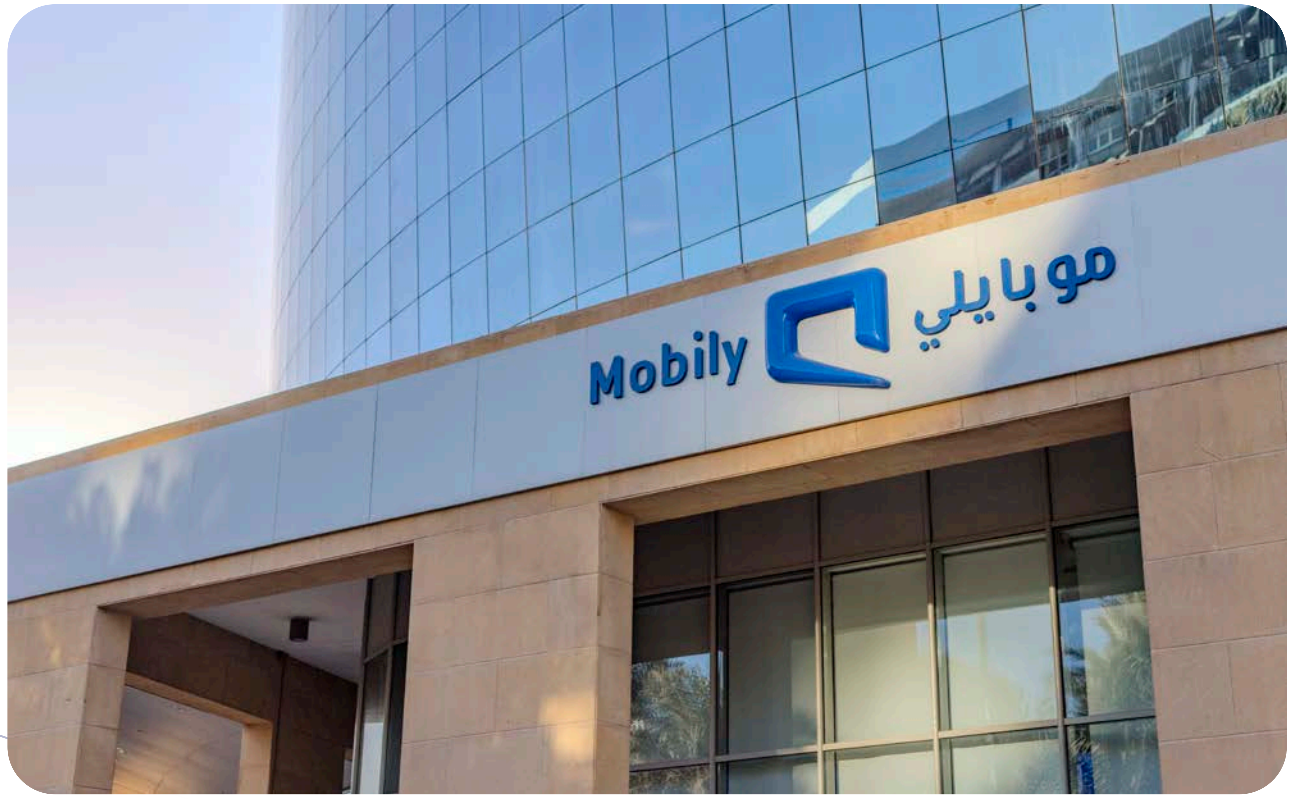
Mobily has laid the groundwork and strategy to increase its investments for 2024. We will actively pursue new growth opportunities in line with our strategy. Committed to supporting our country and the goals of Saudi Vision 2030, we will pursue greater participation in giga projects and the Kingdom's development plans.

Acknowledgements

On behalf of the Board of Directors, a sincere thank you to our Executive management for their excellent performance and strategic execution, which delivered another year of prosperity.

I would also like to acknowledge the ongoing support of our strategic partners and shareholders as we reflect on our 2023 accomplishments and look forward to another outstanding year ahead.

Finally, I would like to express our deep gratitude and allegiance to The Custodian of the Two Holy Mosques and His Royal Highness, The Crown Prince, for their visionary leadership and remarkable achievements towards Saudi Vision 2030.



CEO'S MESSAGE

LEADERSHIP IN ENRICHING YOUR DIGITAL WORLD

"We will leverage our competitive advantage to bolster our market leadership"

ENG. SALMAN ABDULAZIZ AL BADRAN
CHIEF EXECUTIVE OFFICER

This was a monumental year for Mobily as we celebrated our highest top and bottom lines in the last 10 years. We continued to adapt to a competitive telecommunications sector, innovate our technologies and product offerings, and lead the market in terms of brand value, customer experience and performance.

MOBILY IS A KEY ENABLER OF
SAUDI VISION 2030

Mobily broke its own records again, achieving the highest revenues, EBITDA and net profit in the last decade. This was driven by substantial growth in the Business and Wholesale segments with increased demand from business-to-business (B2B) clients and giga projects, as well as steady growth in the highly competitive consumer market and the digital and connectivity spheres.

Our revenues of SAR 16.8 billion increased by 6.7% compared to SAR 15.7 billion in 2022. A 7.2% improvement in our EBITDA led to a record net profit of SAR 2.2 billion, which represented 34.7% growth compared to SAR 1.7 billion the previous year. Notably, our net debt to EBITDA ratio continued its impressive downtrend to reach its all-time lowest at 1.20 compared to 1.65x in 2022.

Service Excellence for Consumers

Mobily's Consumer Unit overcame aggressive competition by offering new and attractive products across its core, digital and value-added services, while leveraging Mobily's capabilities to push the sale of smart devices. It also reduced customer churn and won prestigious awards for its outstanding operations and customer experience.

The Consumer Unit benefited from Mobily's continuous and ambitious rollout of 5G across the Kingdom, which provided high-speed internet access, enhanced customer experience and increased the customer lifecycle. In total, we expanded our 5G coverage to 52 cities with 5,900 sites, bringing our 5G coverage to more than 84% in 7 main cities. We also added 770 new 4G sites.

This year, the Unit focused on the postpaid portfolio, offering customers a more experiential communication service. It also accentuated its gaming offerings, partnering with D11 to create a Mobily platform for video games and e-sports.

The Unit also executed a successful Hajj season, with record numbers in data transfer traffic in the Holy Sites due to increased 5G coverage. The Unit employed AI and digital twin technology which led to dramatic improvements in network performance and customer satisfaction during the season.

84% OF 7 MAIN CITIES
HAVE ACCESS TO OUR 5G COVERAGE

Mobily Pay has quickly become a top-tier digital e-wallet, outperforming its rivals and boasting a 4.7/5 rating in app stores in 2023. The objective for Mobily Pay this year was to bolster its brand presence and market dominance, aligning with the Mobily's goal of diversifying revenue sources and enhancing customer value. Numerous partnerships were established with various sectors to broaden Mobily Pay's offerings and reach.

RECORD NET PROFIT OF
SAR 2.2 BILLION

Digital Transformation for Enterprises

In 2023, the Business Unit achieved its highest performance ever, and increased its market share in all segments, such as government, private sector and small- and medium-sized businesses. The Unit continued to grow its digital and core services, while strengthening its relationships with customers in these segments.

Mobily is a trusted partner for both public and private sectors, delivering

CEO'S MESSAGE (CONTINUED)

high-quality services through its advanced data centers. This year, the Unit announced the construction of 2 new data centers in Riyadh and Jeddah, which will increase Mobily's colocation capacity and exceed Tier III standards. It also solidified its partnerships with strategic government customers and initiatives, such as NEOM, the Ministry of Health, the Ministry of Municipal Rural Affairs and Housing and the Red Sea Project.

Enhanced Wholesale Partnerships Driving Growth

In 2023, the Wholesale Unit implemented a strategy that focused on expanding its international presence and connectivity, signing agreements with major content delivery network players, and forming partnerships with international leaders in internet exchange.

One of the key achievements of the Wholesale Unit was to sign a memorandum of understanding with Telecom Egypt for a Red Sea crossing. It also worked on 2 new international cables that will be ready in 2025 and will help Mobily to reach Europe and Asia with high-speed and low-latency connections.

Furthermore, the Wholesale Unit partnered with the international internet exchange provider Equinix to enhance Mobily's position in the global internet market and improve its quality of service. This partnership will enable Mobily to access new markets and customers, as well as to optimize its network performance and cost.

Accelerating Technology and Innovation

Mobily demonstrated its leadership in innovation in 2023 by delivering cutting-edge solutions and services to its customers and partners. We established a center for providing AWS services, staffed by specialists with Amazon-accredited certificates. For the Internet of Things (IoT), we have partnered with Huawei to provide integrated solutions, collaborated with AppSpec to develop IoT security solutions, and began hosting IoT-NVO services on our network.

We created a horizontal native cloud with RedHat that supports 5G native cloud functions, enabling us to offer faster, smarter and more reliable 5G services. We also partnered with Huawei to co-develop our digital transformation towards intelligent customer experience management. Mobily has adopted AI-driven technologies to analyze 5G networks, diagnose issues and develop solutions with measurable results.

Mobily fostered the Kingdom's position as a data hub by partnering with hyperscalers, hosting their networks, providing them with connectivity, and aiding in selling their services and products. We also partnered with the Ministry of Health to improve quality and efficiency in digital healthcare and biotechnology, launched digital educational projects with the Ministry of Education and collaborated with the Ministry of Hajj to develop digital services.

Customer Experience and Care

Mobily's new strategy aims to enrich the digital world and provide an exceptional experience for all Stakeholders, including customers, employees and partners. Customer Experience and Care continued to develop the Total Experience Leadership pillar, which focuses on streamlining, digitalizing and measuring customer experience across all touchpoints and channels.

In 2023, Mobily stayed ahead of best practices, technologies and tools to serve as the Kingdom's leading operator in the area of Customer Experience and Care. It maintained its lead by applying internationally recognized key performance indicators to measure Customer Experience, and constantly overseeing and monitoring progress. This year, Customer Care focused its efforts to effectively address customer concerns, improving service levels and significantly reducing customer complaints by 40%.

Supporting and Developing Our Workforce

Mobily places great emphasis on creating a world-class work environment. We actively seek exceptional talent and provide the necessary support for their growth, fostering lasting and meaningful careers. Key initiatives include Saudization, promoting gender balance and encouraging continuous learning and development. This year, our engagement satisfaction survey formed the basis of a strategic plan aimed at enhancing the employee experience.

REDUCED CUSTOMER COMPLAINTS BY

40%

Throughout 2023, Mobily organized in-house events and activities to create a winning work environment. We also accelerated our digital transformation to revolutionize human resource processes, driving integration within the technology, media and telecommunications (TMT) business.

Awards and Achievements

Mobily achieved remarkable results in 2023, reflecting our strong brand value, market share and growth in the Middle East telecommunications sector. Mobily was recognized as the fastest growing telecommunications brand in the region, with an 18% increase in brand evaluation and recognition compared to 2022. Mobily also ranked as the seventh most valuable brand in Saudi Arabia, with a staggering 113% growth in brand value since 2019. Overall, we saw an increase in our market share and number of subscriptions. These achievements were driven by our continuous efforts to innovate and enhance our products and services, as well as the customer experience.

Mobily received numerous recognitions for its outstanding leadership, innovation and customer service. These included the 'Best Middle East Carrier' from the Global Carrier Awards, 'Research Excellence Accolade' by XEBO, the LEAD Award for 'Customer Experience Excellence,' and the 'Best Customer Experience Award 2022' from the Communications, Space and Technology Commission.

The Ministry of Human Resources awarded us for the 'Best CEO in a Large Organization,' which serves as a testament to the strength of our entire team. In addition, the Global Business Outlook Awards named us 'Best Investor Relations Telecom Company.' We also earned numerous certifications, including the ISO Certificate for Customer Service, the Quality Certificate for Beneficiary Service Centers and the Local Content Certificate for the fourth consecutive year.

2024 Outlook

Mobily is on a mission to become the TMT company of the future, transforming the lives of our customers and communities with our innovative products and services. In 2024, we have an ambitious agenda to capture the growth opportunities in the thriving Saudi market, where we aim to grow our customer base, increase our market share and continue our sustainable growth.

We will leverage our competitive advantages in trusted connectivity, valued services and solutions, and exceptional customer experiences to create value for our shareholders and Stakeholders. We will also participate in the strategic giga projects that will shape the future of the Kingdom, providing cutting-edge solutions for Saudi Arabia's unrivalled Saudi Vision 2030 ambitions.

We will continue to invest in our infrastructure, especially in our 5G network, to enhance our service quality and coverage. We will also expand our data center capacity to meet the growing demand for cloud computing and data storage. Moreover, we will provide IoT solutions to enable digital transformation and efficiency. Finally, we will continue to upgrade our Mobily Pay user experience, offering convenient and secure payment options for our customers.

Acknowledgements

In closing, I would like to thank our Board of Directors for their visionary leadership in a year of record-breaking growth and success. I would also like to extend my appreciation to our Executive management for their superb execution of Mobily's strategy. Thank you to our employees for their professionalism, dedication and excellence, which have enabled us to achieve new milestones and face the future with great confidence. Your contributions are the key to our outstanding performance in 2023 and our ability to create value for all our Stakeholders.

113%

GROWTH IN BRAND VALUE SINCE 2019

MARKET REVIEW

FACILITATING THE KINGDOM'S TRANSFORMATION

Saudi Arabia's sustainable growth journey is increasingly propelled by the Kingdom's accelerating digital transformation. Anchored in the ambitious goals of Vision 2030 and bolstered by substantial investments in digital infrastructure, the Kingdom is forging a path towards a thriving tech ecosystem. This commitment to digitalization, supported by Mobily's innovative contributions, is a key driver of the Kingdom's non-oil diversification and the foundation for a future where innovation and digital prowess are the cornerstones of national prosperity.

Sustainable Growth Powered by Accelerating Digitalization

Navigating a number of economic challenges in 2023, Saudi Arabia remains well-positioned for continued growth in the digital sector, thanks to its ambitious Vision 2030 plan, significant investments in infrastructure and a thriving tech ecosystem.

Saudi Arabia stands out in the GCC, leading the charge in economic diversification with an ambitious plan and substantial investments. The National Investment Strategy, valued at USD 3.3 trillion, aims to ignite innovation, empower the private sector and cultivate strategic sectors. Within 6 key sectors, nearly USD 1 trillion in potential investments by 2030 awaits, presenting exciting opportunities across various industries.

Digitalization is the cornerstone of this transformation, with both public and private entities seeking smart solutions to drive growth and efficiency. While Saudi boasts a robust telecommunications infrastructure, it lags behind advanced digital nations. This gap translates to significant growth potential as government entities and businesses invest in digitalization, generating substantial returns for companies positioned to capitalize on this trend.

Vision 2030 acts as a catalyst, fueling mega projects like the futuristic smart city of NEOM and empowering small and medium-sized enterprises (SMEs) to thrive in the digital age. Beyond mere infrastructure, the focus extends to nurturing a vibrant tech ecosystem. Cutting-edge technologies like artificial intelligence, robotics and cloud computing are actively promoted, paving the way for innovation and disruption.

The mobile segment is also set to shine, thanks to a growing expat population and increasing religious tourism. In 2023, Saudi Arabia welcomed 1.8 million Hajj pilgrims, and the ambitious goal is to attract 30 million pilgrims for Hajj and Umrah by 2030, alongside over 100 million tourists annually. Additionally, the entry of 2 new MVNOs in 2022 intensified competition in the prepaid market, potentially leading to more attractive offerings for consumers.

SAR 7.8 BILLION
PROJECTED GROWTH IN SAUDI IOT MARKET BY 2025

5%
GROWTH IN THE NON-OIL SECTOR

Telecommunication spending focuses on continued 5G rollout, FTTX expansion and investments in new growth verticals within the IT space such as cloud computing, cybersecurity and artificial intelligence. Beyond telecommunications, spending on IT, professional services and digital solutions is expected to grow by 12.7% annually until 2027, significantly impacting the GDP.

While the growth in the Saudi IoT market is still projected to reach SAR 7.8 billion by 2025, the pace might be impacted by the 2023 economic slowdown. However, B2B demand and 5G advancements remain key drivers. Cloud computing continues to surge, exceeding expectations with over 20% growth in data center and cloud services between 2018 and 2023, driven by Vision 2030's push for government adoption. Local telecommunication and ICT players are well-positioned to leverage this growth through internal initiatives and partnerships with global companies. This signifies a digital transformation journey powered by ambition, investment and a thriving tech ecosystem.

Non-oil Growth Anchors Saudi Arabia's Future

In the face of high global inflation, interest rate hikes and OPEC+ production cuts that tempered the growth of Saudi Arabia's GDP in 2023, the non-oil sector emerged as a resilient anchor for the nation's future economic stability. Achieving a growth of 5%, this sector benefitted from sustained government spending, robust domestic demand and strategic diversification efforts. The International Monetary Fund (IMF) anticipates this positive trajectory to persist into 2024, projecting Saudi Arabia's economy to expand by 1.2% to 4%, with the actual growth rate hinging on the fluctuations of oil prices.

Reflecting on the impact of volatile oil market dynamics, revenue projections for the year were adjusted downward to SAR 1,130 trillion, marking a 9.6% decline from 2022. Despite these economic headwinds, the private sector's contribution to the GDP impressively reached 53%, underscored by a 24% increase in foreign direct investment and sustained growth in non-oil exports. These achievements highlight the Kingdom's successful strides towards economic diversification and resilience in the face of global financial challenges.

Additionally, the high global inflation and the subsequent interest rate hikes have posed significant economic challenges, yet Saudi Arabia's strategic response and adaptive measures have underscored its commitment to long-term economic sustainability. Amid these developments, Saudi Arabia has also revised targets for its green initiatives, demonstrating unwavering dedication to climate action and environmental sustainability. This holistic approach to economic management and sustainability reflects Saudi Arabia's strategic alignment with the ambitious goals of Vision 2030, emphasizing the critical role of the non-oil sector in securing a prosperous and sustainable future for the Kingdom.

Building a Thriving Digital Ecosystem

Saudi Arabia's commitment to building a thriving digital ecosystem has propelled the Kingdom to achieve remarkable milestones, positioning it as a global leader in digital transformation. In a significant leap forward, Saudi Arabia has ascended to the #2 spot in the G20 digital ranking, as reported by the International Telecommunication Union (ITU) in the ICT Development Index (IDI) for 2023. This prestigious ranking is a testament to the Kingdom's robust digital infrastructure and the strategic investments under Vision 2030 aimed at enhancing its digital landscape.

Reflecting on the Kingdom's digital advancement, the internet penetration rate soared to 99%, with mobile broadband connections per 100 inhabitants expected to reach an impressive 130.9 by 2028. Such achievements underscore Saudi Arabia's efforts to ensure widespread access to digital services and connectivity, laying the foundation for a digitally inclusive society.

MARKET REVIEW (CONTINUED)

In alignment with global sustainability goals, the Communications, Space and Technology Commission (CST) has taken a proactive stance on green digital initiatives. Notably, the CST announced the development of e-Waste Management Regulations and its participation in the Green Digital Action in collaboration with the ITU. These efforts aim to promote sustainable practices and leverage digital solutions to address climate challenges, demonstrating Saudi Arabia's commitment to environmental stewardship through technology.

Further advancing its regulatory framework, the CST issued new regulations for internet content platforms, data centers, and the 5.9 GHz band for Vehicle-to-Everything (V2X) systems. These regulations are designed to ensure a safe, efficient and innovative digital environment, fostering the growth of digital services and infrastructure.

In a strategic move to attract technology companies and further diversify the economy, the CST launched the Cloud Computing Special Economic Zone (SEZ). This initiative positions Saudi Arabia as an attractive destination for global tech firms, encouraging investment and innovation within the Kingdom's digital sector.

Additionally, the CST signed a Memorandum of Understanding (MoU) with the National Water Company to expand fiber optic coverage. This collaboration aims to enhance the telecommunications infrastructure, ensuring that advanced digital services reach all corners of the Kingdom.

These achievements and initiatives reflect Saudi Arabia's strategic vision and concerted efforts to establish a leading digital ecosystem. By fostering innovation, regulatory excellence and sustainability, the Kingdom is well on its way to realizing the digital aspirations of Vision 2030, securing its place as a global digital powerhouse.

Strategic Alignment with Vision 2030

Saudi ICT Sector Strategy 2023 Highlights	Mobily's Commitment
Create more than 25,000 quality jobs in the telecommunication/ICT sector	Mobily is embarking on an ambitious new strategy aimed at evolving the Company into a Technology, Media and Telecommunications (TMT) leader. This strategy encompasses growth objectives that will require new capabilities and increasing talent to propel Mobily beyond the realm of telecommunications into adjacent markets.
Increase female participation in the telecommunication/ ICT sector by 50%	Mobily has made significant strides in enhancing female participation in recent years, including in leadership roles. With the implementation of its new strategy focused on transitioning into a TMT reality, there is an anticipation of even more opportunities opening up, further promoting diversity and inclusion within the Company.
Increase the size of ICT and emerging technologies market by 50%	The fundamental goal of Mobily's new strategy is to evolve the Company into a comprehensive TMT entity, extending its reach beyond traditional telecommunication services. This includes providing innovative ICT solutions and positioning Mobily as a leading trendsetter in emerging technologies.
Increase the level of Saudization in the telecommunication/ICT sector to 50%	Mobily is proud to be in the Platinum category for its overall nationalization efforts while exceeding the mandated requirements for nationalization within its management team. The Company is committed to continuing its promotion of nationalization across all organizational levels, reinforcing its dedication to this important initiative.
Increase the telecommunication/ICT sector's contribution to GDP by SAR 50 billion	A key strategic objective for Mobily is to align itself as an ICT partner in support of Saudi Arabia's Vision 2030, aiming to contribute significantly to the initiative's development and overall growth.

Strategic Alignment with ICT Strategy 2023

Themes of CST Strategy 2023	Mobily's Role
Protect consumers and ensure the provision of quality services	Mobily has been at the forefront in the sector for customer experience and satisfaction over the past 2 years. In line with our new strategy, the Company has placed a strong emphasis on this area with a dedicated strategic objective focused on enhancing and maintaining customer experience.
Promote investment and competition	Mobily is focused on adopting a diverse investment strategy, which aligns with its aspirations to evolve into a TMT company. This approach is integral to facilitating its transformation and achieving its ambitious goals in the TMT sector.
Enable digitalization of Saudi Arabia	Mobily's new strategy places a significant emphasis on expanding its digital offerings for both B2B and B2C segments. This includes positioning itself as a one-stop-shop for digital products tailored specifically to the needs of SMEs.
Achieve regulatory excellence and enhance organizational effectiveness	Mobily's new strategy has broadened its experience definition from CX (customer experience) to TX (total experience) to enhance the experience of all its Stakeholders, underscoring the Company's commitment to elevating engagement, compliance and satisfaction with regulators and all key Stakeholders.

99%
INTERNET PENETRATION RATE IN SAUDI ARABIA

47.2 MILLION
MNO MOBILE SUBSCRIBERS

Mobily is a key contributor to achieving the goals of Saudi Vision 2030 and ICT Strategy 2023

Mobily powers the digital operations of thousands of businesses and empowers the lives of millions of customers across the Kingdom, providing cutting-edge connectivity and services that contribute to the Kingdom's digital transformation and progress towards its future ambitions.

Mobily is a critical enabler of 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 corporate strategy is fully aligned with the Kingdom's ICT Strategy 2023

The Saudi ICT Strategy 2023, initiated in 2019, aims to augment Saudi Vision 2030 by "Building tomorrow's digital foundations for a connected and innovative Saudi Arabia" by:

- 3 Strategic themes
- 13 Strategic priorities
- 24 Strategic objectives

CFO'S REVIEW

DEVELOPING A PRAGMATIC STRATEGY TO FURTHER OUR STRONG FINANCIAL POSITION

With our remarkable 10-year financial records in 2023, we are set to ensure Mobily's long-term success

MR. KHALID ABDULRAHMAN ABANAMI
CHIEF FINANCIAL OFFICER

Mobily has once again outperformed historic benchmarks in key financial, operational efficiency and customer experience metrics. In 2023, we continued to offer outstanding returns to our shareholders, while investing in infrastructure and innovation that will ensure our long-term profitability and sustainability.

YEAR-ON-YEAR ROBUST NET INCOME GROWTH OF

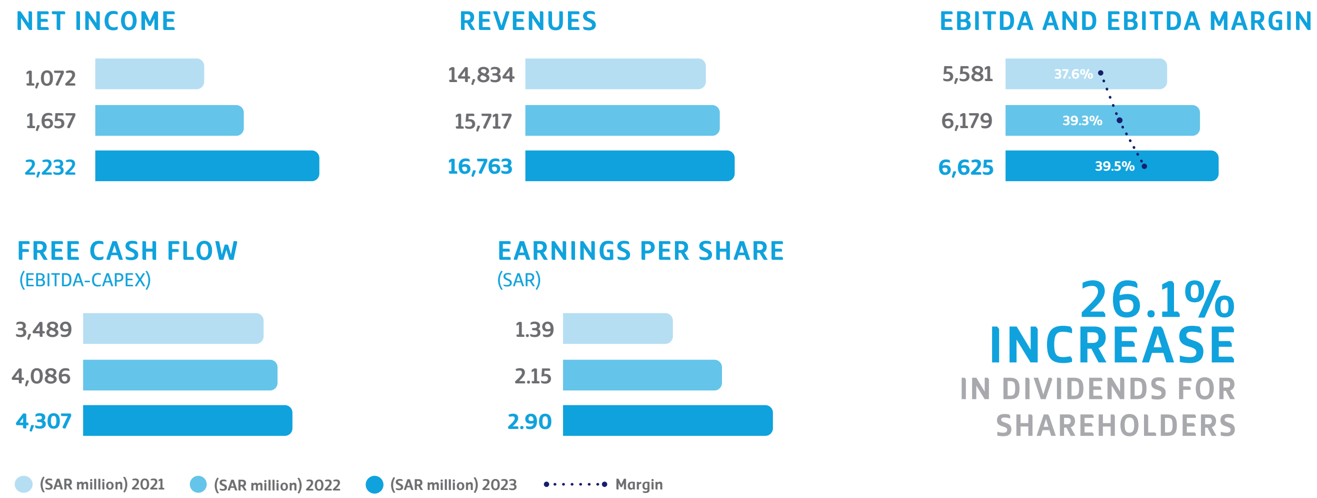
34.7%

Mobily achieved a phenomenal 34.7% increase in net income in 2023 to reach SAR 2.2 billion. This record-breaking growth, following our impressive net income of SAR 1.7 billion in 2022, marks Mobily's highest performance in the last 10 years. The improvement stemmed from strong revenue and EBITDA, along with continued deleveraging efforts and disciplined cost management.

Revenues increased across all revenue streams for a total 6.7% growth year on year from SAR 15.7 billion in 2022 to SAR 16.7 billion in 2023. This was driven by strong growth in the Business Unit in line with the Kingdom's digital transformation agenda. We also witnessed consistent growth in the Wholesale and Consumer segments, with healthy expansion of our overall subscriber base.

Our continued efforts to elevate operational efficiency led to a 7.2% growth in EBITDA, which stood at SAR 6.6 billion in 2023 compared to SAR 6.2 billion the previous year. Our market-leading EBITDA margin held strong at 39.5% compared to 39.3% in 2022. Procurement efficiency played a key role in cost savings, with Mobily meeting the highest international standards and becoming the first telecommunications company in the Kingdom to earn the Procurement Excellence Program certificate from Chartered Institute of Procurement and Supply.

Based on our strong financials, we increased dividends for shareholders by 26.1% to SAR 1.45 from SAR 1.15 the previous year. This boost in dividend distribution stems from Mobily's strong cash position, with cash and cash equivalents up nearly 100% compared to 2022, and solid free cash flow, which grew by 5.4% YoY to reach SAR 4.3 billion. Earnings per share in 2023 were also significantly higher at SAR 2.90, a 34.7% increase compared to SAR 2.15 in 2022.



26.1% INCREASE
IN DIVIDENDS FOR SHAREHOLDERS

CFO'S REVIEW (CONTINUED)

The Dynamic Saudi Telecommunications Market

The strong overall economic growth in Saudi Arabia, driven by the Vision 2030 plan, created new opportunities for the telecommunications sector in the Kingdom. The market witnessed tough competition among existing players, as well as the entry of new competitors and multinationals moving their headquarters to Saudi Arabia.

The increase in the Saudi Arabian Interbank Offered Rate (SAIBOR) affected the cost of capital and financing for the telecommunication operators in 2023. Meanwhile, Mobily improved its credit rating, due to the interest of international and local banks in our business's strong financial performance, operational efficiency improvements, successful debt reduction and strong corporate governance.

On the demand side, the market saw a remarkable increase in tourism which boosted the demand for telecommunication services. The Kingdom also fostered a dynamic and growing fintech landscape, which required reliable and secure telecommunications infrastructure and solutions. Overall, customers became more data-savvy and demanding, expecting high-quality and affordable services from the telecommunications providers.

The business-to-business (B2B) segment experienced strong growth, which was driven by corporates and giga projects. This demand was bolstered by the Etimad platform, which made bidding easier and more transparent. Mobily capitalized on the Government's digital transformation to reach and serve our customers.

The regulatory environment also improved in 2023, with the Communications, Space and Technology Commission focused on enhancing the coverage and quality of telecommunications services in rural areas through open access and national roaming.

Furthermore, investors shifted their priorities this year, focusing more on sustainable dividends and liquidity positions rather than merely on profitability. This trend benefited Mobily due to our outstanding performance over the past 5 years. The progressive upgrades of our environmental, social and governance (ESG) ratings across highly-regarded indices drew in investment from large funds which are increasingly focused on sustainability.

Executing Strategic Growth

In 2023, Mobily developed its financial strategy to scale capabilities in line with the Company's larger Mobily 2023-2027 Strategy. This follows the successful execution of the GAIN strategy which concluded at the end of 2022 and surpassed expectations in terms of financial key performance indicators and set the Company up for long-term profitability.

The new strategy calls for the transformation of the Finance function to be a business partner to the Company. Our mission is to act as a Stakeholder-driven unit that creates optimum value and supports growth in line with best-practice standards and recent trends. The 4 strategic pillars, which align with the corporate strategy, are to accelerate growth and enhance operational efficiency, adopt a Stakeholder-driven approach, rethink processes for a seamless experience and boost talents' capabilities and well-being.

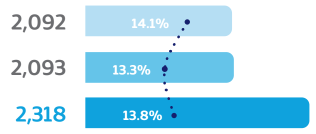
In line with this strategy, Mobily expanded its infrastructure, targeted high-potential growth and market segments, and worked to support the objectives of Saudi Vision 2030. In 2023, we scaled our fixed and wireless connectivity, which included increasing our 5G coverage significantly in rural areas. We established 2 new data centers and launched a submarine cable. We invested in innovation and emerging technologies in areas such as artificial intelligence, cloud computing, Internet of Things, cybersecurity and digitalization. Finally, we focused on B2B growth across all segments, ranging from small and medium-sized enterprises to giga projects such as Qiddiya and Neom.

Investing for the Future

Mobily's investments in strategic growth means we have one of the highest capital expenditure (CAPEX) rates in the market, while still offering strong returns for our shareholders. CAPEX was steady in 2023 compared to 2022, increasing by 10.8% to reach SAR 2.3 billion. The rationalization of expenditure remained consistent with our focus on network expansion, quality enhancements, digital transformation, emerging technologies and product and service innovation.

Our deleveraging activities led to solid declines in the Company's debt balance. In 2023, net debt declined by 22.4% year on year to reach SAR 7.9 billion. Growth in earnings also supported a significant reduction in the net debt to EBITDA ratio to 1.20x, compared to 1.65x at the end of 2022. We ended the year in a strong cash position. Free cash flow was high in 2023 due largely to solid EBITDA growth, increasing by 5.4% year on year to reach SAR 4.3 billion.

CAPEX AND CAPEX/REVENUE



CASH AND CASH EQUIVALENTS

NET CASH GENERATED FROM OPERATING ACTIVITIES

DELEVERAGING

(Net Debt and Net Debt/EBITDA)

(SAR million) 2021 (SAR million) 2022 (SAR million) 2023 Margin

22.4% DECREASE IN NET DEBT FROM 2022

100% INCREASE IN CASH AND CASH EQUIVALENTS

Looking Forward to 2024

In the year ahead, Mobily will continue to direct investment towards its growth. We will invest toward expanding our network, seizing market share and paving the way for long-term accelerated growth.

As Mobily embarks on this ambitious journey, we recognize the critical role of efficient resource allocation in achieving our goals. To this end, we are actively exploring opportunities to further optimize our financial structure and secure more favorable financing terms. Given our strong performance and the evolving market landscape, we are confident we will obtain competitive interest rates that align with our long-term financial objectives.

Mobily's journey of digital transformation will bear fruits with enhanced operational efficiency, customer satisfaction and competitive edge. We will move forward in the face of dynamic market conditions and customer demands, employing strategic focus and change management to maintain our profitability and liquidity.

We aim to overcome tough competition, consolidating and growing our market share. We will target the B2B segment and elevate customer experience, working with hyperscalers, leveraging partnerships and participating in giga projects.

Furthermore, Mobily will invest in the community and improve our ESG rating by implementing initiatives that align with our corporate social responsibility and sustainability goals. We will continue to support our country and Saudi Vision 2030 by contributing to the economic diversification, digital transformation and social development of the Kingdom.

In order to achieve our objectives in 2024, Mobily will foster valuable strategic partnerships with local and global players to leverage their expertise, resources and networks. We will continue to create value by delivering trusted connectivity, innovative offerings, competitive services and solutions, as well as exceptional experiences to customers across all segments and sectors.

BUSINESS MODEL

CREATION OF VALUE FOR ALL STAKEHOLDERS

As Saudi Arabia's leading customer-centric telecommunications company, Mobily delivers best-in-class services and solutions to consumers, mobile operators, businesses, small-to-medium enterprises (SMEs) and households across the Kingdom.

Creating sustainable value for customers, shareholders and valued Stakeholders is the central focus of Mobily's business model and operations. The Company seeks to provide outstanding experiences through its multiple engagement channels.

Its offerings encompass a wide range of attractive, competitive products and services, all underpinned by cutting-edge infrastructure and a commitment to continuous innovation. This includes our expansive telecommunications network, sophisticated IT systems and state-of-the-art data centers.

The Company's revenue is fueled by a diverse mix of sources, including interconnection tariffs, proceeds from joint ventures, profits from the sale of devices and accessories as well as fees from usage and subscriptions. It also generates income through its digital products and services, which are specifically designed to meet the demands of businesses and individual consumers alike.

By providing reliable connectivity, pioneering products, sought-after services and solutions and unparalleled customer experiences throughout Saudi Arabia, Mobily ensures the creation of value for all of its Stakeholders.

STRATEGY AND KPIS

SHAPING THE FUTURE OF TMT

Mobily continues to build capacity, capabilities and momentum towards our future as a leading telecommunications, media and technology (TMT) player. Driven by a dynamic, performance-oriented corporate culture with outstanding talent connected by strong core values, Mobily has a clear vision for the future and a new strategy to make it a reality, building on the momentum of the successful GAIN strategy to empower its customers, take Mobily to new heights, and act as a critical enabler and driver of growth and diversification for Saudi Arabia.

OUR VISION

Leadership in Enriching Your Digital World

OUR 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

OUR STRATEGY AND STAKEHOLDERS

Our Market

- Transform to TMT and pursue adjacent businesses

Our Regulator

- Support regulatory agenda to enhance the market

Our Shareholders

- Strive to achieve experience leadership by prioritizing and delivering exceptional end-to-end experiences for all Stakeholders

Our Consumers

- Strengthen value proposition for B2C segments (wireless and fixed)

Our Businesses Customers

- Provide integrated ICT solutions for selected verticals
- Develop targeted enterprise offerings for SMEs
- Shift from reactive to proactive approach to giga projects

Our Employees

- Become a TMT role model for human capital

Our Business Partners

- Cultivate strategic and diverse partnerships with global technology providers and cross-industry players to enhance innovation, expand service offerings and strengthen market positioning

Our Society

- Invest in initiatives that support the education, knowledge and skills needed for the future success of Mobily, the TMT sector and the Kingdom as a whole
- Invest in initiatives that support the wellbeing, happiness, social cohesion and enhanced life experiences of communities in which Mobily operates
- Provide support for targeted community groups, that encourage and enable inclusive growth and the alleviation of inequality and poverty

OUR STRATEGY

The Mobily 2023-27 Strategy focuses on delivering innovative products and outstanding customer experience to drive sustainable revenue growth and value creation for our shareholders and all our stakeholders.

	1 CAPTURE THE LARGEST SHARE OF CONSUMER REVENUE GROWTH	2 LEADERSHIP IN THE B2B MARKET	3 DIVERSE APPROACH TO DIGITAL AND ADJACENT MARKETS	4 ANCHOR ICT PARTNERS FOR VISION 2030
DESCRIPTION	Sustain current leadership in incremental consumer revenue share in Saudi Arabia.	Leadership in specific B2B sectors through service excellence.	Enrich digital B2C and B2B products and services with a differentiated approach, including partnerships, JVs, VCs and M&A.	Become the preferred partner for giga/mega projects under Vision 2030.
OBJECTIVES	Capture the largest share of market revenue growth	Reposition as a leader in new trends	Achieve total experience leadership	Transform the business to the new TMT reality
STRATEGIC PRIORITIES LINK	• Sustain leadership in customer experience • Increase digital and adjacent offerings revenue from total B2C revenue	• Grow digital and adjacent revenues through selective sectors • Provide end-to-end digital experience for SMEs	• Accelerate in adjacent markets • Strengthen partnerships with hyperscalers	• Establish new and enhance giga/mega project partnerships
KPIS	• B2C revenue • Customer satisfaction	• B2B revenue	• Market value	• Engagements in giga/mega projects
2023 ACHIEVEMENTS	• 1.7% growth in the Consumer Unit's revenues • Growth in the subscriber base (4.4% mobile and 5.4% FTTH) • Recognized as the fastest growing telecommunications brand in the region • Mobily Pay outperformed its rivals and earned a 4.7/5 rating in the app stores	• 21% growth in the Business Unit's revenues • Established 2 new data centers • Partnered with global data center leader Equinix to enhance service quality	• Partnered with hyperscalers, such as Microsoft and Amazon • Worked with RedHat to support 5G native cloud functions • Employed artificial intelligence to optimize the 5G network • Launched Mobily Gamers platform for video games and e-sports	• Achieved 5G coverage of more than 84% in 7 main cities • Became the first operator to ensure fixed connectivity for NEOM • Worked with the Ministry of Health to improve healthcare in the Kingdom • First Saudi telecommunications company to achieve an A rating in the MSCI ESG Index
2024 GOALS	• Maintain leadership in customer experience • Introduce new digital and adjacent offerings	• Unlock new B2B digital and adjacent opportunities • Activate new B2B partnerships, such as AWS	• Embrace new opportunities that align with Mobily's strategy	• New partnerships with giga projects on ICT level • Contribute to giga project development
ASSOCIATED ESG FACTORS	• Mobily increases Digital Inclusion by providing connectivity and diversifying digital offerings	• Mobily supports B2B customers to be more sustainable by adopting digital solutions that reduce carbon emissions	• Mobily ensures protection of its customer data and privacy while partnering with public cloud hyperscalers to localize data storage and adhering to the local regulations	• Mobily engages with and supports giga projects that have aggressive sustainability and net zero targets, such as NEOM
PRINCIPAL RISKS	• Strategy execution • Enterprise digital transformation • Regulatory decisions • Cyber attacks	• Strategy execution • Enterprise digital transformation • Regulatory decisions • Cyber attacks	• Strategy execution • Enterprise digital transformation • Cyber attacks • Subsidiaries governance and operation	• Strategy execution • Enterprise digital transformation • Regulatory decisions • Cyber attacks

For a detailed look at Mobily's principal risks, please refer to the Risk Management section

RISK MANAGEMENT

Mobily is committed to ensure sustainability and resiliency of its business and critical infrastructure through effective mitigation of risks in a timely manner so as to achieve effective implementation of Company strategies and meeting its objectives.

The Risk Management Department is accountable for ensuring effective implementation of the international standards for business continuity and risk management practices.

- 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
- Objective 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 identify, analyze and mitigate potential risks that can adversely impact the Company's strategic, reputational, financial, compliance and operational objectives. The ERM team has adapted the international standards and best practices for the risk management function and has received certificates of compliance from the leading certification bodies.

Business Continuity Management Overview

The BCM function endeavors to effectively enhance resiliency of Mobily's business and ensures availability of operations and services during disruptions by implementing and embedding effective BCM practices within the organization.

- ISO 22301 Certified (for 10 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 Manual, CM Communication plan and establishment of teams for its implementation
- BCM process has been 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 applies specific procedures to conduct regular scanning of the internal and external environments (illustrated in figure 1) in order to identify the potential risks that might adversely impact Mobily's business objectives.

The identified potential risks are then assessed as per the ISO 31000 process (figure 2) to prioritize the risks 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 Committee.

fig. (1)

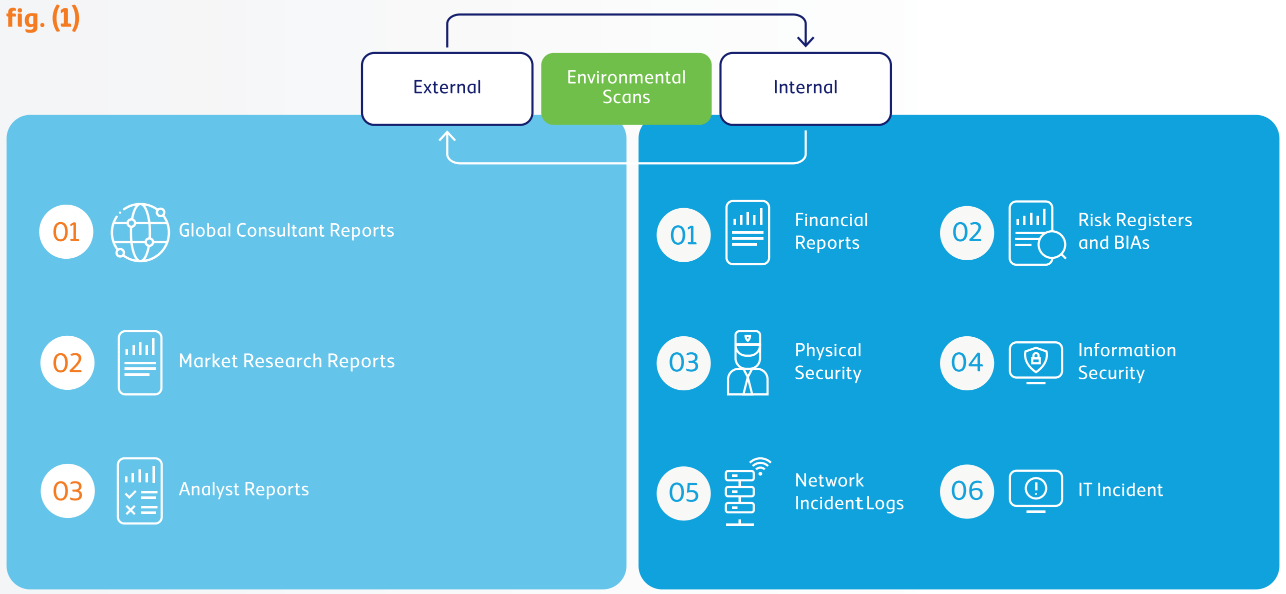
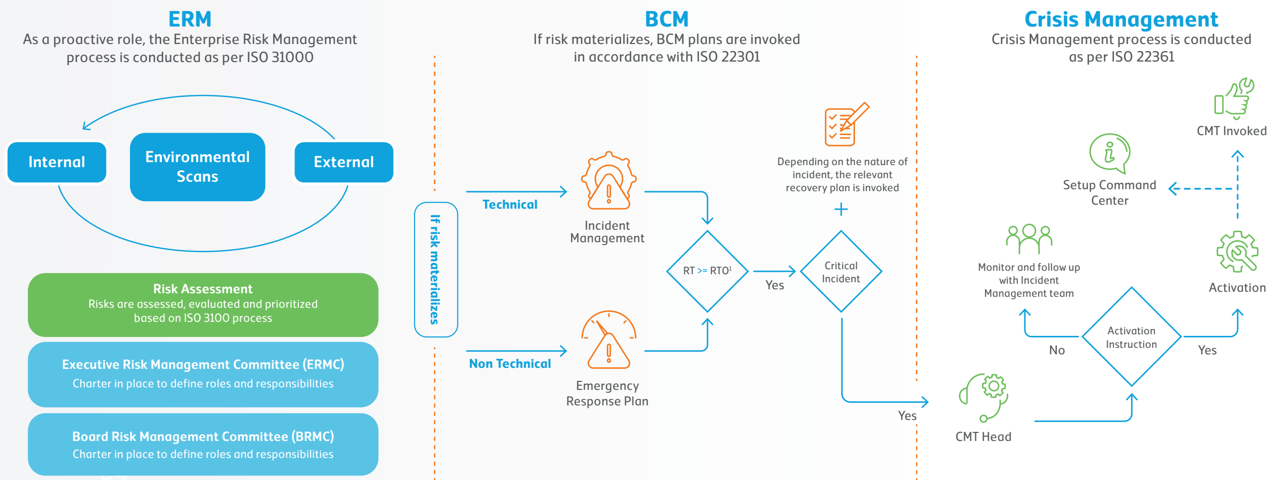


fig. (2)

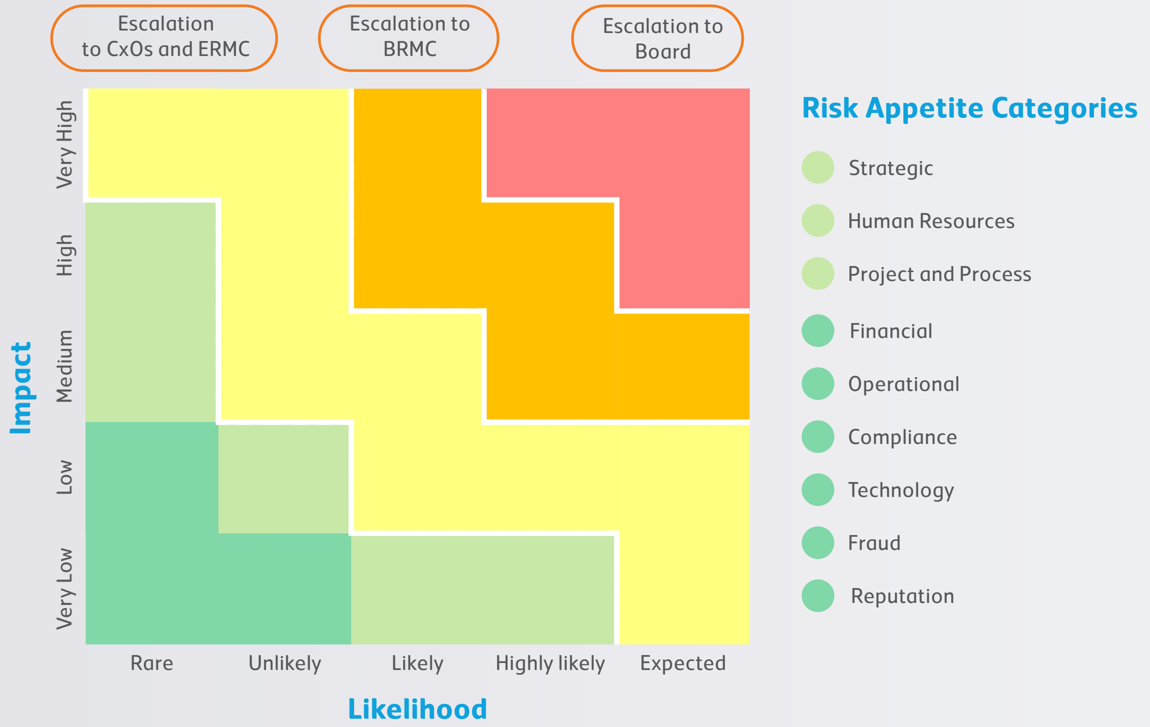


[1]Recovery time (RT) | Recovery Time Objective (RTO)

RISK MANAGEMENT (CONTINUED)

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 and provides the criteria and basis for crisis management.

1) Resiliency and Preparedness

Mobily's 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 all circumstances.

In addition, to address any contingency situation, 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.

In 2023, Mobily established a Disaster Recovery Center to enhance the resiliency of its critical IT applications. This center provides secondary resiliency to Mission Critical IT applications, while the existing data centers will continue to provide primary resiliency in active-active mode.

2) 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 a Low, Moderate, High, Significant or Critical severity incident. Critical severity incidents are recommended to be treated as a crisis situation. In the event of such 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 invoked. Upon invocation, the CMT takes control of the situation and provides guidance and support to minimize the impact of the incident and neutralize the crisis.

3) Crisis Communication

Mobily's management recognizes that effective communication is essential for the organization to succeed, and in a crisis situation, 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 of dealing with Stakeholders and the media. The objectives of the crisis communication plan are:

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

4) Crisis Simulation

The management understands 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. During 2023, Mobily conducted a series of crisis simulation exercises covering a wide range of scenarios. These simulations provide assurance to the management and Stakeholders on Mobily's crisis preparedness and resiliency.

BUSINESS REVIEW

03

CONSUMER UNIT

DELIVERING VALUE THROUGH PRODUCT INNOVATION

In 2023, the Consumer Unit navigated price-driven competition and challenging market and regulatory dynamics to grow Mobily's customer base. It maintained a competitive edge with its core products, led the market with attractive new offerings and continued to reduce customer churn through advanced analytics and enhanced user experience.

Latency for Most Used Social Media Platforms in the Kingdom

Platform	Latency
X	25 ms
Instagram	5 ms
Facebook	5 ms
Snapchat	14 ms

Latency for Most Common Video Conferencing Platforms in the Kingdom

Platform	Latency
Webex	95 ms
Zoom	226 ms
MS Teams	88 ms
Google Meet	67 ms

Strengthening the value proposition for the business-to-consumer segment is an important pillar of Mobily's new growth strategy, building on the successful implementation of the previous strategies. The Consumer Unit manages all aspects of the business for Mobily's individual customers, including consumer products and revenue, as well as customer acquisition, lifecycle and support.

The Consumer Unit took a strategic approach to market competition this year, introducing new and attractive products across its core, digital and value-added services, while leveraging Mobily's capabilities to push the sale of smart devices. Moving forward, the Unit will continue to focus on product differentiation, market segmentation and digital development as its key growth areas.

Expanding and Improving Connectivity

Mobily's continuous and ambitious rollout of 5G across the Kingdom is a key enabler of the Unit's strategy, providing consumers access to high-speed internet, enhancing customer experience and increasing the customer lifecycle. By offering a larger amount of content and data for customers to consume, 5G creates opportunities for the Consumer Unit to upsell more plans, increasing the average revenue per user.

The Company also modernized its Fiber-to-the-X (FTTX) network to support higher speeds up to 10G, launching a 1G package this year. While the technology faced new regulations, Mobily's fiber network extended its coverage to 60,670 kilometers and was awarded coverage of 451 zip codes from the Communications, Space and Technology Commission (CST).

According to the latest Opensignal Report, Mobily's mobile internet average download speed improved in 2023 to reach 38.0 Mbps, and mobile 5G average download speed increased to reach 210.9 Mbps.

With its network latency reduced, Mobily topped the download speed percentage for the most popular gaming platforms in Saudi Arabia. It ranked #1 for 3 gaming platforms (Play Station, XBOX and STEAM) over the FTTH Network and for 11 out of 16 most popular video games (e.g., FIFA, Call of Duty and PUBG), as per the CST fourth quarter Game Mode Report.

Mobily also had the lowest latency for 2 of the most popular social media platforms in Saudi Arabia, with 25 ms for X, 14 ms for Snapchat, 5 ms for Instagram and 5 ms for Facebook. It performed well in supporting video conferencing platforms, with 95 ms for Webex, 226 ms for Zoom, 88 ms for Microsoft Teams and 67 ms for Google Meet.

Achievements and Awards

The Consumer Unit had an impressive year in terms of sales and customer service, achieving growth across its most important key performance indicators. Overall revenues increased year-on-year. Gross advertisements expanded by almost 12% year-on-year and the FTTH base grew by approximately 6%. The Unit saw a 6% reduction in customer churn, continuing the positive trend of the last 5 years. Importantly, the TRI*M score for customer satisfaction increased from 96 to 99 in 2023, while other operators in the Kingdom saw their scores decline or stagnate.

The Hajj season was especially successful for Mobily with the network supporting record numbers in data transfer traffic in the Holy Sites compared to last year's season. The coverage of 5G sites increased by 86% and the 5G traffic increased by 133%. An increase of 68% was recorded in the volume of data usage, in addition to an increase in the volume of general calls by 76% and international calls by 200%. Voice over LTE (VoLTE) through 4G grew by 121%.

During the Hajj season, the Company employed artificial intelligence (AI) and digital twin technology to improve network performance. More than 500 AI operations resulted in a 76% reduction in malfunctions, 99.7% customer satisfaction with the quality in VoLTE services and 99.4% satisfaction with the quality of internet browsing services.

In 2023, the Unit received important awards for its outstanding operations and customer experience. Mobily's consumer planning earned the 'Research Excellence Accolade 2023' for its innovative research strategies that set new benchmarks in the Saudi Arabian market. Moreover, Mobily won the 'Best Customer Experience Award 2022' at the ICT Indicators Forum, hosted by the CST. The award, based on customer feedback, recognizes Mobily's adherence to international standards of customer experience and its efforts to increase its competitiveness in the Kingdom. The Consumer Unit played a vital role in winning this award, by enhancing the digital and experiential journey for Mobily's customers.

New Product Launches

Mobily held its market leadership in 2023 by launching dozens of consumer products that featured the latest technologies and devices from leading providers. The Consumer Unit shifted its focus to the postpaid portfolio, offering customers a more experiential rather than functional communication service. This was evident in all the commercial campaigns that Mobily ran in 2023.

Other priorities that fueled growth for the Consumer Unit included enriching the portfolio for standalone services with different verticals, expanding partnership agreements, collaborating with partners for marketing and promotion and developing bundling opportunities with other Mobily segments. It worked to support new

CONSUMER UNIT (CONTINUED)

capabilities such as Bluemarble and Newstack. It also automated the digital advertising invoice process with the Zakat, Tax and Customs Authority's system.

The Unit added leading services to expand its portfolio across different verticals, such as Netflix and Shofha Plus for streaming, Yalla Ludo for gaming, Huawei Cloud for personal use and 3abee and Codashop cards and vouchers. It also developed the business case and concept paper for the smart home ecosystem, which aims to provide a seamless and integrated home experience.

This year, the Unit relaunched the Mobily TV service with a new design and content to offer an innovative experience and enabled the service for FTTX users. The new Mobily TV app offers customers access via iOS, Android, Huawei, Apple TV and Android TV. Mobily also partnered with top content providers such as Shahid, Watchit and STARZPLAY to offer attractive propositions for "digitally savvy" customers.

The Unit collaborated with other segment teams to offer content services as part of the postpaid and FTTH packages. These services include Mobily TV, Anghami, OSN, Shahid and more, creating a distinctive value proposition for the segment's bundles. The Consumer Unit also enhanced the Ramadan campaign, where content services like Shahid and STARZPLAY came with free data, enabling prepaid users to stream their preferred services.

In addition to these achievements, Mobily introduced AppleCare+ for a range of its devices, such as the iPad, Apple Watch, Apple TV and the iPhone 15. AppleCare+ is a service plan that extends device coverage for 2 or 3 years from the original purchase date and covers unlimited incidents of accidental damage.

Building Brand Equity

Mobily maintained a competitive edge in the market by offering aggressive and attractive offers and promotions across all consumer segments. It executed multiple marketing campaigns throughout the year, ranging from major advertising for devices and accessories, such as outdoor promotions and television coverage, to small direct and targeted marketing. The Consumer Unit collaborated with its partners to enact location-based and SMS advertising promotions. It conducted in-store activations with retail partners such as Apple, Google and Huawei. Mobily also gained consumer brand exposure by participating in the LEAP 2023 International Technology Conference in Riyadh.

The Consumer Unit continued to offer value to its base for Direct Carrier Billing (DCB) and content services with marketing activities for its standalone services portfolio, as well as bundling efforts with other Mobily segment teams such as postpaid and FTTH. This resulted in year-on-year growth in terms of gross revenue.

The Unit launched specific offers for content services such as Spotify and Anghami to grow its content customer base. Moreover, Mobily promoted its digital over-the-top services by creating a unique marketing campaign that highlighted the convenience and security of its DCB service, which enables customers to pay for well-known content providers easily and safely.

Furthermore, Mobily launched a unique segmented campaign called "Mobily Link" that targeted expats from different nationalities with tailor-made packages. The campaign used a variety of segmented content including videos and key visuals to deliver relevant messages based on recipients' home countries.

Expanding Gaming Services

This year, Mobily capitalized on the growing Saudi Arabian gaming industry, which is expected to reach USD 1.3 billion by 2025. The Consumer Unit launched an e-sports and gaming portal called Mobily Gamers, creating a one-stop hub for participants to play and watch games. It offered gaming bundles that allowed users to enjoy unlimited usage of a variety of popular games. It also sold gaming devices on its e-Shop platform, where customers can find the latest and top gaming products.

The Consumer Unit raised awareness of Mobily Gamers among its customers through SMS and social media campaigns, and targeted new customers by employing location-based advertising. It also held an iPhone 14 draw for its loyal users and organized various tournaments on the portal, where gamers competed to win prizes.

In 2023, Mobily partnered with Coda Payments, the world's leading provider of cross-border monetization solutions for mobile gaming and digital services. The partnership enables Mobily users to purchase their favorite mobile gaming top-ups and vouchers using their mobile phone number. The solution offers greater value to Mobily customers while supporting the Company's expansion efforts and ambition to become a major player in the gaming world.

Looking Forward to 2024

In the upcoming year, there will be a clear trend of consumers gravitating towards a more personalized customer experience, tailored to individual lifestyles. This shift will be mirrored in the Consumer Unit's exceptional marketing campaigns, ensuring that communication remains distinct and effective, thereby strengthening Mobily's brand equity.

Mobily is committed to expanding its core offerings with the introduction of innovative products and services and exploring value-added solutions. Special attention will be given to the gaming demographic through targeted campaigns and offers.

Moreover, the Consumer Unit will aim to elevate the digital experience, positioning it as a primary channel in its customer engagement strategy. Mobily will continue to enhance and expand its 5G and FTTX coverage to support higher speeds for users, developing Fiber-to-the-room capabilities as well as tailored gaming packages.

2023 PERFORMANCE HIGHLIGHTS

Through strategic initiatives, proactive analytics and innovative approaches, the Consumer Unit set new benchmarks in customer satisfaction, revenue growth and technological advancements.

5% Reduction in Prepaid Customer Churn

The Prepaid team successfully implemented various initiatives under Customer Value Management, playing a pivotal role in enhancing customer retention and loyalty.

6% Growth in Prepaid Recoveries

Through targeted efforts and effective recovery strategies, the Prepaid team demonstrated resilience and adaptability in navigating challenges, fostering positive financial outcomes.

4% Reduction in Postpaid Consumer Churn

The Postpaid team not only safeguarded revenues but also underscored its commitment to delivering exceptional customer experiences and satisfaction.

Substantial Migration of Prepaid Customers to Postpaid

Through strategic initiatives, the Postpaid team demonstrated the ability to attract and retain customers in a competitive market.

3x Increase in Accuracy of Proactive Prepaid Dormancy Prediction

The Advanced Analytics team harnessed the power of machine learning to develop a predictive model for prepaid customer dormancy periods, achieving 3 times greater accuracy than traditional methods.

42% Increase in Digital Recharge

Through AI-driven statistical modeling, the Advanced Analytics team boosted customer convenience and generated substantial savings in sales commissions for recharge cards.

Significant Improvement of the Postpaid Credit Risk Score

The Advanced Analytics team revolutionized credit risk assessments for postpaid customers by developing a new scoring system, which led to an exceptional decrease in the customer default rate.

MOBILY PAY

EMERGING AS A TOP TIER DIGITAL E-WALLET

Launched in October 2022, Mobily Pay is a market-leading consumer digital e-wallet, offering a wide portfolio of convenient and competitive payment services. In 2023, the first full year of its commercial launch, the mobile application earned the highest customer feedback score in the market with a 4.7/5 rating across the app stores.

The strategic focus for Mobily Pay in 2023 was to increase brand awareness and market share acquisition. This supported the pillar of Mobily's new strategy to create new revenue growth streams. Mobily Pay also created the opportunity to capitalize on Mobily's non-core services and amplify total customer lifetime value.

Mobily signed multiple strategic partnerships with public and private sector organizations this year to expand Mobily Pay's services, capabilities and market reach. It announced many of these memorandums of understanding (MoUs) during its participation at LEAP 2023, where it showcased the future of payments. Mobily Pay also served as the Diamond sponsor for Seamless Saudi Arabia 2023.

Mobily Pay has distinguished its competitive advantage by offering secure, convenient and efficient everyday payments with competitive fees. Differentiating features include multi-language options, scheduled transfers, utility and Mobily bill payments, and instant money transfers to local banks using the Instant Payment System (IPS).

This year, Mobily Pay spearheaded the most valuable cashback rewards program for a prepaid card on the market. Other new features included charitable donations with Ehsan Charity and Qattah Split Payment, which helps multiple users share expenses and bills.

In 2024, Mobily Pay will continue evolving its portfolio of products and services to appeal to a wider segment including youth, teenagers and domestic workers. The application will further enhance and evolve customer experience to become the most convenient and rewarding digital wallet on the market. Mobily Pay will also continue investing in artificial intelligence-based fraud detection and prevention systems to offer its customers safe and secure payment services.

STRATEGIC PARTNERSHIPS

MOBILY PAY MOUs IN 2023

Huawei
Including Mobily Pay on the app gallery to provide customers with easier access

Charity Orphans Care Foundation (Ekhaa)
Providing a new wallet donation option

Saudi Authority for Data and Artificial Intelligence
Facilitating donations and promoting social responsibility

Ericsson
Developing products and services, improving project efficiency and managing multiprocessor data applications

Bitaqaty
Providing commercial voucher services to promote e-commerce

Mozn
Enhancing Mobily Pay's security features and fraud detection

SurePay
Providing innovative financial services and solutions to enhance the national digital economy

Abyan
Providing innovative and safe robo-investment

BUSINESS UNIT

ACHIEVEING THE HIGHEST PERFORMANCE EVER

Mobily's Business Unit serves the Kingdom's business-to-business (B2B) market with competitive and innovative mobile, fixed and digital services. The Unit achieved a record performance in 2023, surpassing all previous years.

The Unit's revenue grew by 21% this year compared to 2022. This remarkable result was driven by demand for Mobily's wide range of service offerings, with significant growth coming from the digital services, customized offerings and core services. The Business Unit also improved its collections, reaching the highest level ever in 2023, and reducing account receivables. Moreover, it expanded its market share across all segments, including government, private sector and small- and medium-sized business (SMB).

Delivering Strategic Growth

Mobily adopted a new strategy in 2023 to amplify its historical growth in revenues, customer experience and market share. The strategy aims to establish Mobily as a leader in the B2B market through its differentiated services. It is guided by 3 main programs covering information and communications technology (ICT), SMB growth and giga projects.

The strategy includes expanding Mobily's digital portfolio and introducing systems integration to establish Mobily as a one-stop-shop for business customers. The Business Unit remained dedicated to improving customer experience this year by implementing digital solutions throughout the customer lifecycle. It continued to grow Mobily's digital service offerings while ensuring a steady performance in its core services.

In line with the strategy, the Business Unit also actively cultivated and reinforced relationships with government, corporate and SMB customers. Mobily deepened its presence within these segments by tailoring offerings and employing targeted marketing and communications. Furthermore, it invested in multiple strategic projects to improve connectivity for its customers and expand its data centers to position the Company for future growth.

Investing in Infrastructure

Mobily has established itself as a trusted partner for both public and private sectors, delivering high-quality services across the Kingdom through its advanced data centers. Its 8 data centers are strategically located and certified by various tiers of design, facilities and operations. Mobily has also shown its commitment to sustainability by achieving the Uptime Institute certification for its data centers.

Moreover, its cloud services have been awarded the highest security class C by the Communications, Space and Technology Commission.

In 2023, the Business Unit made 2 significant announcements that demonstrates its growth strategy and leadership in the telecommunications industry. First, it announced the construction of 2 new, state-of-the-art data centers in Riyadh and Jeddah, which will expand its colocation capacity by more than 13 MW and reach beyond Tier III standards. Second, the Unit introduced new products that use artificial intelligence, automation and cutting-edge technology to enhance its cybersecurity portfolio for the Saudi market, such as Next Generation Managed SoC and Automated GRC.

By establishing innovative Enterprise Data Centers, Mobily offers a wide range of enterprise-class solutions, from colocation and managed services to connectivity and cloud computing. These strategic upgrades ensure reliability as well as an unprecedented level of uptime, highlighting the Company's dedication to providing an unmatched digital environment for its customers.

EXPANDING INNOVATIVE PRODUCT OFFERINGS

Mobily's Business Unit was at the forefront of innovation in 2023, launching a number of game-changing products for its business customers to help them manage, communicate, protect and grow their operations in the digital era. Highlights of the Unit's product portfolio include:

SD-WAN

This service allows businesses to manage their branches smartly with visibility and control of their network, enabling them to improve efficiency and performance across multiple locations.

SIP Trunk

This service enables businesses to integrate their phone system with their internet connection, reducing the need for multiple lines and devices.

Email Security

This service protects businesses against email attacks, such as spam, viruses, malware and other email threats.

Anti-DDoS

This cloud-based service monitors traffic patterns and provides remote management, auto-detection and risk mitigation against distributed denial-of-service (DDoS) attacks.

Cloud Solutions

The Business Unit offers a range of advanced cloud solutions that provide businesses with efficient performance and safe infrastructure.

Vulnerability Management Detecting and Response

These services help businesses identify and respond to vulnerabilities in their information technology systems and networks.

DIA Zone Connect

This is a new product that provides fully scalable direct internet access (DIA) to enterprises and SMBs.

Digital Sales Channels

The Business Unit also launched an improved version of its digital sales channels to serve the SMB and corporate market.

BUSINESS UNIT (CONTINUED)

Supporting the Kingdom

The Business Unit continues to demonstrate its unwavering dedication to building a technologically advanced and interconnected Saudi Arabia, aligning with the goals outlined in Saudi Vision 2030 and the ICT Strategy 2023. The Unit actively participates in the Kingdom's endeavors to foster the growth of the ICT sector, empower SMBs and entrepreneurs and drive enhanced government integration. Throughout the years, Mobily has transformed its relationship with the Government, transitioning from a service provider to a trusted partner contributing to various domains of success. This commitment is highlighted in the new strategy, which aims to make Mobily the Government's preferred ICT partner.

In 2023, the Unit solidified its partnerships with strategic government customers and initiatives. Mobily is working with NEOM to provide connectivity and other services, as well as on major projects with the Ministry of Health and the Ministry of Municipal Rural Affairs and Housing to enable digital infrastructure. It has multiple other projects with key government customers, such as the Red Sea Project, which demonstrates its commitment to the Kingdom's progress. Mobily's 2 new data centers will enable it to further support the Kingdom's giga projects, providing new digital infrastructure and services for the future.

Growing Partnerships

Mobily's Business Unit actively pursued strategic partnerships and sponsorship opportunities in 2023, with the aim of enhancing its capabilities and reputation in the ICT sector. At the Black Hat Middle East 2023 (#BHMEA23) event, it signed 4 memorandums of understanding (MoUs) with AppSec, Alinma Bank, Saudi Paramount Computer Systems (SPCS) and Trend Micro. The MoUs with these leading companies covered collaboration in the fields of Internet of Things security, cybersecurity and managed security services.

This year, Mobily also signed an MoU with Tencent Cloud. Mobily will lead and manage the data center hosting, network links and ICT infrastructure, while Tencent Cloud will provide cloud solutions and services, from infrastructure-as-a-service products such as cloud virtual machine, storage and network solutions, to platform-as-a service products such as database and media solutions.

In addition, the Business Unit participated in several major events as a strategic sponsor, such as LEAP 2023, BIBAN 2023 and multiple ICT workshops. These events provided valuable platforms to showcase Mobily's products and services, network with potential partners and clients and learn from the best practices and trends in the industry.

Looking Forward to 2024

Mobily has positioned itself as a leader in the telecommunications sector, contributing to the development of a robust digital ecosystem in Saudi Arabia. Moving forward, the Business Unit is well aligned with major government initiatives that will support the economy and play a vital role in the development of the ICT sector. Its strategy for 2024 and beyond focuses on 3 major programs: providing integrated ICT solutions for selected verticals, developing targeted enterprise offerings for SMBs and adopting a proactive approach to giga projects.

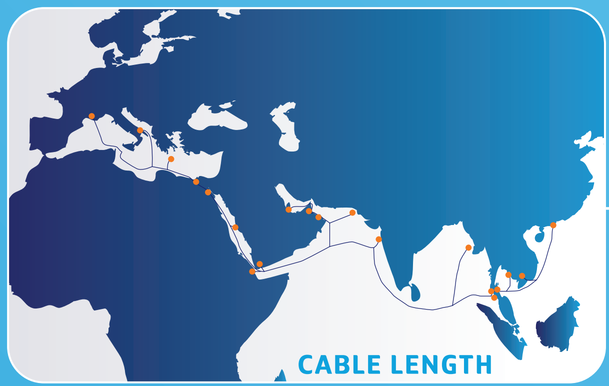
The Unit's business initiatives for 2024 include enhancing its partnership portfolio in the digital space, as well as developing specific solutions to address the needs of the SMB segment. The Business Unit also aims to enhance the digital sales channel experience and simplify onboarding and customer care through digitalization. Finally, it plans to develop more partnership agreements with targeted giga projects and mega projects.

WHOLESALE UNIT

EXPANDING MOBILY'S INTERNATIONAL PRESENCE CONNECTIVITY

The Wholesale Unit is the key provider of international connectivity and roaming services for Mobily and its other units. With a comprehensive portfolio, strategic partnership, and cutting-edge infrastructure, the Wholesale Unit is supporting Mobily to lead the digital transformation of Saudi Arabia and the region.

Asia Africa Europe-1 (AAE-1)



25,000 KM

The Wholesale Unit delivers reliable and innovative solutions for national and international carriers, internet service providers (ISPs), hyperscalers, over-the-top (OTT) media platforms, content and cloud providers and enterprises. Through active collaboration, network expansion, customized solutions and major partnerships, the Unit enhances Mobily's footprint and portfolio.

Mobily is a leading provider of reliable and high-speed communication services, thanks to its extensive network infrastructure. The Company has invested in 5 submarine cables: SEA-ME-WE-6, Africa-1, AAE-1, TGN-Eurasia and TGN-Gulf, which connects it to various regions across the world. It also has 4 strategic landing stations, 12 points of presence and a remarkable fiber network. Moreover, Mobily has 15 tier-certified data centers with a total capacity of 122MW, which host top-tier cloud and content providers, international carriers and national operators.

Expanding Mobily's Services and Reach

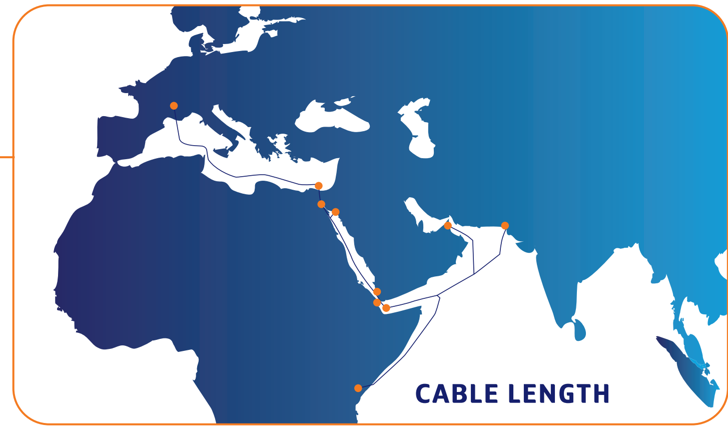
In 2023, the Wholesale Unit was a significant contributor to Mobily's growth in revenue, margins and collections. The Unit's strategy focused on expanding its international presence and connectivity, signing agreements with major content delivery network players and forming partnerships with international leaders in internet exchange.

This year, Mobily enhanced its international capabilities by signing a memorandum of understanding with Telecom Egypt for a Red Sea crossing. It also improved its connectivity with the UAE, Jordan, Iraq and Qatar by completing its Saudi National Fiber Network Border Expansion project. Furthermore, Mobily has 2 new international cables in progress, which will be ready in 2025 and will help it to reach Europe and Asia.

Mobily continued to expand its data center capacity through organic and inorganic strategies. It enhanced customer experience in 2023 by increasing its 5G roaming coverage. It also partnered with the international internet exchange provider Equinix to enhance Mobily's position in the global internet market and improve its quality of service. All these initiatives support Mobily's vision of creating a digital hub ecosystem that offers seamless connectivity domestically and internationally.

One of the key achievements of the Wholesale Unit was to improve Mobily's efficiency and reduce its costs by optimizing the use of its infrastructure. The Unit secured savings deals for Mobily's international direct dial traffic to top destinations, increased the number of submarine cables, collocated major content delivery network players in Mobily data centers and generated additional revenue by sharing its network with other operators.

Africa-1

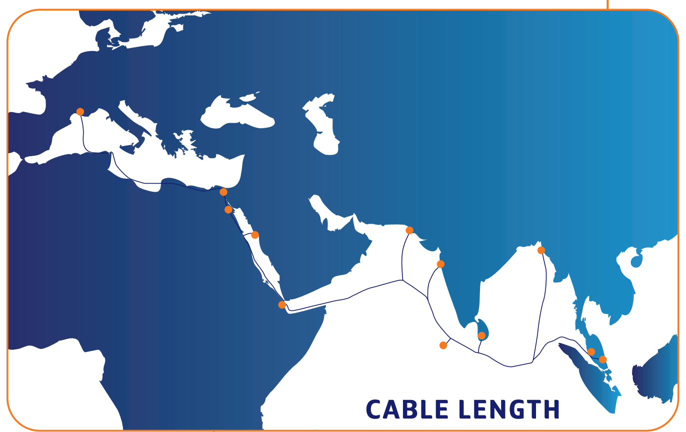


10,000 KM

Gaining Worldwide Recognition

Mobily's Wholesale Unit received the prestigious recognition of Best Middle East Carrier at the Global Carrier Awards (GCAs) 2023. The GCAs, held in London, UK, are the most influential and respected awards in the industry, celebrating innovation, excellence and vision. Mobily's submission highlighted its unique value proposition as a digital enabler, as well as its strategic partnerships with top-tier industry players. The award also recognized Mobily's operational excellence, demonstrated by its rapid expansion of subsea, terrestrial, cross-border and data center infrastructure, as well as its signing of pivotal agreements related to route expansion and technological innovation.

SEA-ME-WE-6



21,700 KM

WHOLESALE UNIT (CONTINUED)

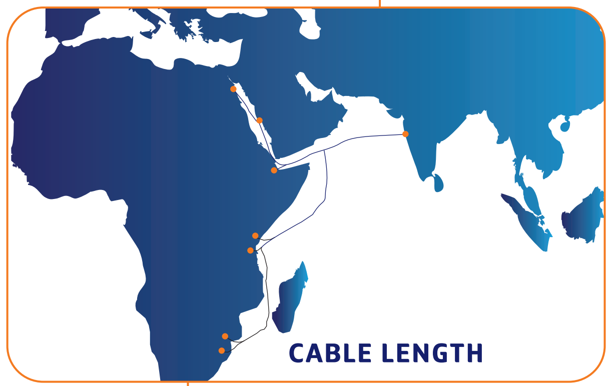
The Unit has shown its determination to be at the cutting-edge of technology and service offerings, and to strengthen its presence in the international wholesale arena. In line with this strategy, Mobily participated in multiple international wholesale events throughout the year.

Partnering with Equinix for Enhanced Carrier Neutrality

One of the key pillars of Mobily's digital hub ecosystem is carrier neutrality, which enables the Company to offer its customers the best connectivity options and the most competitive prices. To this end, Mobily partnered with Equinix, the largest global data center and internet exchange platform provider, to establish a full carrier-neutral internet exchange in the JED1 data center facility in Jeddah. This significant traffic gateway creates a digital bridge between Saudi Arabia, Europe, Asia and Africa and aims to improve the peering ecosystem in the region.

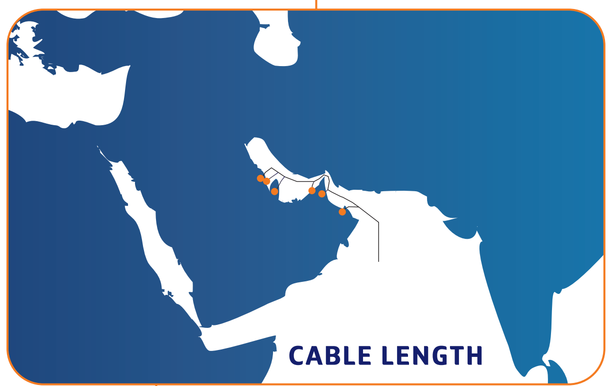
The JED1 data center also functions as a network-dense and neutral interconnection hub, which attracts global and regional ISPs, operators, OTT content providers and enterprises to land and peer in Jeddah. This reduces the latency and improves performance by eliminating the trombone effect that arises from the traffic to different hosting locations. By offering these cutting-edge solutions, Mobily is elevating the digital ecosystem in the Kingdom and supporting its vision to become an international hub of telecommunications services and traffic.

TGN-EURASIA



15,000 KM

TGN-GULF



4,031 KM

Looking Forward to 2024

The Wholesale Unit has ambitious plans for the year ahead, building on the achievements of 2023. It aims to increase its international presence by expanding its network coverage and offering high-quality services to its global customers. It will also continue to grow its partnerships with leading operators and service providers, and secure competitive roaming deals to enhance its customers' experience.

Furthermore, the Unit will continue to diversify Mobily's revenue streams by offering innovative solutions and products to meet the evolving needs of the market. To support its growth, it will optimize its infrastructure by investing in new technologies and improving its operational efficiency. Lastly, it will capitalize on government initiatives to make the Kingdom of Saudi Arabia an international data center hub and position itself as a key player in the digital transformation of the region.

TECHNOLOGY AND INNOVATION

ENABLING MOBILY'S TRANSFORMATION

Mobily's technology strategy is aligned with its corporate vision of building future-proof technology while optimizing its network rollout to improve customer satisfaction and returns on investment. Its 4 pillars of digital infrastructure, digital operations, digital customer engagement and digital services enable Mobily to be more agile, to improve customer experience and to generate new revenue streams.

Mobily has launched important technological initiatives under this strategy, such as expanding its 5G network, cloudifying and virtualizing its systems, using artificial intelligence (AI) and automation for intelligent operations and maintenance, engaging customers with data-driven insights and upscaling its digital services. Moreover, it continues to transform its business from a predominantly telecommunications focus to a telecom-media-technology (TMT) focus.

Accelerating Network Expansion

This year, Mobily expanded its overall network by 360 new sites and implemented fiberization at 250 sites. Importantly, it accelerated its 5G rollout with the addition of more than 850 5G sites across the Kingdom. Its 5G network coverage now serves 52 cities with more than 5,900 sites, achieving more than 84% coverage in 7 main cities. Mobily also increased its 4G footprint with more than 770 new sites this year.

Employing New Technologies

Mobily's Technology Development and Innovation is continuously exploring and scouting for new technologies and use cases to monetize infrastructure and improve customer experience. These technologies include open application programming interfaces, digital content, non-terrestrial networks, AI and machine learning, 5G use cases for diverse verticals, infrastructure as a service, platform as a service and cloud computing.

This year, Mobily implemented its new customer experience management platform in partnership with Huawei. The intelligent platform will help Mobily shift from network-centric customer management to a customer-centric focus. It will enhance the customer experience along multiple dimensions, including technology, purchasing and marketing.

Mobily also employed a cognitive platform that uses AI and automation to conduct network analysis and optimization, with advanced options such as digital twins. The Company has developed a digital twin for Hajj, using it to forecast, simulate and predict Hajj performance ahead of the season to proactively resolve and enhance customer experience.

The Company's Internet of Things offerings expanded in 2023 to include device management and application management, with more use cases related to fleet and building management. It also introduced internet protocol interconnection, which included collocating its transmission equipment. This resulted in significant savings of operational expenses, along with additional revenue streams from selling connectivity to customers including hyperscalers and large enterprises.

Cloud and edge computing remained a priority with continuous efforts to transform Mobily's cloud infrastructure and build a future roadmap for excelling in cloudification. Mobily also launched its zero-touch autonomous network in 2023, with the target to reach 70% zero-touch operations powered by AI and machine learning by 2028.

A proof of concept is ongoing for smart city technology. Mobily is testing a smart pole that will integrate multiple technologies in one mast, including 5G, Wi-Fi, sensors, a digital billboard, system of systems, a charging panel and a smart light. The test product will serve as a base to scale smart city projects in the future.

Improving Reliability and Efficiency

Technological advancements served as an important driver for increasing Mobily's operational effectiveness and efficiencies throughout 2023. The Company enabled automated resiliency in its fiber networks across different cities in the Kingdom to improve reliability. It also improved network reliability by modernizing end-of-life equipment, reducing the number of single points of failure in the network, fiberizing more radio sites and adding more electricity connections.

Mobily leveraged synergies across its business to optimize costs. This reduced the sites' space and power requirements, enhancing operational efficiency. The Company also used national roaming, passive and neutral host sharing techniques to lower its costs.

Promoting Sustainable Solutions

Mobily employed new and leading technologies to help achieve its environmental goals. The Company is actively evaluating new energy solutions to replace diesel-fueled generators at remote wireless sites wherever possible. It is currently testing and evaluating a hybrid solution of solar panels and a wind turbine, as well as other solutions such as power cubes and smart controllers. The Company's target is to reduce its carbon emissions with more innovative energy solutions in the coming years.

Mobily also deployed aesthetically and environmentally friendly towers with designs such as palm trees and mosaics to blend into their surroundings and to preserve natural views, particularly in historic and recreational locations.

In addition, Mobily continued to modernize its infrastructure and end-of-life hardware with more efficient small-form factor solutions to enable reduced power consumption and dependency on non-renewable resources. It employed new features and capabilities to reduce power consumption from telecommunications equipment, for example, reducing radio transmission time during low-traffic situations.

Improving Speed and Experience

Mobily led the Opensignal rankings of video experience in 2023. The Company took first place for 3 awards, including Video Experience, Live Video Experience and Availability. It also tied for the categories of 5G Video Experience and 5G Live Video Experience. Overall, Mobily users saw an improvement in their experience across the board compared to the previous year.

Technological Development in 2024

In the year ahead, Mobily will move forward with its strategy to future proof its technology. Building on its previous strategy, Mobily's new approach prioritizes core services and system integration, contributing to Saudi Vision 2030's goal of transforming the Kingdom into a digital hub.

In 2024, Mobily will continue to extend its national network, including the rapid acceleration of its 5G network and expansion of 4G. It will increase its data core by expanding mobile broadband, fixed broadband and Voice over Long-term Evolution. It will also implement spectrum re-farming, and enable new capabilities such as international gateway modernization, 5G standalone deployment and 5G private network and slicing proof of concept and testing. Finally, Mobily will increase the use of AI and automation across its network to stay ahead of global and regional technology trends.

Overall Experience

Video Experience in 0-100 Points
Mobily 60.0

Live Video Experience in 0-100 Points
Mobily 56.5

Games Experience in 0-100 Points
Mobily 53.2

5G Experience

5G Video Experience in 0-100 Points
Mobily 71.5

5G Live Video Experience in 0-100 Points
Mobily 67.5

5G Games Experience in 0-100 Points
Mobily 66.5

Coverage

Coverage Experience in 0-10 Points
Mobily 5.5

Availability % of Time
Mobily 97.8

Consistency

Consistent Quality % of Tests
Mobily 56.4

CUSTOMER CARE AND EXPERIENCE

PROVIDING AN EXCEPTIONAL EXPERIENCE FOR ALL CUSTOMERS

In 2023, the Customer Experience and Customer Care Departments continued to build on Mobily's legacy of exceeding customer expectations, surpassing historical key performance indicators (KPIs) and enacting the new Total Experience strategy. Innovations in service delivery, streamlined processes and a commitment to personalized interactions defined the year's trajectory.

In March 2023, the Communications, Space and Technology Commission (CST) announced Mobily as the winner of its Customer Experience Awards 2022 for achieving international standards based on customer votes. This is Mobily's second year in a row to earn the award, which aims to enhance user experiences and raise competitiveness among service providers in the Kingdom.

This recognition validated Mobily's success across its customer service KPIs, which increased across the board in 2023. Notably, Mobily earned the highest TRI*M index rating for customer satisfaction on the market, a testament to its dedication to customer-centricity.

KPI	2023 Improvement
Mobily TRI*M	3.4%
Communication	1.3%
Customer Mobile Data Speed Score	2.4%
Opt-In/Out and Renew	3.0%
Network	4.4%
Customer Support	2.3%
Billing and Payment	4.3%
Social Media Customer Satisfaction Score (T-CSAT)	6.5%
Customer Care Customer Satisfaction Score (T-CSAT)	1.1%

Leading Strategy for Customer Experience

As part of Mobily's new comprehensive strategy to achieve leadership in enriching the digital world, Customer Experience and Customer Care are owners of the pillar Total Experience Leadership. The mandate of Customer Experience is to ensure consistent and streamlined processes, digitalize end-to-end processes, increase accuracy of data and enable new ways to measure customer experience. The aim is to maintain Mobily's market leadership by providing an exceptional experience for all Stakeholders, extending beyond customers.

Analyzing Customer Experience

In 2023, Mobily enacted a range of strategies to measure and analyze customer experience. The Customer Experience Department enacted exercises to achieve visibility on customer's pain points and opportunities for success. It captured feedback by conducting customer surveys, studying customer complaints and performing root cause analyses. It ran simulations of Mobily's products and services, as well as its competitors' products and services. It also monitored customer incidents and issues, resolving them immediately. Furthermore, the Department identified the top 20 reasons for customer calls and proactively worked towards their resolution.

Customer Experience also reviewed and edited customer communications to ensure Mobily conveys product details with customers in a clear and simple manner. Reviewed content included printed and digital materials such as mobile apps, website pages, SMSs and emails.

Innovating the Customer Journey

In 2023, Customer Experience contributed to Mobily's business performance by reviewing and approving new products and services that ensure customer satisfaction. The Department collaborated with other teams to develop and launch innovative products such as Auction, which allows customers to buy vanity numbers through digital channels, and SSA, which allows customers to activate new lines online without visiting a store. Other notable achievements included enabling customers to recharge their accounts with Alrajhi Bank and LikeCard through application programming interface services. The Department also improved the customer journey and communications for eSIMs, and facilitated the transfer of ownership through digital channels with 5 different scenarios to be launched in early 2024.

Importantly, Customer Experience enhanced Mobily's customer support services. Expanded services and enhancements led to a 43% increase in platform transactions and measurable improvements in customer experience.

In 2023, the Department implemented the CX Star program, which aims to motivate frontline staff to satisfy Mobily customers, resulting in an overall improvement in the customer experience. This year, more than 70 employees were rewarded for their exceptional service to Mobily customers.

CUSTOMER CARE AND EXPERIENCE (CONTINUED)

Implementing Seamless Improvements to Customer Care

This year, Customer Care maintained its reputation for excellence while undergoing a substantial transition and seamlessly integrating a new outsourcing vendor. Despite the complexity of this transformation, meticulous planning by the Department ensured zero disruption to customers while surpassing Customer Care KPIs. The transition led to improved operational efficiency and paved the way for elevating the experience for Mobily customers.

This year, Customer Care advanced across its KPIs, underscoring its commitment to continuously elevate service standards. Focused efforts to address customer concerns promptly and effectively resulted in a marked 40% decrease in customer complaints. In addition, Mobily's indicators for CST service level enhancement, customer satisfaction and proficiency in closing complaints within agreed service level agreements experienced remarkable growth compared to 2022.

It is notable that during 2023, there were zero inappropriate marketing and advertising incidents.

40%
DECREASE IN CUSTOMER COMPLAINTS

Notably, Mobily became the first telecommunications operator in the Kingdom to receive the Saudi Quality Certificate "Hayyak" for Beneficiary Service Centers from the Saudi Standards, Metrology and Quality Organization. In addition, Mobily Consumer Care also secured the ISO 10002 certificate for adhering to the global standards of customer service and complaint management.

The Customer Care Department implemented several initiatives to improve customer satisfaction and efficiency. These included app fixes to optimize user experience, bill issuance improvements to reduce errors and delays and interactive voice response system enhancements to increase call capacity and resolution. The Department based these initiatives on a comprehensive analysis of customer calls, which enabled it to identify customer needs and customize services accordingly. The measures resulted in a significant decrease in the number of calls to the call center and the overall volume of inquiry calls.

In collaboration with the Knowledge Management team, Customer Care initiated a proactive educational email campaign for its agents. Detailed guides support the agents to competently manage various customer interactions, demonstrating Mobily's dedication to continuous enhancement of the customer experience and outstanding service.

Looking Ahead to 2024

In the year ahead, Customer Experience and Customer Care remain dedicated to further elevating the customer journey by implementing innovative strategies and refining service delivery. The Departments aim to continue exceeding expectations and setting new standards in customer satisfaction.

In preparation for 2024, a series of strategic initiatives are in progress with the main focus to revolutionize customer experience and satisfaction. It will also improve its billing and payment systems, communication touchpoints and high-value customer services. The Department will introduce additional services and include more beneficiaries in the Customer Experience Command Center, which serves as a single source of up-to-date information and customer-level insights. It has also planned major enhancements for the sales and digital experience that will be rolled out in 2024.

Customer Care is poised to elevate customer accessibility by expanding digital channels for seamless contact center interactions. Collaborating closely with technical teams, efforts are underway to curtail both the duration and frequency of service outages. These initiatives underscore Mobily's unwavering commitment to exceed customer expectations, ensuring a more accessible, reliable and satisfying experience with every interaction.

ESG

04

SUSTAINABILITY STRATEGY AND FRAMEWORK

POSITIVELY INFLUENCING THE ENVIRONMENT AND SOCIETY

Sustainability is integral to Mobily's business ethos and its strategy for sustainable growth and enduring trust. The Company is dedicated to delivering value to all Stakeholders while making a positive impact on the environment, as well as on local, regional and international communities. Emphasizing responsible and transparent governance is key to fostering trust among customers, employees, partners and shareholders.

Mobily remains committed to improving its environmental, social and governance (ESG) key performance indicators, organized within 5 strategic pillars: **Accountable Enterprise, Marketplace and Customers, Responsible Employer, Positive Community Impacts and Safeguarding the Planet.** The Company continues to develop and broaden each of these key pillars to boost ESG outcomes and impact.

ACCOUNTABLE ENTERPRISE

Upgraded to **'A' in MSCI ESG Index** – first Saudi Telecom to achieve this rating

MARKETPLACE AND CUSTOMERS

Launched Mobily's **new 'RISILIENT' cybersecurity strategy** for 2023-27

RESPONSIBLE EMPLOYER

59,000+ hours of structured employee learning materials and courses

POSITIVE COMMUNITY IMPACTS

Sponsored Monsha'at's Biban 23 to support the Kingdom's SME sector

SAFEGUARDING THE PLANET

Launched **Mobily Recycling initiative** to promote the circular economy

Alignment with National and International Frameworks

- Saudi Vision 2030
- Communications, Space & Technology Commission
- Saudi & Middle East Green Initiatives
- United Nations Sustainable Development Group
- United Nations Global Compact
- Universal Declaration of Human Rights (UDHR)
- OECD Guidelines for Multinational Enterprises

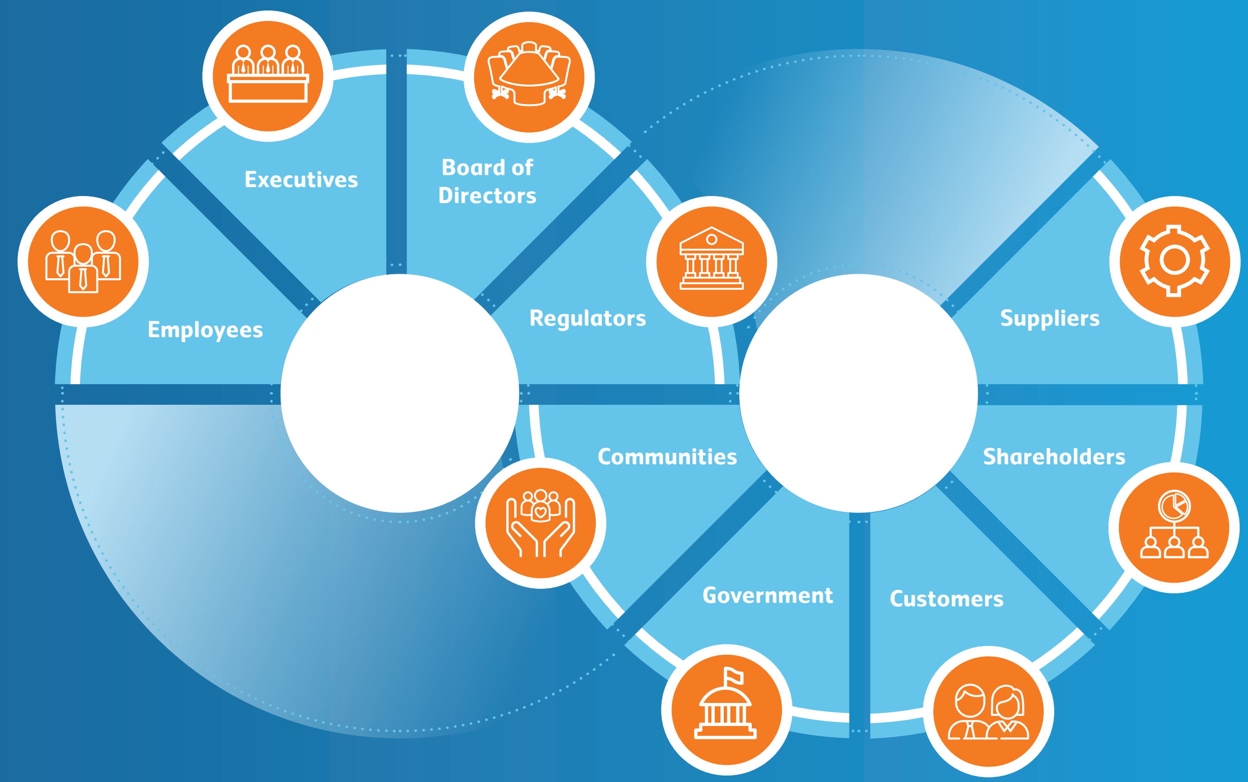
Associations and Memberships

- Asia-Africa-Europe 1 (AAE-1)
- Cullen International
- SAMENA Telecommunications Council
- United Nations Development Programme
- TM Forum
- International Telecommunication Union (ITU)
- Global System for Mobile Communications (GSMA)
- Digital Cooperation Organization (DCO)

Stakeholder Engagement

Mobily adopts a comprehensive approach to Stakeholder management, fostering collaborative relationships with all Stakeholders and considering them as essential partners. Within the Company, Stakeholders encompass employees, Executives and the Board of Directors. Externally, Stakeholders include customers, shareholders, suppliers, contractors, local communities, regulators and government bodies.

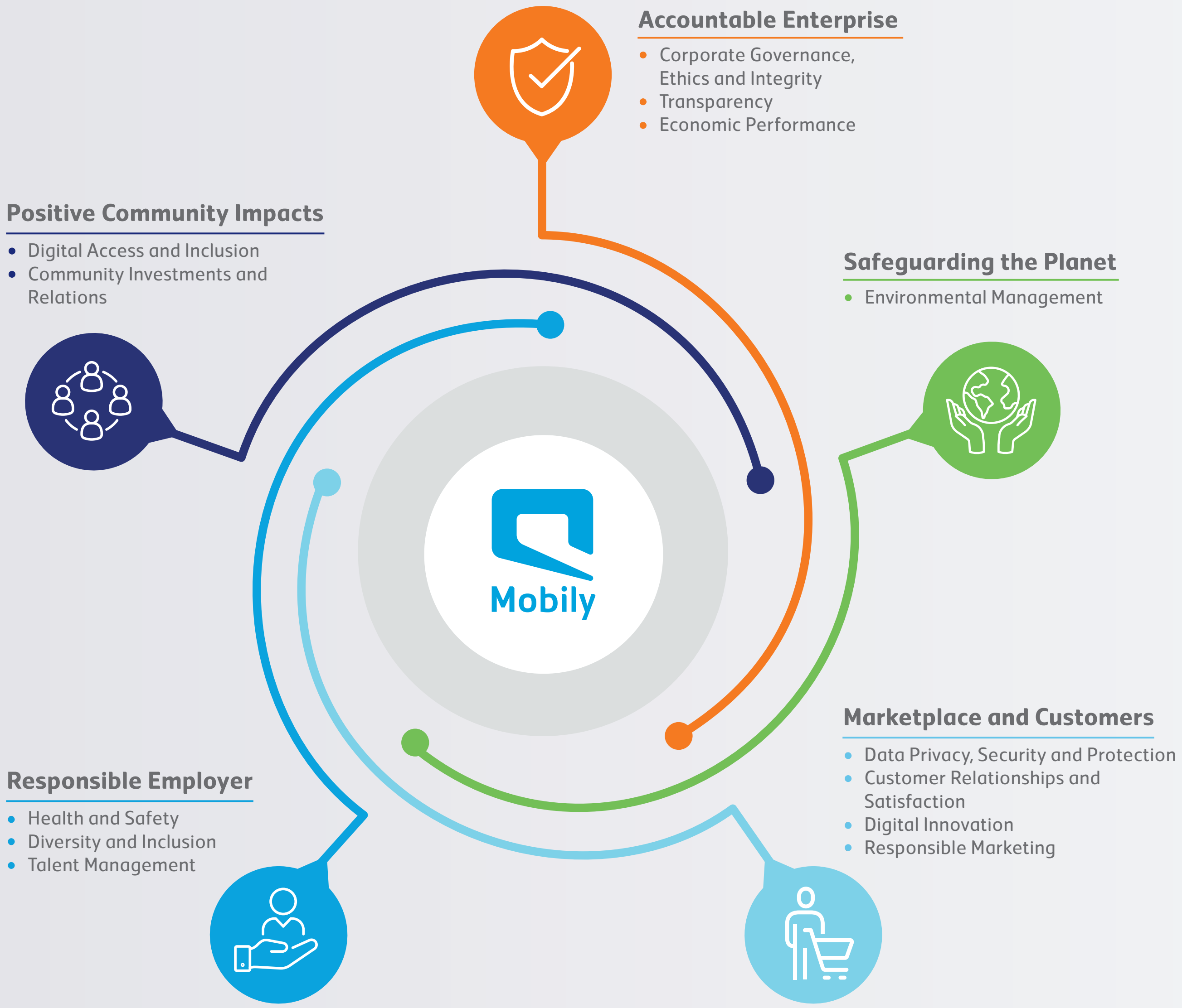
In 2023, Mobily proactively engaged with its key Stakeholders through various channels to capture their perspectives and concerns. This engagement shaped the Company's corporate priorities and influenced its business practices. Mobily's strategy acknowledged the complexity and interconnectedness of sustainability challenges, leading to adjustments in its business operations and long-term risk management strategies.



SUSTAINABILITY STRATEGY AND FRAMEWORK (CONTINUED)

Sustainability Framework

Mobily's sustainability framework defines and communicates the Company's strategic dedication to sustainability. Built around 5 key pillars, it focuses the Company's sustainability priorities and resources, acting as a roadmap for associated initiatives and programs to increase impact and value creation for key Stakeholders.



Mobily proactively keeps abreast of global trends, diligently observing and analyzing shifts in technology, urbanization, climate change and resource scarcity on both regional and international levels. The Company emphasizes the importance of actively addressing risks and seizing opportunities in these domains to foster economic and social value creation.

Understanding that its prosperity is tied to its capacity to generate lasting value for Stakeholders, Mobily prioritizes exemplary corporate governance, risk reduction, responsible environmental management and ethical community engagement. The Company takes its responsibilities to heart, committed to adopting practices and launching programs that enhance risk management and ESG performance.

Looking ahead, Mobily is dedicated to reinforcing its sustainability efforts through the development of a comprehensive sustainability strategy. This strategy is focused on improving ESG metrics and contributing to the advancement of Saudi Arabia, in harmony with the goals of Saudi Vision 2030.

Accountable Enterprise

- Formally integrate sustainability at the corporate level
- Strive for transparency, integrity and good governance by following international best practices
- Achieve sustainable growth contributing to a thriving Saudi Arabian economy, through direct economic activities and infrastructure, platforms and digital services

Safeguarding the Planet

- Contribute to the Saudi Green Initiative, leading the way to a sustainable future for Saudi Arabia
- Follow international best practices to safeguard shared resources

Marketplace and Customers

- Enable rapid societal development through well-designed and executed digital platforms and services
- Ensure privacy and security of customer data
- Achieve high levels of customer satisfaction with excellent customer care
- Adopt socially responsible elements in our marketing strategies

Responsible Employer

- Ensure high levels of motivation, satisfaction and commitment to sustainability
- Understand our duty of care to protect our employees and contractors from any harm
- Ensure everyone has access to the same opportunities and the same, fair treatment

Positive Community Impacts

- Support local communities in which Mobily operates, and positively impact them
- Work with communities to address issues of opportunity, access, knowledge and skill in relation to using technology

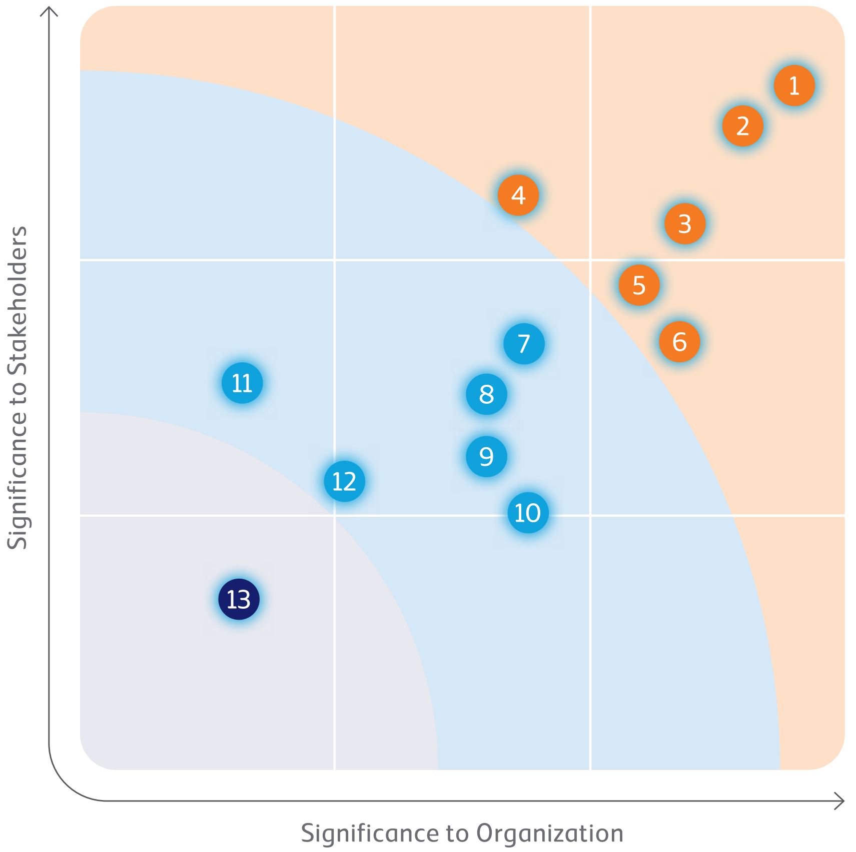
SUSTAINABILITY STRATEGY AND FRAMEWORK (CONTINUED)

Materiality Assessment

This year, Mobily conducted a comprehensive materiality assessment to ensure its alignment with the latest ESG trends in the industry and in the Kingdom. This assessment considered factors such as the Company's sustainability strategy and values, Stakeholder inputs, regulatory changes, the Kingdom's Vision 2030, sustainability disclosures from peers, industry standards and the UN SDGs.

The purpose of the assessment was to review and validate Mobily's focus areas, identify opportunities, and prioritize sustainability topics that hold the greatest significance for the Company and its Stakeholders. By conducting this assessment, Mobily aims to ensure that its sustainability efforts meet Stakeholder expectations and address the most relevant issues within its industry and the broader Saudi Arabian context.

From the materiality assessment, Mobily identified and prioritized 13 critical issues that are considered material to both the Company and its Stakeholders. These issues were carefully analyzed and consolidated to form the basis of Mobily's sustainability framework, which is guided by 5 core principles. The materiality matrix reflects these 13 material matters, which it reviewed in 2023 in line with the latest developments inside the Company and in its operating environment.



Most Important

1. Customer relations and satisfaction
2. Data privacy, security and protection
3. Digital innovation
4. Digital access and inclusion
5. Corporate governance, ethics and integrity
6. Responsible marketing

Very Important

7. Diversity and Inclusion
8. Environmental management
9. Talent management
10. Health and safety
11. Transparency
12. Community investments and relations

Important

13. Economic performance

	Material Issues	Relevant Strategy Pillar	Contribution to SDGs	How Mobily Manages it?
MOST IMPORTANT	1-Customer relations and satisfaction	Marketplace &Customers	3, 12	Mobily prioritizes customer relations and satisfaction. The Company is continuously improving its customer services to enhance customer experience.
	2-Data privacy, security and protection	Marketplace &Customers	9	Mobily prioritizes data privacy, security and protection by implementing industry leading mechanisms such as encryption, truncation, masking and hashing to enhance data privacy programs.
	3- Digital innovation	Marketplace &Customers	9, 11	Mobily aims to deliver new digital opportunities and enable new business ventures, including autonomous transport, smart cities and healthcare. By introducing new disruptive technologies in areas such as cloud and the Internet of Things, Mobily is a key player in the digital ecosystem in Saudi Arabia and beyond.
	4-Digital access and inclusion	Positive Community Impacts	8, 10	Mobily delivers advanced technology and equal opportunities to its customers. The Company supports digital inclusion across the Kingdom 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.
	6-Responsible marketing	Marketplace &Customers	12	Mobily follows a responsible marketing approach that is characterized by transparency and truthfulness, aligning with Saudi Arabia's social values and the cultures of the communities it serves.
VERY IMPORTANT	7-Diversity and inclusion	Responsible Employer	5, 8, 10	Mobily has designed human resource policies that aim to prevent discrimination, promote fairness and enable advancement based on merit.
	8-Environmental management	Safeguarding the planet	7, 12, 13	Mobily integrates sustainable approaches throughout its management and operations, with a focus on minimizing greenhouse gas emissions, reducing energy consumption and managing waste effectively.
	9-Talent management	Responsible Employer	4, 8, 10	In alignment with the Saudi Vision 2030, Mobily is dedicated to the recruitment, development and retention of talented employees, with a specific focus on Saudi nationals.
	10-Health and safety	Responsible Employer	3, 8	Mobily takes a comprehensive approach that encompasses safety and risk management initiatives, health, safety and environment training programs, as well as certifications and audits to ensure adherence to HSE practices.
	11-Transparency	Accountable Enterprise	16	Mobily maintains transparent relationships with its Stakeholders and continually strives to deliver equitable and sustainable value to them.
	12-Community investments and relations	Positive Community Impacts	3, 10, 17	Mobily is dedicated to establishing strong relationships with its communities and actively identifying and implementing initiatives that bring benefits to all Stakeholders involved.
IMPORTANT	13-Economic performance	Accountable Enterprise	8	Mobily endeavors to sustain a business model that ensures financial profitability and generates long-term value for its investors.

ACCOUNTABLE ENTERPRISE

DISPLAYING FAIRNESS, TRANSPARENCY AND INTEGRITY

Mobily's sustainable success is built on a solid foundation as a responsible and accountable enterprise. Built on a robust commitment to transparency, ethical practices and sound governance, the Company has continued to demonstrate resilience and adeptness in navigating risks and challenges, all while continuing to grow and uphold its accountability to Stakeholders.

Significant strides have also been made in ensuring key Stakeholders are kept well-informed about the Company's future directions, including the launch of its new corporate strategy. By seeking continuous improvement in line with the highest standards and practices – evidenced by the implementation of a Code of Ethics and Professional Conduct, a Supplier Code of Conduct and the introduction of a standalone Human Rights Policy in 2023 – Mobily continues to strengthen its commitment to responsible business practices and Stakeholder engagement.

Upgraded Ratings

In 2023, Mobily continued to increase its ratings and performance indicators as evaluated by premier global standards organizations, reflecting the significant progress in the Company's ESG journey.

A IN MSCI ESG RATINGS, UP FROM BBB IN 2022

52/100 IN ESG INVEST SCORE, UP FROM 45/100 IN 2022

33/100 IN DOW JONES SUSTAINABILITY INDEX (DJSI) S&P, UP FROM 25/100 IN 2022

52% IN CSR HUB, UP FROM 34% IN 2022

31.2 IN SUSTAINALYTICS*, DOWN FROM 31.8 IN 2022

*Lower score indicates better results

In addition, for the first time in 2023, Simah Rating Agency (Tassnief) assigned Mobily 'AA- (pi)' rating on the long-term and "T-2" on the short-term. The rating reflects Mobily's position in the market, as well as its satisfactory network coverage, appropriate business risks and strong financial risk profile.

Compliance Framework

Mobily's Compliance framework is built on 5 fundamental pillars to protect its business operations:

1

Leadership Engagement and Accountability

The commitment from the Board and Executive management underpins a robust Ethics and Compliance program, aligning with international best practices to secure business interests.

2

Ethics and Compliance Standards and Policies

The "Amana" program establishes explicit ethical standards, fostering risk awareness and a strict "zero tolerance" approach to unethical behavior. Whistleblowing channels enable protected reporting in line with Mobily's Anti-Fraud and Whistleblowing Policy.

3

Awareness and Communications

Ongoing internal communications enhance understanding and commitment to ethical behavior and compliance responsibilities across all organizational levels.

4

Assessment and Monitoring

Systematic risk assessments prioritize and address compliance risks, ensuring effective internal controls. This includes compliance checks in critical areas such as adherence to Mobily's delegation of authority, Consumer Sales Policy, related party transactions and the review of contractual documents for compliance.

5

Compliance Reporting

Secure and confidential reporting mechanisms, coupled with a guarantee against retaliation, encourages employees to report issues anonymously, fostering a culture of ethical conduct.

Ethics and Compliance

Mobily has implemented a rigorous Ethics and Compliance program, guided by its Corporate Compliance function, to proactively protect its business operations. This program encompasses detailed policies, regular training for employees on compliance and ethics across all levels, awareness campaigns, compliance evaluations, risk assessments and continuous enhancements to the program.

To further elevate its compliance standards, Mobily has engaged Deloitte for a third-party Compliance Maturity Assessment initiative, aimed at identifying and rectifying any shortcomings within its Compliance program to meet international benchmarks. Moreover, Mobily is striving for ISO 37301 certification to reinforce its dedication to leading ethical practices, strict adherence to regulations and fostering unmatched trust among Stakeholders.

Setting and Maintaining Standards

This year, Mobily launched its updated Code of Ethics and Professional Conduct, which sets high standards of morality, professionalism and commitment, is applicable to the entire organization and is publicly accessible. This includes a strong bribery and anti-corruption policy with clear guidelines on fraud and whistleblowing protection. This ensures that Mobily's obligations to both internal and external Stakeholders are met with integrity.

Furthermore, Mobily mandates its suppliers and partners to comply with the stringent guidelines set out in its Supplier Code of Conduct. This document, also publicly available, aligns with the laws related to anti-corruption, money laundering and human rights. Mobily expects its suppliers and all third-party entities to maintain the ethical standards specified in this code.

Mobily also introduced a new Compliance Consultation service, which enables employees to electronically submit their inquiries related to Compliance Culture, Code of Ethics and Professional Conduct, or other relevant documents, and swiftly follow up on them. Furthermore, the launch of the Ask Governance service provides a new, internal system for employees to submit inquiries related to governance and receive more timely responses.

2,764 COMBINED HOURS OF TRAINING FOR EMPLOYEES IN THE AREAS OF HUMAN RIGHTS AND DIVERSITY

ACCOUNTABLE ENTERPRISE (CONTINUED)

In 2023, Mobily implemented comprehensive compliance training programs to ensure ethical behavior and adherence to the Company's Code of Conduct among employees. These programs covered a broad range of topics, including business ethics and the importance of maintaining high ethical standards in professional conduct. Additionally, Mobily provided training on human rights and diversity to foster a culture of inclusivity and respect within the workplace. The total training hours for employees in the areas of human rights and diversity amounted to 2,764 hours. During these training sessions, employees were educated on the significance of equal opportunity, non-discrimination and the value of embracing diversity in all aspects of their work.

Marking a new chapter in its commitment to rigorous oversight, Mobily has appointed a new external auditor after a 7-year tenure with the previous firm. This appointment, coupled with further bylaw refinements and amendments to the Remuneration Policy for the Board of Directors, its Committees and Executive management, approved by the shareholders at the General Assembly meeting, strengthens Mobily's governance framework, ensuring continued alignment with the Company's operations, best practices and relevant regulations.

New Policies and Automation of Compliance

In 2023, Mobily introduced several key policies and processes as part of its commitment to uphold and enhance its compliance and ethical standards. These included the establishment of a Gifts and Hospitality Policy, aimed at guiding the appropriate exchange of gifts and hospitality to avoid conflicts of interest and ensure transparency. Additionally, a Conflict of Interest Policy was implemented to identify and manage any situations where an employee's personal interests could potentially interfere with the Company's interests. The Related Parties Transactions Process was also introduced, designed to scrutinize and ensure the integrity of transactions between Mobily and related parties, safeguarding against any undue advantages.

To streamline and improve the efficiency of managing compliance-related activities, Mobily leveraged the Bizagi Automation Platform. This state-of-the-art system has been instrumental in simplifying the compliance management process, enabling systematic and streamlined collaboration among Stakeholders. It facilitates the gathering and recording of inputs and data, as well as tracking the status of corrective actions, thereby maintaining an optimal state of compliance across the organization. This technological adoption underscores Mobily's proactive approach to embedding compliance into its operational fabric, ensuring sustained adherence to high ethical standards.

Keeping Shareholders Informed

Mobily prioritizes fairness and accountability with its shareholders, as well as keeping shareholders updated and informed at all times. Any shareholder with a minimum of 5% ownership can request to convene a General Assembly meeting.

Shareholders are also granted a vote on company-wide pay policies approving the Remuneration Policy at the General Assembly meeting. Furthermore, Mobily allows qualified shareholders to nominate Board Directors for election at the General Assembly meeting. Notably, Board voting rights are equal for resident and non-resident shareholders.

ENVIRONMENT

SAFEGUARDING THE PLANET

BOLSTERING ENVIRONMENTAL SUSTAINABILITY

In its pursuit of environmental stewardship, Mobily is committed to reducing its ecological footprint, integrating this commitment into the core of its business operations and ESG strategies. This dedication reflects a holistic approach to sustainability, where environmental considerations are woven into the Company's activities – from the deployment of energy-efficient technologies and the modernization of its infrastructure to the adoption of green energy sources and the implementation of waste reduction practices.

This year, Mobily placed significant emphasis on bolstering its environmental sustainability program. Seeking to drive awareness and engagement, the Company organized numerous meetings and workshops with various internal departments, focusing on the discussion and planning of initiatives aimed at enhancing environmental sustainability. These collaborative sessions were pivotal in devising a comprehensive awareness plan, ensuring that the importance of environmental sustainability is communicated across the organization.

Mobily put its plans into action to manage climate-related risks and reduce energy consumption, focusing on sustainability and efficiency in its operations. The Company has made strides in decreasing its reliance on diesel-fueled generators by transitioning to grid power wherever feasible. This move decreased the environmental impact and contributed to a reduction in the use of non-renewable energy sources.

The Company has developed comprehensive environmental and energy management policies, laying the foundation for more sustainable operations. A key initiative has been the centralization of data collection for energy and environment inputs, enabling better monitoring and management of resources. Mobily has successfully met its targets for reducing energy and water consumption, demonstrating its commitment to minimizing its environmental footprint. Additionally, the Company has established a baseline for solid waste management, marking a crucial step in its efforts to enhance sustainability and reduce waste.

In its efforts in building environmentally friendly infrastructure, Mobily is progressing with the development of towers that have a minimal environmental impact. These initiatives include deploying towers designed to blend into their surroundings, such as those resembling palm trees or using mosaic designs, especially in historic and recreational areas to preserve natural vistas.

Mobily has also been replacing end-of-life hardware with solutions that have a smaller form factor, thereby reducing power consumption. The Company has also introduced new features and capabilities in its telecommunications equipment to minimize power usage, such as reducing radio transmission times during periods of low traffic.

To further reduce its environmental footprint, Mobily is exploring innovative energy solutions, including the testing and evaluation of hybrid systems that combine solar panels and wind turbines at remote wireless sites. This approach aims to cut carbon emissions by adopting more sustainable energy sources in the coming years.

Mobily adheres to a robust Environmental Management System (EMS) aligned with ISO 14001:2015 standards, ensuring proper management of environmental aspects across its operations. This includes promoting environmental awareness among employees through dedicated programs, fostering a culture of sustainability.

Furthermore, Mobily leverages smart meters, data center optimization with High-Availability Cluster (HAC) systems and widespread LED lighting to propel its journey towards a greener future, significantly reducing its carbon footprint. Mobily further invested in sustainable technologies like AC inverters and increased the number of office green plants by 20%, demonstrating its commitment to environmental responsibility and a healthier future.

The launch of the Mobily Recycling initiative this year underscores the critical importance of preserving the environment and mitigating the adverse effects of waste. A workshop was held to educate and engage its employees, Stakeholders and the wider community about the benefits of recycling and the role it plays in reducing the ecological footprint. By encouraging the participation of all attendees, the initiative seeks to inspire collective action towards environmental preservation. As of year-end, a total of 2,615 kg of paper, plastic and metal waste was recycled as a result of this sustainability initiative.

These efforts reflect Mobily's ongoing commitment to sustainability and its role in mitigating climate change impacts through innovative and responsible business practices.

2,615 KG
OF PAPER, PLASTIC AND METAL WASTE RECYCLED THIS YEAR

20% INCREASE
IN INVESTMENT IN SUSTAINABLE TECHNOLOGIES

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

Total LEDs planned to install:
23,330

Replacement of energy saving/ smart inverter air conditioners

Total HVAC inverters planned to install:
592

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	2023	2022	2021
Electricity consumption (GWh)	275	284	202
Electrical Consumption Baseline (SAR)			
Mobily's costs of electricity use in technology	55,803,889	55,996,474	53,452,235
Mobily's costs of electricity use in offices and warehouses	4,257,074	4,157,907	4,690,804
Mobily's cost of electricity use in retail stores	2,201,352	2,158,052	2,393,263

SOCIAL

MARKETPLACE AND CUSTOMERS

FOSTERING THE DIGITAL ECONOMY

Mobily's commitment to its customers and the broader marketplace is evident in its effort to enrich customer experiences and integrate themselves into customers' daily lives through significant infrastructure investments, such as 5G, submarine cables and data centers. The Company is a key driver of digital transformation in the Kingdom, while also continuously advancing and enhancing network quality and range, thereby offering customers seamless connectivity and opening up new opportunities for both personal and business growth.

Advanced Technologies and Solutions

Mobily is making significant strides in the fintech space, aiming to broaden the community's access to financial services and enhance financial literacy throughout Saudi Arabia. Leveraging its extensive customer base and strong brand reputation, Mobily is well-equipped to introduce digital and fintech services that deepen customer relationships. The Company's proficiency in mobile payments, data analytics and customer management positions it to play a pivotal role in transforming the Kingdom's fintech ecosystem with cutting-edge offerings like Mobily Pay.

Further demonstrating its commitment to innovation, Mobily launched an AI Hackathon for its employees. This initiative aims to harness the collective creativity and expertise of its workforce, particularly those with a keen interest in AI, to develop innovative solutions to the challenges facing the telecommunications sector. This approach underscores Mobily's dedication to leveraging advanced technologies for problem-solving while fostering a culture of innovation and collaboration among its employees.

This focus on technology and customer experience has been recognized on a national level. The Communications, Space and Technology Commission (CST) awarded Mobily the Customer Experience Award 2022, a testament to the Company's success in meeting international standards based on customer feedback. This accolade showcases Mobily's commitment to service excellence and customer satisfaction, further establishing its leadership in customer-centric practices in the region's telecommunications industry.

A LEAP Forward in Digital Transformation and Collaboration

Mobily was a Leading Digital Partner at the second edition of the LEAP International Technology Conference held in Riyadh under the theme "Towards New Horizons".

At LEAP 2023, Mobily engaged with key decision-makers and technology enthusiasts to address current global challenges and explore solutions, leveraging the rapid advancements in digital innovation and artificial intelligence. These discussions align with Mobily's goals to foster the digital economy in the Kingdom and empower individuals to realize their ambitions.

Partnerships announced during the event included:

1. Partnership with the Royal Commission for AlUla to provide digital solutions that will further enhance the quality of life for residents and visitors of AlUla
2. Partnership with Ericsson to analyze data and deduce future indicators and policies using artificial intelligence (AI)
3. Partnership with Abunayyan Holding to offer a range of smart cities solutions
4. Partnership with Lebara to continue providing MVNO services over the Mobily network for an additional 4 years until the end of 2026
5. Partnership with Nokia to improve sustainability solutions
6. Partnership with Huawei to give customers a smart experience equipped with 5G technologies
7. Partnership with D11 to create a Mobily platform for video games and e-sports
8. MoU with Tencent to provide advanced and secure technical solutions and services to users
9. MoU with Dawiyat to provide best ICT services solutions
10. Partnership with RedHat to promote digital transformation
11. Partnership with Tata Consultancy Services for human capital development advisory services
12. Partnership with Amazon Web Services (AWS) to become a leading partner for providing cloud computing services and promoting digital transformation in the Kingdom
13. MoU with Cisco to boost cybersecurity operations at Mobily

Cybersecurity

Mobily's commitment to cybersecurity is integral to its pledge toward sustainable performance and the safeguarding of its business operations. The organization recognizes the critical role of cybersecurity as a cornerstone of this commitment, establishing a comprehensive Information Security Policy that aligns with both international standards and stringent local regulations. This policy serves as a vital defense mechanism against cyber risks that could potentially undermine Mobily's operations and tarnish its reputation. By continuously monitoring key metrics such as attempted cyber-attacks, data breaches and the level of employee awareness about cybersecurity, Mobily proactively enhances its digital defenses. This effort includes the adoption of cutting-edge technologies and methodologies for data protection, coupled with regular audits to ascertain the efficacy of its cybersecurity management system.

Additionally, Mobily is committed to upholding the privacy of its customers' data, as outlined in its Privacy Policy. This policy governs all Mobily's business lines and subsidiaries, providing a comprehensive overview of how the Company handles personally identifiable information collected from users and visitors. It serves as a guide for ensuring the proper handling, storage and protection of customer data in accordance with applicable privacy regulations and best practices.

MARKETPLACE AND CUSTOMERS (CONTINUED)

Mobily's cybersecurity strategy, named "RESILIENT" for the period 2023-2027, builds on the successes of its preceding "GUARD" strategy, aligning with the Company's new corporate vision. This forward-looking strategy aims to equip Mobily with a cyber-resilient network, a highly skilled cyber workforce and robust compliance measures. It emphasizes continuous improvement and adaptability to the evolving cybersecurity landscape, allowing Mobily to explore new revenue opportunities through secure digital offerings. The strategy is anchored in 9 core pillars, including the development of a reliable digital shield, achieving cybersecurity excellence, safeguarding business interests and brand value and promoting cyber awareness among employees and Stakeholders. These efforts position Mobily as a trusted leader in creating a secure digital future.

The Cybersecurity Unit plays a pivotal role in protecting Mobily's vast ecosystem, encompassing enterprise, telecommunications, co-location, cloud, wallet services and subsidiaries. From pre-contract discussions to post-engagement support, the Unit prioritizes customer needs, ensuring the provision of secure services that both attract and retain customers. Mobily's adherence to high data protection and privacy standards is evidenced by its compliance with globally recognized certifications and standards such as PCI-DSS, ISO27001 and ISO27018, as well as local regulations enforced by the Communications, Space and Technology Commission (CST), National Cybersecurity Authority (NCA) and National Data Governance Interim Regulations (NDMO).

In 2023, Mobily not only maintained its compliance with these rigorous standards and certifications but also achieved the coveted CSA Star certification, underscoring its leadership in securing cloud solutions. The Company embraced regulatory frameworks from the NCA and ensured adherence to the National Data Management Office (NDMO) regulations and the Cybersecurity Regulatory Framework set by CST and SAMA's Cybersecurity Framework. These accomplishments highlight Mobily's unwavering commitment to the highest levels of data security.

Furthermore, Mobily updated its vulnerability management and penetration testing processes, along with its cybersecurity crisis response plan, to bolster its defenses against emerging cyber threats. Through these comprehensive measures, Mobily fosters a secure and resilient environment, enabling sustainable growth and building unwavering trust with Stakeholders, thus reinforcing its position as a leader in cybersecurity within the telecommunications industry.

Consumer Awareness and Responsibility

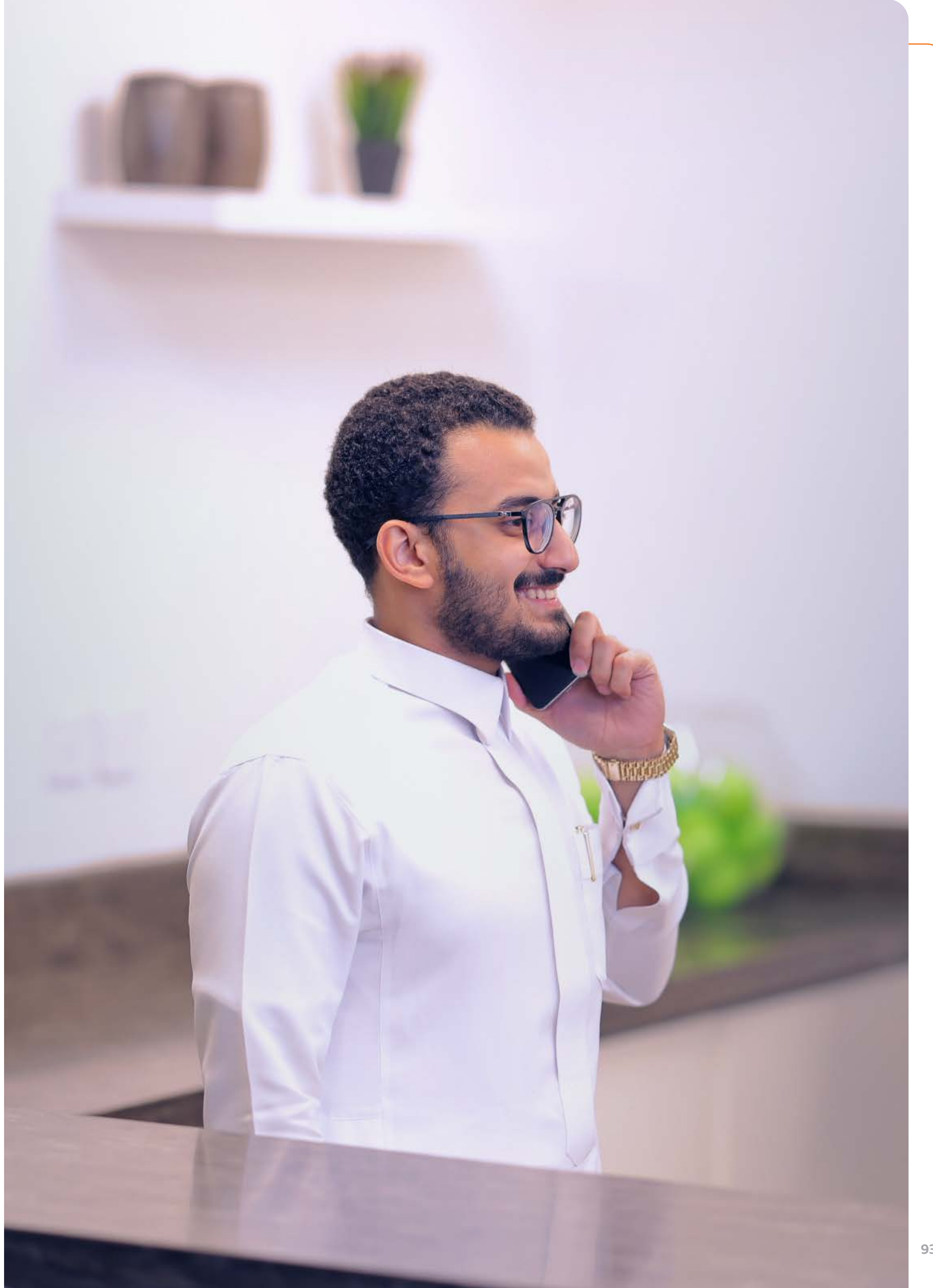
Mobily has demonstrated a strong commitment to consumer awareness and responsibility, showcasing this through its collaborative efforts with partners and its attentiveness to Stakeholder preferences.

Mobily has solidified its dedication to ensuring consumers are well-informed and cared for – a commitment that is evident in its collaborative initiatives with partners and its responsive approach to the needs and preferences of its Stakeholders.

In 2023, Mobily's Consumer Unit made significant strides in promoting the Mobily Gamers platform to its audience, utilizing SMS and social media channels for broader outreach, while also attracting new patrons through geographically targeted ads. The Company celebrated its devoted customers with an iPhone 14 giveaway and hosted a series of competitions on its gaming portal, offering participants the chance to secure various prizes.

Furthermore, Mobily is at the forefront of smart city innovation to support consumers' diverse needs. This includes an ongoing proof of concept for an advanced smart pole that consolidates a variety of technologies – including 5G, WiFi, environmental sensors, digital advertising, integrated systems, a charging station and intelligent lighting – into a single structure. This pioneering trial aims to lay the groundwork for scaling up smart city initiatives in the future.

Moreover, Mobily's commitment to ethical marketing practices was evident in its achievement of having zero incidents of inappropriate marketing or advertising in 2023. This accomplishment highlights Mobily's dedication to maintaining high standards of integrity and responsibility in its marketing and advertising efforts, ensuring that all promotional activities are conducted in a respectful, accurate and compliant manner. This approach reflects Mobily's ethical business practices and reinforces its reputation as a trustworthy and responsible company in the eyes of consumers, partners and investors alike.



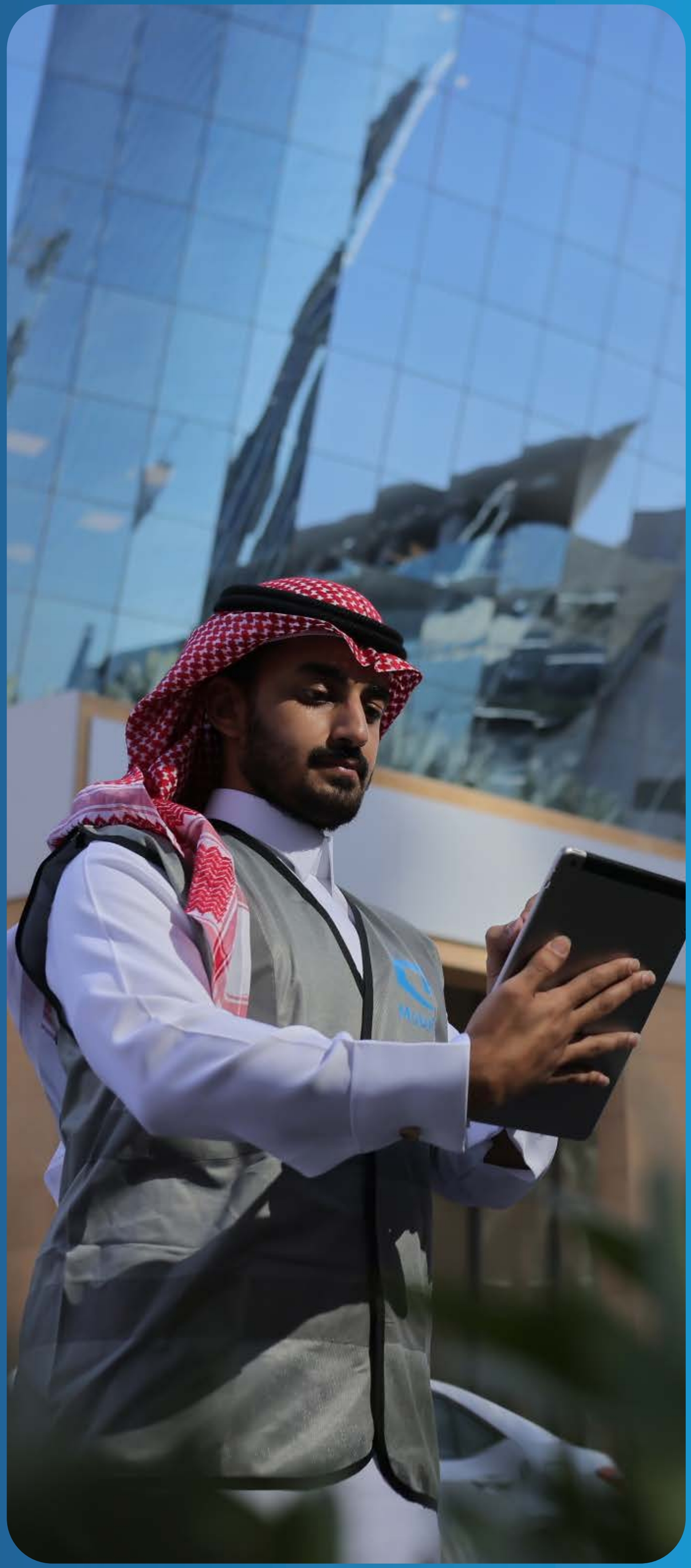
SOCIAL

RESPONSIBLE EMPLOYER

EMPOWERING OUR WORKFORCE

Mobily is dedicated to providing a world-class work environment while fostering a diverse and dynamic corporate culture for each one of its over 2,500 employees. It continuously seeks to attract outstanding talent and provide them with the support and resources needed to thrive, building lasting and meaningful careers and contributing to the shared vision of Mobily.

Mobily is committed to empowering its workforce, focusing on retaining talent, boosting engagement, promoting Saudization, promoting gender balance and encouraging ongoing learning and development. After conducting an internal review through an engagement satisfaction survey, the Company developed a strategic plan highlighting its primary objectives to enhance the engagement pipeline. Throughout the year, Mobily brought this plan to life by organizing a series of in-house events and activities, demonstrating its dedication to fostering a winning work environment.



HR Digital Transformation

In 2023, Mobily's HR digital transformation accelerated, harnessing technology to revolutionize HR processes, improve employee experiences and ensure Human Resources are in sync with the overall organizational goals. This transformation paves the way for various programs and initiatives, including mCan, Employee Wellbeing and Benefits, Work Environment and Digitized HR Services, which are integral in creating a more efficient, responsive and employee-focused HR ecosystem.

At the core of the HR strategy is the HR TMT role model, which aims to help drive the shift toward an integrated TMT business through a focus on 3 key pillars: Capability Development, HR Excellence and Culture Transformation.

Total Rewards

Mobily's Total Rewards focus is centered on enhancing employee engagement and retention through a series of targeted initiatives. This year, a new merit increase policy was implemented to ensure fairness and transparency in salary adjustments. Additionally, an Executive remuneration review was introduced, establishing a recognition and reward program aimed at improving employee retention and engagement.

The Company has also streamlined its promotion process to ensure it is clear and transparent, providing equal opportunities for advancement to all eligible employees. Through remuneration benchmarking, Mobily participates in reputable compensation surveys and employs data analysis tools to maintain competitive salaries and benefits aligned with market standards.

Key to Mobily's Total Rewards is the focus on retention, with clear communication about adjustments to the Total Rewards package. This highlights the benefits, career growth opportunities, and the overall value of staying with the Company, underlining Mobily's commitment to its employees' growth and satisfaction.

+59,000 LEARNING HOURS

IN OFFERING

100,000 TRAINING OPPORTUNITIES

TO BE OFFERED BY 2025

Learning and Development

Learning and development form a crucial component of Mobily's strategy for employee engagement, reflecting the Company's dedication to fostering growth and enhancing skills within its workforce. Throughout the year, Mobily's learning opportunities were a hive of activity, offering structured learning materials and courses that culminated in over 59,000 learning hours. This dedication to continuous learning underscores the Company's commitment to empowering its employees with knowledge and skills relevant to their professional growth.

In 2023, Mobily took a significant step by creating and launching 13 learning tracks that span multiple disciplines. Each track was meticulously designed, comprising several training courses aimed at equipping employees with essential skills across various fields. This initiative reflects Mobily's understanding of the diverse needs of its workforce and its commitment to providing comprehensive learning opportunities.

An integral part of Mobily's learning and development efforts is the #Anwarat onboarding program, which includes regular "Executives Meetings". These meetings connect newly joined employees with Executive leaders, fostering a sense of inclusion and open communication from the outset of their Mobily journey.

The graduation of the fifth batch from Mobily's Elite Graduate program and the launch of the sixth batch highlight the Company's ongoing efforts to develop and empower human capital. This key initiative has become a cornerstone of Mobily's strategy to nurture talent and prepare future leaders.

Furthermore, Mobily's participation in the "Waad" initiative, in cooperation with the Ministry of Human Resources and Social Development, exemplifies its commitment to broader societal development. Aiming to train more than a million citizens by the end of 2025, Mobily is contributing 100,000 training opportunities. This effort demonstrates Mobily's dedication to investing in people while also supporting national development goals.

Health and Safety

Mobily places a high priority on the health and safety of its employees, as evidenced by establishing a dedicated Occupational Health and Safety (OH&S) function, along with its comprehensive occupational health and safety manual. This manual outlines the potential risks employees might face and provides clear guidelines on how to mitigate these risks effectively. In line with civil defense requirements, Mobily has equipped all its facilities with fire alarm systems and firefighting equipment, demonstrating its commitment to maintaining a safe work environment.

RESPONSIBLE EMPLOYER (CONTINUED)

Mobily prioritizes a safe work environment for all by providing comprehensive occupational health and safety training. In 2023, employees participated in 789 safety inspection visits, 1,576 observation closings and 54 fire drills, demonstrating its commitment to safety procedures. This commitment incorporates a robust ISO 45001:2018 certified occupational health and safety management system to ensure all Mobily facilities and activities operate under the highest safety standards.

Moreover, Mobily is proactive in its efforts to safeguard its workforce. Through employee training, awareness programs, hazard identification and risk assessments, the Company meticulously identifies all potential safety and health risks. By applying necessary controls, Mobily aims to prevent these risks, underscoring its dedication to creating and maintaining a safe and healthy working environment for all its employees.

Engagement and Recognition

In its commitment to fostering a vibrant and supportive workplace, Mobily has undertaken several initiatives aimed at enhancing employee engagement and recognition. The Company successfully conducted over 150 corporate events, special meetings and workshops. These gatherings served as platforms for collaboration, learning and celebration of collective achievements, significantly boosting corporate morale and cohesion.

Mobily also introduced the iCare program, a personalized engagement initiative that recognizes employees' personal milestones and occasions. From work anniversaries and birthdays to personal life events like marriages, new births and expressions of sympathy during tough times, iCare brings a personal touch to employee recognition, demonstrating the Company's care and attention to its team members' lives outside of work.

Employee wellbeing has been another focal point for Mobily, with a variety of events and initiatives launched to promote health and happiness within the workforce. These efforts include activities focused on physical health, mental wellbeing and overall happiness, underscored by the launch of a Happiness Guideline. This guideline serves as a resource for employees, offering strategies and practices to enhance their wellbeing and satisfaction, both in the workplace and in their personal lives.

Human Capital Highlights for 2023

SAUDIZATION
86%

TOTAL HEADCOUNT
2,518

FEMALE EMPLOYMENT
11%

YOUTH EMPLOYEMENT GROWTH
29%

TOTAL PARTICIPANTS IN UNIVERSITIES' COOPERATIVE PROGRAM
73

TOTAL PARTICIPANTS IN TAMHEER PROGRAM FOR DEVELOPING NATIONAL CADERS
125

WORKFORCE DIVERSITY
28
NATIONALITIES

EMPLOYEE ENGAGEMENT SCORE
69%

SOCIAL

POSITIVE COMMUNITY IMPACTS

SUPPORTING SOCIETAL GOALS AND INITIATIVES

Mobily is committed to playing a positive and supportive role across Saudi society and in the countless communities where it delivers its services across the Kingdom. Through a wide range of carefully selected initiatives and activities, Mobily leverages its scale, resources and the commitment of its employees to support worthy causes and events, in line with its business priorities and its dedication to contributing to the goals of Saudi Vision 2030.

Mobily has embraced an innovative approach to corporate social responsibility (CSR), developing a new strategy and policies that reflect its commitment to being a force for positive change in the community. This new direction in CSR is designed to align closely with the evolving needs of its communities and the overarching goals of its business.

The Company's CSR efforts are focused on 3 fundamental pillars

ENRICHING THE TALENT POOL

FOSTERING FULFILLING LIVES

ENABLING SOCIETAL GROWTH THROUGH SUPPORT AND ACCESS

This strategic evolution of the Company's CSR initiatives ensures that it continues to meet its ongoing commitments while also addressing new challenges and opportunities, making a meaningful impact on the people and the environment it interacts with each day. By integrating these new strategies and policies into the fabric of its operations, Mobily is setting a course for a future where its corporate actions resonate deeply with its values and the expectations of its Stakeholders.

Mobily continues to strive for greater impact by forging partnerships and enhancing collaboration with several organizations across a range of sectors. To this end, Mobily has established agreements in digital health and biotechnology that seek to leverage its capabilities to enhance the healthcare quality and efficiency within the Kingdom.

The Company has also endeavored to ease and support the work of NGOs by utilizing its extensive community reach and establishing mutually beneficial relationships with potential donors to enhance the effectiveness of their initiatives.

Overall, Mobily remains committed to aligning business objectives with societal wellbeing, setting an example for responsible corporate conduct. Its initiatives, whether aimed at environmental care, educational support or societal upliftment, are driven by the desire to serve and strengthen society. In doing so, it aims to foster a culture of sustainability and growth that benefits everyone.

Sponsorship of Biban 23

In line with its commitment to supporting the small and medium enterprise (SME) sector and enhancing community welfare through digital empowerment, Mobily was a Digital Partner and Sponsor of the Biban 23 Forum. Organized by the General Authority for Small and Medium Enterprises (Monsha'at), the high-profile event brought together over 350 speakers and 750 exhibitors from around the globe with local and international business leaders and entrepreneurs for collaboration, innovation and growth.

By sponsoring the Biban 23 Forum, Mobily positioned itself at the forefront of digital transformation efforts in the Kingdom, particularly impacting the SME sector. This aligns seamlessly with the broader objectives of Saudi Arabia's Vision 2030, which places a strong emphasis on entrepreneurship as a key driver for economic diversification and development.

Mobily's involvement in the forum contributes to the cultivation of an entrepreneurial ecosystem that can foster the development of SMEs, encouraging their success in the labor market, and providing them with the digital tools and solutions necessary to thrive in an increasingly competitive environment.

Renewal of Diriyah E-Prix Partnership

Following the success of last season's event, Mobily renewed its partnership with the ABB FIA Formula E World Championship, sponsoring season 9 of the 2023 CORE Diriyah E-Prix.

This aligns with Mobily's commitment to sustainability and its corporate strategy. It aims to support the championship's sustainability initiatives, like promoting electric vehicle adoption, in line with Vision 2030 and Saudi Arabia's goal for net zero emissions by 2060.

Mobily is dedicated to embedding sustainability across its operations and encouraging environmental awareness. The Company has taken significant steps towards this goal by partnering with Ericsson to recycle electronic devices and launching the first renewable energy-powered telecommunications tower. This partnership with the Formula E Championship underscores Mobily's efforts to promote cultural and entertainment activities in the Kingdom and support the Saudi youth.

GOVERNANCE

BOARD OF DIRECTORS

Members of the Board of Directors

Mr. Abdulkarim Ibrahim Alnafie*
Chairman - Independent Member

Mr. Alnafie joined the Board of Directors of Mobily in December 2021 and is also 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. Alnafie 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
- Jarir Investment Company – Unlisted Joint Stock Company
- Jarir Development Company – Unlisted Joint Stock Company
- The Local Content and Government Procurement Authority – Government Entity

Outside Saudi Arabia:
- CASA Logistics Services 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

H.E. Mr. Suliman Abdulrahman Algwaiz
Vice Chairman – Non-Executive Member

H.E. Mr. Algwaiz was the Governor of the General Organization for Social Insurance (GOSI) from 2013 until his retirement in January 2021. He previously held various positions at Riyad Bank from 1992, where the last position he held was Deputy CEO from 2002 to 2013. Prior to that, Mr. Algwaiz held various positions at the Saudi American Bank (SAMBA Bank) from 1981 to 1992, the last position being one of the Corporate Banking Group's Division Heads from 1989 to 1992. Mr. Algwaiz 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
- BlackRock Saudi Arabia – Unlisted Joint Stock Company
- Saudi Agricultural and Livestock Investment Co. – Closed Joint Stock Company

Previous Board Memberships

Within Saudi Arabia:
- Saudi Arabian Mining Company (Ma'aden) – Listed Joint Stock Company
- 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)

H.E. Dr. Nabeel Mohamed Alamudi*
Independent Member

H.E. Dr. Alamudi is the CEO of the Olayan Financing Company (OFC) and a Board member for the Olayan Saudi Holding Company (OSHCO) as well as for several other Olayan-related companies. Previous to this role, Dr. Alamudi 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. Alamudi 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. Alamudi 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. Alamudi obtained a Bachelor's degree in Chemical Engineering from Stanford University with distinction in 1995. Dr. Alamudi 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. He 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
- Motiva Enterprises – Limited Liability Company

Eng. Khalifa Hassan Alshamsi
Non-Executive Member

Eng. Alshamsi was appointed as the CEO of e&, Etisalat, Company in February 2022. Eng. Alshamsi 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 30 years of experience in the fields of telecommunications, media, information and communication technology industries.

He 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. Alshamsi is the Chairman of eVision (Television and Multimedia Content Company in the United Arab Emirates), e& money and STARZPLAY. Eng. Alshamsi 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 (UAEIIC)
- Careem – Unlisted Joint Stock Company
- Wio Bank – Unlisted Joint Stock Company
- e& Money E-Portfolio Application – Limited Liability Company
- Playco Entertainment (STARZPLAY) – 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 Altuwaijri
Independent Member

Eng. Altuwaijri joined Mobily's Board of Directors in December 2015. He has 30 years of notable experience in petrochemicals, manufacturing, strategic management, economics, financial management, information technology, legal affairs, enterprise risk management, compliance and governance. Previously, he was Saudi Basic Industry Corp.'s (SABIC) Executive Vice President for Strategic Planning and Finance, Petrochemical Strategic Business Units Coordination, Industry and Supply Chains (Logistics), and lastly SABIC's Executive Vice President for Legal Affairs and Audit. He 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.

Eng. Altuwaijri obtained 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.

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 Alazzawi
Independent Member

Eng. Alazzawi is the Managing Director of his group of companies. He 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. Alazzawi 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 (Vice Chairman of the Board)
- Savola Group – Listed Joint Stock Company
- Arabian Cement Company – Listed Joint Stock Company (Chairman of the Board)
- 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)

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
- Ready Mix Concrete and Construction Supplies Company – Listed Joint Stock Company

GOVERNANCE

BOARD OF DIRECTORS (CONTINUED)

Dr. Khaled Abdulaziz Alghoneim
Independent Member

Dr. Alghoneim 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. He 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. Alghoneim 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. Alghoneim 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. Alghoneim 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
- 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
- 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

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. He then 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, he 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.

He 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 at 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:
- Vodafone Group – Listed Joint Stock Company
- 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
- United Nations Internet Governance Forum (IGF) leadership panel

Previous Board Memberships

Outside Saudi Arabia:
- Hutch Lanka – Unlisted Joint Stock Company
- Etisalat Nigeria – Limited Liability Company
- Attijariwafa Bank Egypt – Listed Joint Stock Company
- Barclays Bank Egypt – 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
- New Giza for School Management (NGSM) – Unlisted Joint Stock Company
- Innovative Foods Company – 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. He is a member of the Board, Investment / Finance Committee and the 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, he 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. He 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 (Chairman)
- Trustees of the National Planning Institute of Egypt (Under the Ministry of Planning)

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

*Approved the request of H.E. Dr. Nabeel Mohamed Alamudi to discontinue his chairmanship of the company's Board of Directors while continuing as a member of the Board of Directors (independent). And approved the appointment of the company's Board member Mr. Abdulkarim Ibrahim Al Nafie, as a Chairman of the Board of Directors, from 20 April 2023 until the end of the current Board's term on 30 November 2024.

GOVERNANCE

BOARD OF DIRECTORS (CONTINUED)

Board of Directors' Meetings and Attendance

The Company's Board of Directors held 7 meetings during 2023, 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 1 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	19 February	09 March	18 April	20 April	01 June	09 September	06 December
1	Abdulkarim Ibrahim Alnafie	Chairman – Independent Member	Present	Present	Present	Present	Present	Present	Present
2	Suliman Abdulrahman Algwaiz	Vice Chairman – Non-Executive Member	Present	Present	Present	Present	Present	Present	Present
3	Nabeel Mohamed Alamudi	Independent Member	Present	Present	Present	Present	Present	Present	Present
4	Khalifa Hassan Alshamsi	Non-Executive Member	Present	Present	Present	Present	Present	Present	Present
5	Ahmed Abdelsalam Aboudoma	Independent Member	Present	Present	Present	Present	Present	Present	Present
6	Hatem Mohamed Dowidar	Non-Executive Member	Present	Present	Present	Present	Present	Present	Present
7	Mohammed Karim Bennis	Non-Executive Member	Present	Present	Present	Present	Present	Present	Present
8	Mutaz Kusai Alazzawi	Independent Member	Present	Present	Present	Present	Present	Present	Present
9	Homood Abdullah Altuwaijri	Independent Member	Present	Present	Present	Not Present	Present	Present	Present
10	Khaled Abdulaziz Alghoneim	Non-Executive 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 from 1 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 - Independent

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 but is still a member and chair of a number of Audit Committees in Joint Stock and government companies. In addition, he is active in various professional and voluntary work communities. 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 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 and a Bachelor's degree in Management from Columbia College in the United States.

*The member of the Audit Committee, Mr. Mohammed Othman Alsubaie, resigned on 17 March 2023.

The Audit Committee held 9 meetings during 2023. Below are the meetings of the Audit Committee and the attendance record of members:

Name	Position / Membership Type	24 January	19 February	26 March	10 May	27 July	19 October	08 November	19 December	26 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	-	-	-	-	-	-	-
Homood Abdullah Altuwaijri	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	Present	Present	Present	Present	Present

*The member of the Audit Committee, Mr. Mohammed Othman Alsubaie, resigned on 17 March 2023.

The Audit Committee is responsible for monitoring the Company's business and activities and ensuring the integrity and effectiveness of the reports, financial statements and internal control systems.

The duties and responsibilities of the Committee shall particularly include the following:

Financial reports

- Examining the Company's interim and annual financial statements before presenting them to the Board and providing its opinion and recommendations thereon to ensure their integrity, fairness and transparency.
- Providing its technical opinion, at the request of the Board, regarding whether the Board's report and the Company's financial statements are fair, balanced, understandable and contain information that allows shareholders and investors to assess the Company's financial position, performance, business model and strategy.
- Examining any serious or abnormal issues contained in the financial reports.
- Investigating such matters as may be raised by the CFO, any person assuming the CFO's duties, or the Company's Compliance Officer or Auditor.
- Examining the accounting estimates in respect of significant matters that are contained in the financial reports.
- Examining the accounting policies followed by the Company and providing its opinion and recommendations to the Board thereon.

Internal Audit

- Examining and reviewing the Company's internal and financial control systems and risk management.
- Examining the internal audit reports and following up on the implementation of the corrective measures in respect of the remarks made in such reports.
- Monitoring and overseeing the performance and activities of the Company's Chief Audit Executive and the Internal Audit Department to ensure the availability of the necessary resources and their effectiveness in performing the assigned activities and duties.
- Providing a recommendation to the Board on appointing the Manager of the Internal Audit Unit or Department, or the internal auditor and suggest his/her remunerations.
- Approve the Internal Audit annual plan and estimated budget of the Internal Audit Department.

External auditor

- Recommending to the Board of Directors the nomination and dismissal of external auditors, in addition to determining their remunerations, evaluating their performance after verifying their independence and reviewing their scope of work and terms of contracting with them.
- Verifying the external auditor's independence, objectivity, fairness and effectiveness of the audit activities, considering the relevant rules and standards.
- Reviewing the external auditor's plans and activities and ensuring that the external auditor does not provide any technical or administrative services that are beyond the scope of work and provide the Committee's opinion thereon.

GOVERNANCE

BOARD OF DIRECTORS (CONTINUED)

- Responding to inquiries of the external auditor.
- Reviewing the external auditor's reports and comments on the financial statements and following up the procedures taken in this regard.

Ensuring compliance

- Reviewing the findings of the reports of supervisory and regulatory authorities and ensuring that the Company has taken the necessary actions in this regard.
- Ensuring the Company's compliance with the relevant regulations, rules, policies and instructions.
- Reviewing the contracts and proposed related party transactions and submitting its findings to the Board of Directors in this regard.
- Reporting to the Board of Directors any issues in connection with what it deems necessary to act on and providing recommendations as to the steps that should be taken.
- Proposing the necessary policies and processes to be followed by Stakeholders when submitting complaints or reporting any violation.

Arrangements for providing remarks

The Audit Committee shall make arrangements that enable the Company's employees to confidentially provide their notes and reports in respect of any concerns or violations in the Company's financials or other abuse of authority or violation. The Audit Committee shall ensure that such arrangements have been put into action through an adequate independent investigation in respect of the error, abuse of authority or violation, and shall adopt appropriate follow-up procedures.

The duties and responsibilities of the Committee members

Each one of the Committee members shall abide by the principles of integrity, honesty, loyalty, care and concern for the interests of the Company and the shareholders and will prioritize its interests over his/her personal interests. This shall include, in particular, the following:

- Complying with the provisions of the Companies' Law, the Capital Market Law, their executive regulations, related laws and regulations, and the Company's Articles of Association when performing his/her functions and refraining from undertaking or participating in any activity that would harm the Company's interests.
- Regularly attending Committee meetings and effectively participating in their activities and notifying 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. Consequently, 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 accepting 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 the transactions that were made or are likely to be made between him/her and the Company, the nature of such transactions, as well as disclosing any relationship that connects him/her with the Board and the Executive Managers in the Company in accordance with the Company's approved Conflict of Interest Policy and the Professional Code of Conduct.
- Participating actively in the Committee meetings through studying and discussing the items listed in its meeting agenda.

Executive Committee

The Executive Committee was formed by the Board of Directors for the current term, starting on 1 December 2021 and ending, at the end of the Board's term, on 30 November 2024. During 2023, the Committee held 6 meetings. Below are the meetings of the Executive Committee and the attendance record of members:

Name	Position / Membership Type	09 February	21 March	03 April	06 July	03 October	22 November
Nabeel Mohamed Alamudi	Chairman of the Committee - Independent Member	Present	Present	Not Present	Present	Present	Present
Suliman Abdulrahman Algwaiz	Non-Executive Member	Present	Present	Present	Present	Present	Present
Hatem Mohamed Dowidar	Non-Executive Member	Present	Present	Present	Present	Present	Present
Khalifa Hassan Alshamsi	Non-Executive Member	Present	Present	Present	Present	Present	Present
Mutaz Kusai Alazzawi	Independent Member	Present	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 on 1 December 2021 and ending, at the end of the Board's term, on 30 November 2024. During 2023, the Committee held 6 meetings. Below are the meetings of the Nomination and Remuneration Committee and the attendance record of members:

Name	Position / Membership Type	06 March	14 March	04 May	03 September	19 October	05 December
Mutaz Kusai Alazzawi	Chairman of the Committee - Independent Member	Present	Present	Present	Present	Present	Present
Khalifa Hassan Alshamsi	Non-Executive Member	Present	Present	Present	Present	Present	Present
Abdulkarim Ibrahim Alnafie	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. Giving recommendations 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 requirements of suitable skills for membership of the Board of Directors and executive management positions and preparing a description of qualifications and capabilities required in nominees for Board membership and executive management. This shall include the time each member should devote to perform their duties and responsibilities as a Board member.
6. Reviewing the Board of Directors' and executive management's structure and giving recommendations on proposed changes that can be made, if any.
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 conflict of interests
    - Ability to devote the time necessary to fulfill 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 telecommunications 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 Senior Executives of the Company in accordance with the approved policy.
21. The Committee shall examine the matters and 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 on 1 December 2021 and ending, at the end of the Board's term, on 30 November 2024. During 2023, the Committee held 4 meetings. Below are the meetings of the Risk Management Committee and the attendance record of the members:

Name	Position / Membership Type	07 February	24 May	07 September	08 November
Homood Abdullah Altuwaijri	Chairman of the Committee - Independent Member	Present	Present	Present	Present
Khaled Abdulaziz Alghoneim	Non-Executive 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:

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

The Committee's assignment lasts throughout the term of the Board of Directors and expires at the end of this period. The charter of the Committee includes 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 2023	No. of Shares at End of 2023	Net Change	Percentage of Change
Abdulkarim Ibrahim Alnafie	20,109	20,109	-	-
Suliman Abdulrahman Algwaiz	25,613	25,613	-	-
Nabeel Mohamed Alamudi	55	55	-	-
Khalifa Hassan Alshamsi	-	-	-	-
Homood Abdullah Altuwaijri	217,005	217,005	-	-
Mutaz Kusai Alazzawi	500	500	-	-
Khaled Abdulaziz Alghoneim	26,000	26,000	-	-
Hatem Mohamed Dowidar	-	-	-	-
Mohammed Karim Bennis	-	-	-	-
Ahmed Abdelsalam Aboudoma	-	-	-	-

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 were submitted to the Board of Directors in March 2023.

GOVERNANCE

EXECUTIVE MANAGEMENT

Senior Executives

Eng. Salman Abdulaziz Albadran
Chief Executive Officer

Eng. Albadran is currently the CEO of Mobily. He implemented the comprehensive transformation program to highlight the Company's position in the competitive telecommunications market. Eng. Albadran was also the CEO of Kuwait Telecom Company (VIVA). He has over 26 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 other positions at 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 26 years of experience in academic and professional areas such as financial and strategic management, accounting, operations 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, Fayetteville, USA.

Eng. Majed Abdulaziz Alotaibi
Chief Business Officer

Eng. Alotaibi is currently the Chief Business Officer of Mobily and is proficient in managing high-value relationships on an executive level. Eng. Alotaibi previously held several positions at STC for nearly 14 years. He brings more than 21 years of executive ICT experience from the leading ICT players and extensive experience in B2C and B2B marketing and sales. Eng. Alotaibi 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 for Mobily and the Chairman of the Saudi National Fiber Network (SNFN). He previously held the position of Chairman at Bayanat Co., in addition to several positions at Mobily over a period of 17 years, including 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 24 years of experience in the telecommunications sector, in strategic and operational areas, and in network and IT project management. Eng. Malki holds a Master's 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 Alshabana
Chief Legal and Corporate Affairs Officer

Mr. Alshabana is currently the Chief Legal and Corporate Affairs Officer for Mobily. Mr. Alshabana 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 21 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 Alshammari
Chief Human Resources Officer

Eng. Alshammari is currently the Chief Human Resources Officer for Mobily. 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. Alshammari assumed roles for the Manpower Planning Function at Bank Al Bilad and the Saudi Electricity Company. Eng. Alshammari has over 16 years of experience in human resource management, including institutional and organizational development, talent management and strategic planning. Eng. Alshammari 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 Alrasheed
Chief Corporate Strategy and Digitalization Officer

Mr. Alrasheed is the Chief Corporate Strategy and Digitalization Officer at Mobily. He previously held several positions in Mobily and its affiliates over a period of 18 years, including Chief Digital and Customer Experience Officer, General Manager for Mobily Infotech and Executive General Manager for Mobily Mega Projects. Mr. Alrasheed has extensive experience in strategy, IT and business domains. In addition, he has experience in technology, media and telecommunications (TMT). Mr. Alrasheed 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).

Mr. Ismail Saeed Alghamdi*
Chief Consumer Officer

Mr. Alghamdi is the Chief Consumer Officer for Mobily as well as the Board Chairman of Mobily Digital Financial Company and Sehati for Information Technology Services. At Mobily, Mr. Alghamdi previously held several positions, including Chief Business Officer, Chief Corporate Strategy Officer, Chief Customer Care Officer and Chief Wholesale 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. Alghamdi 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. Alghamdi 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.

Mr. Waleed Hamad Alharkan**
Acting Chief Consumer Officer

Mr. Alharkan joined Mobily early in 2023 as SVP Corporate Transformation. He is currently the Acting Chief Consumer Officer and a Board member at Sehaty. He has over 27 years of experience in business development and the ICT industry. During his journey, he managed and led the development of new business models for companies while providing high level direction and senior management influence related to their overall strategies. He has experience in telecommunications, information technology, consumer management and sales, profitability and strategic management. In addition, he was a CEO of multiple companies. He led strategic plans which drove the companies to accomplish and exceed sales, profitability, cash-flow, business goals and objectives, and supported the development and preparation of short and long-term plans and annual budgets based upon broad organizational goals. He also served as a Board member for Al Wasatah, Al Maliah and Lebara Mobile KSA. Mr. Alharkan holds a Bachelor's degree in Computer Engineering from King Fahd University of Petroleum and Minerals, KSA.

* Chief Consumer Officer, Mr. Ismail Saeed Alghamdi, resigned from his position on 2 March 2023
** Appointed Mr. Waleed as Acting Chief Consumer Officer on 6 March 2023

GOVERNANCE

EXECUTIVE MANAGEMENT (CONTINUED)

Statement of Interest, Contractual Securities or Rights Issues 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 2023	No. of Shares at End of 2023	Net Change	Percentage of Change
Salman Abdulaziz Albadran	Chief Executive Officer	-	-	-	-
Khalid Abdulrahman Abanami	Chief Financial Officer	-	-	-	-
Alaa Abdulhameed Malki	Chief Technology Officer	-	-	-	-
Majed Abdullah Alshabana	Chief Legal and Corporate Affairs Officer	-	-	-	-
Mohammed Khalil Alshammari	Chief Human Resources Officer	-	-	-	-
Majed Abdulaziz Alotaibi	Chief Business Officer	-	-	-	-
Omar Saud Alrasheed	Chief Corporate Strategy and Digitalization Officer	-	-	-	-
Waleed Hamad Alharkan	Acting Chief Consumer 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.

RELATED PARTY TRANSACTIONS

During 2023, the Company conducted transactions with related parties including 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 Hassan Alshamsi, Eng. Hatem Mohamed Dowidar and Dr. Mohammed Karim Bennis.
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.	Subsidiary to Founding shareholder
Etisalat Afghanistan	Subsidiary to Founding shareholder
Etisalat Al Maghrib S.A (Maroc Telecom)	Subsidiary to Founding shareholder
Pakistan Telecommunication Company Limited	Subsidiary to Founding shareholder
Emirates Cable TV and Multimedia LLC	Subsidiary to Founding shareholder

Major Transactions with Related Parties in 2023 SAR'000s

	2023	2022
Interconnection services and roaming services rendered	127,620	86,920
Interconnection services and roaming services received	352,924	348,728
Management fees	-	(92,713)
Other telecommunication services	16,776	10,142

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 are calculated based on the relevant agreement with Emirates Telecommunication Group Company PJSC which 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.

Mobily has signed several contracts with Elm Information Security to provide a range of telecommunication services, authentication and devices supply, amounting to SAR 36,876,052.59, in which the member of the Board of Directors, Dr. Khaled Abdulaziz Alghoneim, is indirectly interested.

The Company also 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 1,511,186.00, in which the member of the Board of Directors, Dr. Khaled Abdulaziz 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 49,994,879.00 starting from 1 April 2022 until 31 March 2023, in which 2 members of the Board of Directors, Eng. Homood Abdullah Altuwaijri and Dr. Khaled Abdulaziz Alghoneim, were indirectly interested.

The Company also entered into several contracts with Al Moammar Information Systems (MIS), which provides a set of communication services, technical solutions and information systems, amounting to SAR 28,173,331, in which the Chairman of the Board of Directors, Abdulkarim Ibrahim Alnafie, is indirectly interested.

Mobily Pay signed a contract with MOZN, to provide a financial fraud and compliance control system project, amounting to SAR 1,466,250.00, in which the member of the Board of Directors, Dr. Khaled Abdulaziz Alghoneim, is indirectly interested.

GOVERNANCE

COMPENSATION AND REMUNERATION

Compensation Policy and Method of determining Remunerations of Board Members and Senior Management

This policy has been prepared by the Nomination and Remuneration Committee, which governs the mechanism and controls for approving, determining and paying the remunerations of the members of the Board of Directors and its Committees, as well as the remunerations of the executive management. This policy shall be issued upon the recommendation of the Board of Directors and with the approval of the Company's General Assembly.

In addition, this policy aims to set a specific framework, as required by laws and regulations on how to determine and control the payment of remunerations to the members of the Board, its Committees, and members of the executive management, in addition to promoting the principles of governance, disclosure and transparency.

1. Purpose and scope

The Remuneration Policy for the Board of Directors, its Committees and the executive management has been designed with the express purpose of improving the effectiveness of governance, achieving a high degree of transparency, meeting Company goals and improving Company performance.

This policy applies to the members of the Board of Directors, its Committees and the members of the Company's executive management.

2. Policy statement

Without prejudice to the provisions of the Companies Law and its Implementing Regulations for the Listed Joint Stock Companies and the Corporate Governance Regulations, the policy describes:

2.1 Remuneration of the Board of Directors and its Committees:

- The Bylaws of the Company and the approved Committee Charters shall indicate the method of remuneration of the members of the Board of Directors and its Committees.
- The remuneration of the members of the Board of Directors and its Committees shall consider the provisions of the relevant laws and regulations.
- Such remuneration may be a specified amount, an attendance allowance for meetings, in-kind benefits or a certain percentage of net profits. Two or more of these benefits may be combined, however, it must not exceed the limits as stipulated in the relevant regulations.
- When approving the remuneration of the Board members and its Committees, consideration shall be given to the member's contribution, attendance and participation in the topics raised and contributions made in the interest of the Company.
- The suspension or recovery of the bonus shall be considered if it is found to have been decided on the basis of inaccurate information provided by the person concerned. This will prevent the exploitation of the job position to obtain undue remunerations.
- In accordance with the laws and regulations, the policy allows for organizing the granting of shares in the Company to the members of the Board of Directors, and the executive management, whether it is a new issuance, or shares purchased by the Company.

2.1.1 Assign a Board member with additional business or a position in the Company:

A member of the Board of Directors may receive a remuneration for any executive, technical, administrative or consultation work, or positions under an additional professional license assigned by the Board, in addition to the remuneration that he/she may receive in his/her capacity as a member of the Board of Directors and its Committees; in accordance with the Companies Law and its Implementing Regulations for the Listed Joint Stock Companies, the Corporate Governance Regulations and the Articles of Association based on a proposal by the Nomination and Remuneration Committee to the Board of Directors in this regard.

2.1.2 Disparity in the remuneration of the Board members and their relationship to the profitability of the Company:

- The remuneration of the members of the Board and its Committees may vary in amount to reflect the extent of the member's experience and competencies, according to the tasks and responsibilities assigned to him/her, his/her independence, expected accomplishments, attendance at the number of meetings and other considerations.
- The remuneration of Independent Board members shall not be a percentage of the profits generated by the Company, nor shall it be directly or indirectly based on the profitability of the Company.

2.1.3 Non-entitlement and obligation to return the bonus:

If the General Assembly decides to terminate the membership of a member of the Board of Directors for not attending 3 consecutive meetings or 5 separate meetings during his/her term in the office; without a legitimate excuse acceptable to the Board; such member shall not be entitled to any remuneration for the period following the last meeting he/she attended and shall return all bonuses paid to him/her for that period.

2.1.4 Disburse remunerations based on incorrect or misleading information:

- If the Audit Committee or the respective Authority finds out that the bonuses paid to any of the members of the Board or its Committees are based on incorrect or misleading information that has been presented to the General Assembly or included in the Annual Report of the Board of Directors, he/she shall return the bonuses to the Company and the Company shall have the right to claim a refund.
- If the approved remuneration of a member of the Board or one of its Committees is based on inaccurate information, then the case shall be submitted to the Board for appropriate decision-making. When considering that case, the relevant regulations, the rules of justice and preserving the rights of the shareholders of the Company shall be put into account.
- The Board's decision in the previous paragraph shall be either to suspend the payment of the remuneration being considered, if it was not paid, or reclaim it in part or in full according to the circumstances of the case.

2.2 Remuneration of the company's executive management:

- The approved remuneration for each employee in the executive management may vary depending on the job grade, mission, responsibilities of the employee, practical experience and skills, in addition to the results achieved during the year in question.
- Salaries and benefits allocated to the executive management shall include basic salary, benefits and allowances based on the Company's approved policy.

2.3 Remunerations disclosure:

The Board of Directors shall disclose in its Annual Report to the Ordinary General Assembly the details of the remunerations, in accordance with the applicable laws and regulations issued by the relevant regulatory authorities, and in accordance with the Transparency and Disclosure Policy approved by the Company's Board of Directors.

2.4 Obligations and responsibilities:

- The Nomination and Remuneration Committee is the owner of and party responsible for this policy, taking into consideration the performance criteria, and for disclosing and verifying it.
- The Nomination and Remuneration Committee, in coordination with the Company's executive management, through the General Secretariat of the Board of Directors, shall follow up on the implementation of this policy by the Committee, assess its effectiveness and ensure its alignment with the objectives set for it in accordance with the relevant regulations, clarify the relationship between the remunerations granted and the applicable Remuneration Policy, verify the integrity of the actions taken, and evaluate and indicate any material deviation from this policy that may arise during its implementation, and report to the Board on any matter that requires its guidance.
- The Committee shall submit any recommendations, amendments or proposals related to the policy to the Board of Directors for consideration, voting, endorsement and further submission to the General Assembly for approval.

2.5 Effective date:

- The effective date is after approval of this policy by the Company's General Assembly.
- In case of any conflict between this policy and the applicable laws and regulations; the laws and regulations issued by the relevant regulatory authorities shall prevail.

2.6 Review and revision:

- The Nomination and Remuneration Committee shall review this policy periodically, or as necessary, to verify its alignment with the objectives set for it and in accordance with the relevant regulations.
- The Committee shall communicate to the executive management any amendments to this policy and shall review its observations in order to ensure their implementation.
- The Committee shall submit any amendments or proposed changes to this policy to the Board of Directors for consideration, voting, endorsement and further submission to the General Assembly for approval.

GOVERNANCE

COMPENSATION AND REMUNERATION (CONTINUED)

The Relationship between Remuneration and the Applicable Remuneration Policy

There is no substantial deviation in the remuneration awarded according to the applicable Remuneration Policy.

The following tables show compensation and remuneration details for Board members, Committee members and 5 Senior Executives who received the highest remuneration from the Company, including the Chief Executive Officer and 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 Bonuses	Short-Term Incentive Plans	Long-Term Incentive Plans	Shares Awarded (value is entered)	Total	End-of-Service Benefits	Total	Expense Allowance
First: Independent Members																
1. Abdulkarim Ibrahim Alnafie	449	35	30	-	-	-	514	-	-	-	-	-	-	-	514	16.3
2. Nabeel Mohamed Alamudi	400	35	35	-	-	-	470	-	-	-	-	-	-	-	470	33.6
3. Homood Abdullah Altuwaijri	520	30	75	-	-	-	625	-	-	-	-	-	-	-	625	89.5
4. Mutaz Kusai Alazzawi	440	35	70	-	-	-	545	-	-	-	-	-	-	-	545	138.4
5. Ahmed Abdelsalam Aboudoma	520	35	65	-	-	-	620	-	-	-	-	-	-	-	620	34.2
Total	**2,329**	**170**	**275**	**-**	**-**	**-**	**2,774**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,774**	**312.0**
Second: Non-Executive Members																
1. Suliman Abdulrahman Algwaiz	400	35	30	-	-	-	465	-	-	-	-	-	-	-	465	16
2. Khalifa Hassan Alshamsi	449	35	60	-	-	-	544	-	-	-	-	-	-	-	544	22
3. Khaled Abdulaziz Alghoneim	400	35	20	-	-	-	455	-	-	-	-	-	-	-	455	14
4. Hatem Mohamed Dowidar	400	35	30	-	-	-	465	-	-	-	-	-	-	-	465	16
5. Mohammed Karim Bennis	520	35	65	-	-	-	620	-	-	-	-	-	-	-	620	22
Total	**2,169**	**175**	**205**	**-**	**-**	**-**	**2,549**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,549**	**90**

Members of the Board of Directors remunerations are recorded on a cash basis and include payments for the previous year. The above-mentioned amounts reflect cash received in 2023, where the annual remunerations are recorded for 2022, and were paid during 2023.

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

	Fixed Remuneration (excluding attendance allowance)	Attendance of Meetings Allowance	Total
Audit Committee			
Homood Abdullah Altuwaijri	120	45	165
Abdulaziz Alnowaiser	120	45	165
Mohammed Othman Alsubaie*	120	10	130
Ahmed Abdelsalam Aboudoma	120	45	165
Mohammed Karim Bennis	120	45	165
Total	**600**	**190**	**790**
Executive Committee			
Nabeel Mohamed Alamudi	-	25	25
Suliman Abdulrahman Algwaiz	-	30	30
Khalifa Hassan Alshamsi	-	30	30
Mutaz Kusai Alazzawi	-	30	30
Hatem Mohamed Dowidar	-	30	30
Total	**-**	**145**	**145**
Nomination and Remuneration Committee			
Khalifa Hassan Alshamsi	50	30	80
Mutaz Kusai Alazzawi	50	30	80
Abdulkarim Ibrahim Alnafie	50	30	80
Total	**150**	**90**	**240**
Risk Management Committee			
Homood Abdullah Altuwaijri	-	20	20
Khaled Abdulaziz Alghoneim	-	20	20
Ahmed Abdelsalam Aboudoma	-	20	20
Mohammed Karim Bennis	-	20	20
Total	**-**	**80**	**80**

*The member of the Audit Committee, Mr. Mohammed Othman Alsubaie, resigned on 17 March 2023.

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

Senior Executives' Compensation and Remuneration (SAR'000s)

Senior Executives' Compensation and Remuneration		5 Senior Executives receiving the Highest Remuneration from the Company (including Chief Executive Officer and CFO)
Fixed Remuneration	Salaries	8,318
	Allowances	6,187
	In-kind Benefits	-
	Total	**14,505**
Variable Remuneration	Periodic Bonuses	8,854
	Earnings	-
	Short-Term Incentive Plans	-
	Long-Term Incentive Plans	6,350
	Shares Awarded (value is entered)	-
	Total	**15,204**
End-of-service Benefits		8,285
Total Executives' Compensation and Remuneration for the Board, if any		-
Total		**37,994**

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) was incorporated as a joint stock company under the royal decree no. M/40 dated 18 August 2004 (corresponding to 02-07-1425H). The Company started its constituent activities on 14 December 2004, (corresponding to 02-11-1425H), where it was listed on the Saudi Stock Exchange (Tadawul). Mobily started with a capital of SAR 5 billion divided into 100 million shares at a par value of SAR 50 per share. Pursuant to the Capital Market Authority (CMA) resolution No. 4-154-2006 dated 27 March 2006 (corresponding to 27-02-1427H), the Company split each of its capital shares into 5 shares at a par value of SAR 10 per share; thus, the number of shares issued by the Company became 500 million. The Company increased its capital to SAR 7 billion through a rights issue of 200 million shares that was concluded on 9 November 2008 (corresponding to 11-11-1429H). On 12 January 2013 (corresponding to 30-02-1434H) the General Assembly approved the Board of Directors recommendation to increase the Company capital from SAR 7,000 million to SAR 7,700 million, divided into 770 million shares with a par value of SAR 10 per share.

Pursuant to the Council of Ministers resolution no. 189 dated 10 August 2004 (corresponding to 23-06-1425H) Etihad Etisalat Company (Mobily) obtained the license 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. Mobily obtained a unified license to provide all licensed telecommunication services, including voice and internet services, pursuant to the Communications, Space, and Technology Commission (CST) resolution no. 5125 dated 21 February 2017 (corresponding to 24-05-1438H). The Company's main activity is to establish and operate mobile wireless telecommunications networks, fiber optics networks, and any extension thereof and to manage, install, and operate telephone networks, terminals and communication unit systems and sell and maintain mobile phones and communication unit systems in the Kingdom of Saudi Arabia. The Company commenced its commercial operations on 25 May 2005 (corresponding to 17-04-1426H).

Breakdown of 2023 results contributions are as follows (SAR millions)

	Total
Usage	10,992
Activation and subscription fees	3,034
Others	2,737
Total revenue	16,763

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.

Subsidiary Companies

Below is the summary of the Company's subsidiaries and ownership percentage as of 31 December 2023 and 31 December 2022:

Name	Country of Incorporation	Country of operations	Capital	Ownership Percentage 31 December 2023 Direct	Indirect	31 December 2022 Direct	Indirect	Initial Investment (SAR '000s)
Mobily Infotech India Private Limited	India	India/ Saudi Arabia	INR 20 million	99.99%	0.01%	99.99%	0.01%	1,836
Zajil International Network for Telecommunication Company*	Saudi Arabia	Saudi Arabia	SAR 10 million	96%	4%	96%	4%	80,000
National Company for Business Solutions	Saudi Arabia	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	BD 250 thousand	100%	-	100%	-	2,510
Etihad Fintech Company	Saudi Arabia	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.

The National Company for Business Solutions owns an investment in Fast Global Technology Holding Limited (Ecommerce Taxi Middle East previously), UAE – Abu Dhabi (Luxembourg previously) of 7.04% (2022: 7.04%).

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): 4.77% (2022: 5.07%)
- Dokkan Afkar (British Virgin Islands): 3.28% (2022: 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

Latest updates regarding the potential offer by Emirates Telecommunications Group Company to increase its shareholding in Mobily

Mobily announced on 31 December 2023 (corresponding to 18/06/1445H), with reference to the announcement published in the Saudi Stock Exchange (Tadawul) website on 16 March 2022 (corresponding to 13/8/1443H) 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"). Mobily announced that it has received a letter from e& stating the termination of discussion and not to pursue the potential transaction related to the possible increase in its shareholding in Mobily.

Simultaneously, e& confirmed in its letter that it takes pride in its enduring and prosperous partnership with Mobily, witnessing positive advancements in Mobily's business across all sectors.

Making changes in the composition of the Etihad Etisalat Company (Mobily) Board of Directors

In its meeting held on 20 April 2023, Mobily's Board of Directors approved the following changes in the composition of the Board:

- Approving the request of H.E. Dr. Nabeel Mohamed Alamudi to discontinue his Chairmanship of the Company's Board of Directors due to personal reasons, while continuing as a member of the Board of Directors (Independent).
- Approving the appointment of the Company's Board member Mr. Abdulkarim Ibrahim Alnafie, as the Chairman of the Board of Directors.

The above resolutions are deemed effective from 20 April 2023, until the end of the current Board's term on 30 November 2024.

Resignation of an Audit Committee member at Etihad Etisalat Co. (Mobily)

The Audit Committee member, Mr. Mohammed Othman Alsubaie (Independent non-Board member) resigned as of 17 March 2023.

Amending the Company's Bylaw

On 1 June 2023, the Extraordinary General Assembly of Etihad Etisalat (Mobily) approved the amendment of the Company's Bylaw. This amendment comes in line with the strategic transformation in the business sector through the implementation of the new corporate draft law, which aims to improve the commercial environment and promote local and foreign investments. It is one of the most important initiatives that constitutes the strong pillar to achieve the Kingdom's Vision 2030.

Company's strategy

Mobily launched its new 5-year strategy in 2023, which is in line with the Kingdom's efforts to achieve the Kingdom's Saudi Vision 2030. This strategy was designed with the aim of transforming the Company's business model to align with the technology, media and communications sector. Our strategic objectives are to achieve measurable outputs and outcomes in line with our vision of "Leadership in Enriching your Digital World".

FORWARD-LOOKING STATEMENTS

Mobily continues its relentless efforts to support the Kingdom of Saudi Arabia to realize its Vision 2030, by seizing developmental opportunities and diversifying its sources of income to create a sustainable national economy. The Kingdom has a robust digital infrastructure, which will enable it to maintain business and operational continuity in times of crises.

The strategy of the Ministry of Communications and Information Technology enabled the acceleration of the digital transformation process, supporting the Kingdom's vision to build a digital society and government, a thriving digital economy, and an innovative future for the Kingdom. The ICT and emerging technologies market size has increased to SAR 81 billion in 2022 and is projected to be SAR 102 billion in 2025.

The Ministry of Communications and Information Technology's strategic objectives are growing the ICT sector, increasing the ICT sector's contribution to the GDP, supporting efforts to localize technology in the Kingdom by raising the percentage of workforce localization, attracting foreign investment and contributing to supporting women's empowerment and participation.

Therefore, Mobily continued its efforts to update and improve its strategy under the guidance of the Company's Board of Directors to keep in line with the objectives and vision of the Ministry of Communications and Information Technology's strategy, and to achieve the Kingdom's Vision 2030. Over the next 5 years, we will aim to achieve more by launching our new strategy with the vision of "Leading in Enriching Your Digital World". Our strategic objectives are based on the following:

1. Capturing the largest share of the market revenue growth.
2. Repositioning Mobily as a leader in new trends in the telecommunications, media and technology (TMT) industry.
3. Achieving total experience leadership by fostering positive perceptions of Mobily among customers, employees, shareholders, partners, regulators and suppliers.
4. Transforming our business to meet the new TMT reality by building the necessary capabilities and capacity.

Mobily will continue its journey in supporting the Kingdom's efforts to develop the tourism, entertainment, sports and culture sectors, thereby solidifying its role as a leading company in the Saudi market and the ICT sector. Mobily will do so by continuing to invest in network infrastructure, providing Internet of Things (IoT) solutions, deploying 5G service in the Kingdom's regions, and increasing its market share in all sectors. In addition, Mobily will continue to increase its digital and basic services and develop innovative solutions and applications based on the capabilities of the 5G network, in order to contribute to supporting the digital transformation.

Mobily will also continue to invest in a wide array of domains to implement state-of-the-art technologies and provide high-quality services, in order to enhance and improve the level of customer experience, improve its business, strengthen its partnerships and increase the size of the ICT market and emerging technologies. Consequently, Mobily will be an integrated comprehensive entity in the TMT sector, expanding its scope of work beyond traditional telecommunications services.

It should be noted that the telecommunications sector is regulated by government laws and regulations. Forward-looking statements may be affected depending on regulatory decisions by the relevant authorities.

GOVERNANCE

SOCIAL RESPONSIBILITY ACTIVITIES

The Kingdom of Saudi Arabia pays great attention to social responsibility, as Vision 2030 relies on pillars that are integrated and consistent with each other in order to achieve the objectives of the Kingdom, namely:

"A vital society, a thriving economy and an ambitious nation"

These pillars include principles and goals that constitute a living model of social responsibility. They aim to achieve sustainable development by effectively and efficiently exploiting diverse resources and wealth by achieving responsible citizenship and good governance, creating a competitive environment while providing opportunities for citizens. Objectives of Vision 2030 also emphasize the direction of the Kingdom's wise leadership to activate the role of social responsibility in all sectors, both for profit and non-profit.

In 2023, Mobily has paid attention to its responsibility towards society. It developed an innovative approach by adopting a new strategy and policies that reflect its commitment to contribute to the development and delivery of initiatives that provide economic and social benefits meeting the needs of society. This new trend in corporate social responsibility is designed to closely align with the evolving needs of our societies and the overarching goals of our business. Our efforts are focused on several main pillars, including:

"Enriching talent, achieving and enabling community growth"

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 participated in the launch of "Waad" campaign by allocating 100,000 training opportunities for employees, graduates and job seekers to contribute to the achievement of the objectives of this initiative. This participation stems from Mobily's efforts to develop a resilient and strong educational base and prepare young people for the future local and global labor market and in line with the Kingdom's Vision 2030 to enhance our young men and women in leadership. In 2023, Mobily successfully launched the sixth version of the Elite Graduate Program, which aims to qualify graduates with skills necessary for the labor market.

Mobily has also harnessed all its capabilities to serve the pilgrims and facilitate performing hajj, in line with the care and attention provided by the Government of the Custodian of the Two Holy Mosques - may God protect him - to the pilgrims. In Hajj season, Mobily enhanced and enriched the pilgrims' experience by using "digital twinning", a cognitive network, which contributes to the creation of a virtual version of the real architecture network to simulate reality and provide solutions to improve the network performance. Our goal is to raise the network performance, improve the quality of calls and the speed of internet, reduce maintenance time and effort, and enhance user service and experience.

In support of sustainability in the Kingdom and within Mobily's initiatives to participate in building a sustainable future in line with the Kingdom's Vision 2030, Mobily launched a recycling initiative to educate its employees about the importance of preserving the environment, reducing waste damage, and converting waste into new useful materials to preserve natural resources and reduce pollution and gas emissions, under the slogan "Together Towards a Sustainable Future".

COMPANY SHAREHOLDERS

General Assembly of Shareholders

During 2023, the Extraordinary General Assembly of shareholders met once. The Ordinary General Assembly meeting was held on 1 June 2023 (corresponding to 12/11/1444 H), through modern technology means using the Tadawul System. Below is the attendance record of the members of the Board of Directors:

Sr.	Name	Position	1 June
1	Abdulkarim Ibrahim Alnafie	Chairman	Present
2	Suliman Abdulrahman Algwaiz	Vice Chairman	Present
3	Nabeel Mohamed Alamudi	Member	Present
4	Khalifa Hassan Alshamsi	Member	Present
5	Mutaz Kusai Alazzawi	Member	Present
6	Homood Abdullah Altuwaijri	Member	Present
7	Khaled Abdulaziz Alghoneim	Member	Present
8	Hatem Mohamed Dowidar	Member	Present
9	Mohammed Karim Bennis	Member	Present
10	Ahmed Abdelsalam Aboudoma	Member	Present

During the Extraordinary General Assembly meeting, the shareholders voted to approve all items on the agenda. During the meeting, details of the percentages and number of votes for each item were presented separately. Below are the agenda items:

1. The Company's financial statements for the fiscal year ending 31 December 2022 were reviewed, examined and discussed.
2. Approval of the Company's Auditor Report for the fiscal year ending 31 December 2022.
3. The report of the Board of Directors for the fiscal year ending 31 December 2022 was reviewed, examined and discussed.
4. Approval on releasing the members of the Board of Directors from their liabilities for the fiscal year ending 31 December 2022.
5. Approval on appointing the auditor Ernst & Young & Partners (EY) as auditor of the Company from the selected candidates based on the Audit Committee's recommendation. The appointed auditor shall examine, review and audit the second and third quarters and annual financial statements of the fiscal year 2023, and the first quarter of the fiscal year 2024, as well as the determination of the auditor's remuneration.
6. Approval on the businesses and contracts made between the Company and Emirates Telecommunications Group Company during 2022, where the following members of the Board of Directors (Eng. Khalifa Hassan Alshamsi, Eng. Hatem Mohamed Dowidar and Dr. Mohammed Karim Bennis) were indirectly interested: Details of which are:
   - Interconnection and roaming services rendered of SAR 86,920,000, interconnection and roaming services received of SAR 348,728,000 and other telecommunications services of SAR 10,142,000, without preferential conditions.
7. Approval on the businesses and contracts made between the Company and Elm Information Security Co., where Dr. Khaled Abdulaziz Alghoneim, member of the Board of Directors was indirectly interested. These include providing a range of telecommunication services, authentication and devices amounting to SAR 23,200,000.00.
8. 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 Abdullah Altuwaijri was indirectly interested. This was to provide medical insurance services to Mobily employees, for a period of 1 year starting from 1 April 2022 until 31 March 2023 and without preferential conditions, at a value of SAR 54,809,879.75.
9. Approval on delegating the Ordinary General Assembly's authorization powers stipulated in paragraph (1) of Article 71 of the Companies Law to the Company's Board of Directors, for 1 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 Companies Law's Implementing Regulations for the Listed Joint Stock Companies.

GOVERNANCE

COMPANY SHAREHOLDERS (CONTINUED)

10. Approval on the recommendation of the Board of Directors to distribute cash dividends to the shareholders for the fiscal year ending 31 December 2022 in the amount of SAR 885,500,000 at SAR 1.15 per share, representing 11.5% 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 dividends will start from 21 June 2023.
11. Approval on amending the Remuneration Policy of the Board of Directors, its Committees, and the members of the Company's executive management.
12. Approval on amending Article 1 of the Company's Articles of Association "Establishment".
13. Approval on amending Article 2 of the Company's Articles of Association "Company Name".
14. Approval on amending Article 3 of the Company's Articles of Association "Company Purposes".
15. Approval on amending Article 4 of the Company's Articles of Association "Ownership of or Participation in Existing Companies".
16. Approval on amending Article 12 of the Company's Articles of Association "Share Trade".
17. Approval on adding a new Article "Purchase, Sale or Mortgaging of Shares" to be Article 12 of the Company's Articles of Association.
18. Approval on amending the Company's Articles of Association in accordance with the new Companies Law and reordering and renumbering the Articles of Association in line with the above proposed amendments once approved.

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 answer 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 the financial results. During the call, the management discusses in detail the Company's results and performance during the period in question and addresses 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
Email: 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 2023, the Company requested the Shareholders Register 3 times from the Securities Depository Center (Edaa). The dates and reasons for such requests are listed below:

No. of Requests	Request Date	Reasons
1	5 January	Corporate action
2	5 June	Dividend entitlement
3	5 June	Dividend entitlement

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 may discontinue the setting aside 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 shall 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

1. The Company may, if so provided and permitted in its Articles of Association, distribute interim dividends to its shareholders on a biannual or quarterly basis after fulfilling the following requirements:
   - The issuance of a resolution by the General Assembly, renewed annually, authorizing the Board to distribute interim dividends.
   - The Company enjoys regular positive profitability.
   - The Company enjoys good liquidity and is able to reasonably foresee the scale of its profits.
   - The Company has 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.
2. 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 year in addition to the payment method and portion of dividends proposed for distribution at the end of the financial year, and the aggregate dividend amounts.
3. Dividend distributions must be recorded to the cumulative retained earnings account of preceding years, or the provisional 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.
4. The Company must, upon resolving to distribute interim dividends, disclose and announce such resolution immediately, and provide the Authority with a copy thereof immediately.

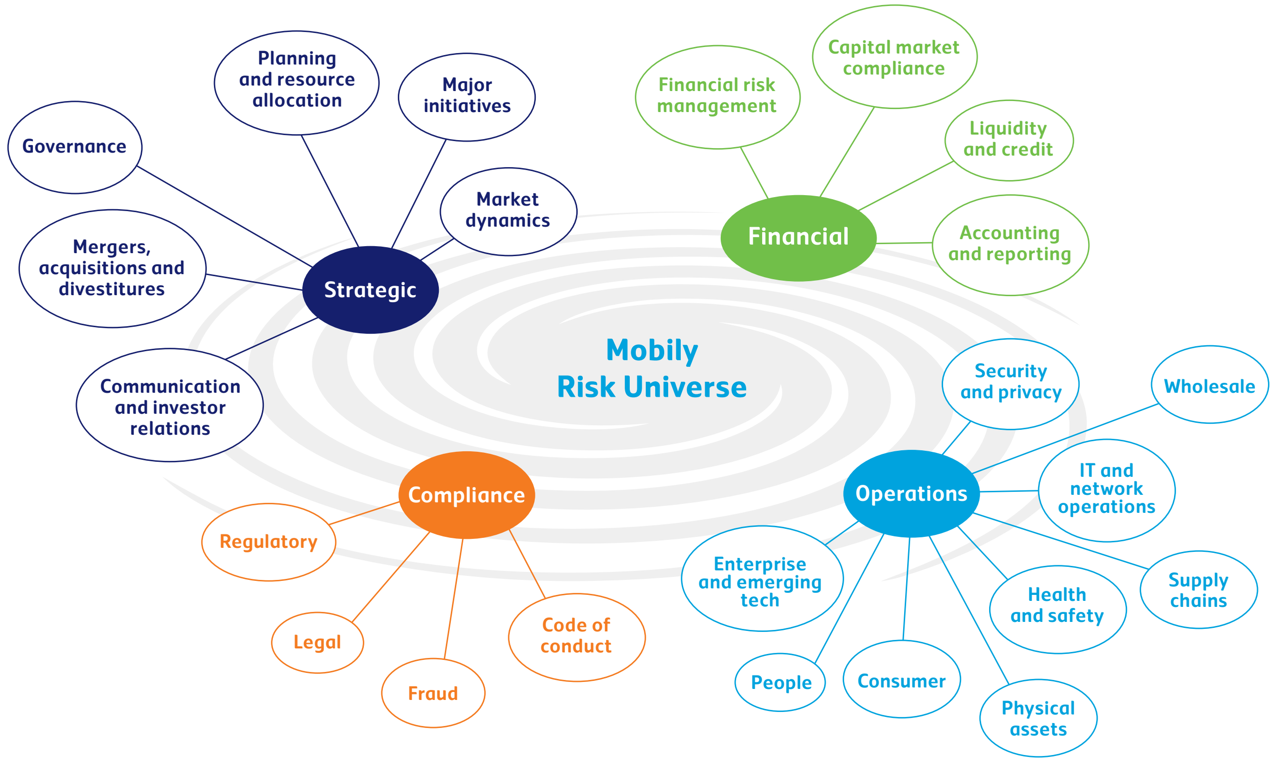
On 10 February 2024, the Board of Directors recommended distributing cash dividends to shareholders for the fiscal year 2023. The total proposed amount of dividend distribution is SAR 1,116.5 million, at SAR 1.45 per share. The percentage of dividend to the share par value is 14.5%. The eligibility of 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 after the day of the General Assembly of the Company, which will be announced later. The distribution date will be announced after the approval of this recommendation by the General Assembly.

GOVERNANCE

COMPANY RISKS

Mobily operates in a challenging environment driven by ever-increasing uncertainties, emerging technologies, stiff competition and regulatory changes. Managing risk from the identification phase to the phase of risk mitigation is becoming increasingly difficult. To navigate safely through these challenges, Mobily's Risk Management team has identified its risks universe (Figure 1) and established robust risk management and business continuity practices in accordance with the international standard's best practices. These practices comply with the statutory and regulatory requirements including but not limited to Capital Market Authority (CMA) regulations in Saudi Arabia. The Risk Management team provides quarterly updates to the Executive Risk Management Committee (ERMC) and the Board Risk Management Committee (BRMC) about its activities, covering the existing and emerging risks as well as the status of its BCM programs.

The summary of the top risks being overseen by the Board Risk Management Committee are as given below:



Risk Category	Risk Name	Key Drivers	Management Response
Strategic Risk	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
Project Risk	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 clear value realization program
Compliance Risk	Regulatory decisions	• Evolving regulatory regime creates uncertainty and delays • Regulations and decisions impacting 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
Technology Risk	Cyber-attacks	• Vulnerabilities and threats • Cybersecurity governance • Implementation of cybersecurity controls • Staff awareness	• Security and privacy and IT teams work together to implement the controls and prevent cyber-attacks in compliance with the National Cybersecurity Authority (NCA) and ISO requirements • Employee training to maintain and raise levels of awareness
Strategic Risk	Subsidiaries governance and operation	• Governance practices and integration with Mobily • Dependency on third parties • Market competition	• Clear operating model in place • Subsidiary Management Unit 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)

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.

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 Murabahas 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 input on the aging of financial assets on a periodic basis.

The Company has various netting agreements in place with counterparties. These netting agreements generally enable the counterparties to set-off liabilities against available assets received in the ordinary course of business and/or in the event of the counterparty's default. The offsetting right is a legal right to settle, or otherwise eliminate, all or a portion of an amount due by applying an amount receivable from the same counterparty against it. However, the offsetting criteria under IAS 32 are not met in all cases.

The following table summarizes the financial assets and liabilities subject to offsetting according to enforceable offsetting master and similar agreements:

	Gross Amounts	Amounts Set Off	Net Amounts
31 December 2023			
Accounts receivable	5,443,791	(2,053,257)	3,390,534
Accounts payable	5,394,692	(2,053,257)	3,341,435
31 December 2022			
Accounts receivable	4,928,663	(1,590,875)	3,337,788
Accounts payable	4,531,738	(1,590,875)	2,940,863

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 positive cash flow from operations indicated that the Group is able to meet the short-term debts.

The Group seeks continuously to comply with its legal obligations, including any, relating to its borrowing's 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 2023					
Borrowings	2,080	7,217	213	9,510	8,310
Lease liabilities	1,302	1,852	469	3,623	3,224
Accounts payable	3,341	-	-	3,341	3,341
Due to related parties	177	-	-	177	177
Other financial liabilities	190	155	37	382	367
	7,090	**9,224**	**719**	**17,033**	**15,419**
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	2,941	-	-	2,941	2,941
Due to related parties	161	-	-	161	161
Other financial liabilities	64	155	76	295	259
	6,228	**10,123**	**2,082**	**18,433**	**16,206**

GOVERNANCE

COMPANY RISKS (CONTINUED)

Market Risk

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

Currency Risk

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

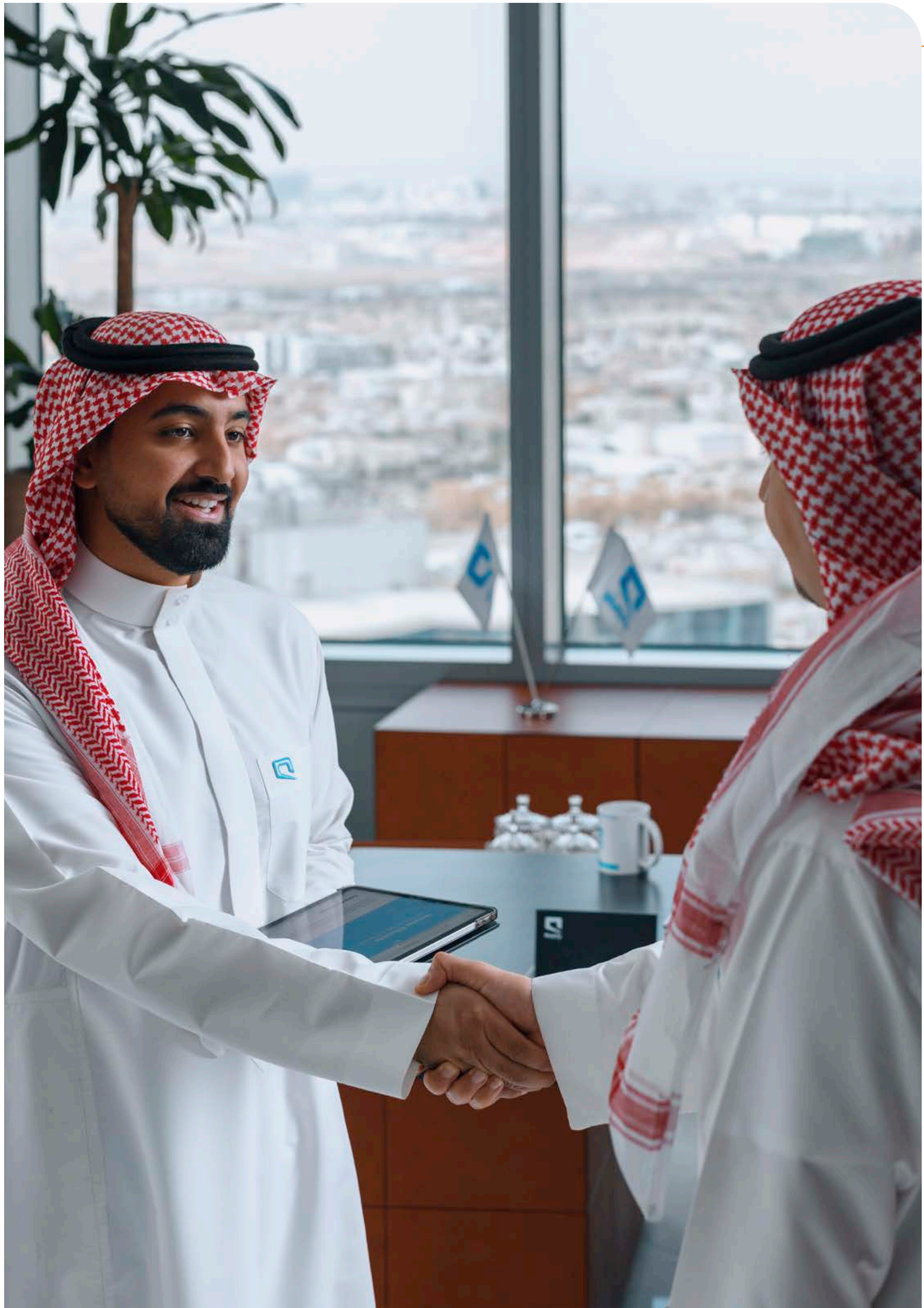
The management closely and continuously monitors the exchange rate fluctuations. Based on its experience and market feedback, the management does not believe it is necessary to hedge the effect of foreign exchange risks as most of the transactions of foreign currency risk are relatively limited in the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

Profit Rates Risk

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

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

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



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 the 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 the Board of Directors on 20 February 2024 (corresponding to 10/08/1445H).

SUMMARY OF ASSETS, LIABILITIES AND FINANCIAL RESULTS

The following tables summarize the consolidated statement of financial position, operating income and consolidated income statement as of 31 December 2023, 2022, 2021, 2020 and 2019:

Summary of the Consolidated Balance Sheet (SAR millions)

	2023	2022	2021	2020	2019
Current assets	9,500	8,125	8,085	6,476	6,512
Non-current assets	29,317	30,053	31,279	31,932	32,704
Total assets	**38,817**	**38,178**	**39,364**	**38,408**	**39,216**
Current liabilities	11,197	10,065	11,083	10,985	11,367
Non-current liabilities	9,997	11,755	13,085	12,978	14,098
Total liabilities	21,194	21,820	24,168	23,963	25,465
Shareholders' equity	17,623	16,358	15,196	14,445	13,751
Total liabilities and equity	**38,817**	**38,178**	**39,364**	**38,408**	**39,216**

The Company's total assets as of 31 December 2023 amounted to SAR 38,817 million, while total liabilities amounted to SAR 21,194 million and shareholders' equity amounted to SAR 17,623 million.

Property and equipment accounted for the largest portion of the Company's assets with a net book value of SAR 19,012 million, while loans accounted for most liabilities at SAR 8,310 million. These loans were allocated for the general purposes of the Company, acquiring network equipment, purchasing communications equipment and financing CAPEX. The end-of-service gratuity (EOSG) for the Company's employees was SAR 554 million as of 31 December 2023.

In 2023, the Group revisited its assessment to offset financial assets and financial liabilities in line with the requirements of IAS 32, Financial Instruments: Presentation.

Previously, the management has presented its financial assets and financial liabilities from other telecommunication operators at gross in its consolidated statement of financial position. However, in 2023 the management has re-assessed that they meet the criteria to offset balances from certain operators and accordingly present their related financial assets and financial liabilities at net in the consolidated statement of financial position of the Group.

(Figures for 2022 have been presented in line with this amendment according to items stated in the approved consolidated financial statements).

Summary of the Consolidated Operating Income (SAR millions)

	2023	2022	2021	2020	2019
Usage	10,992	10,624	10,037	9,663	9,347
Activation and subscription fees	3,034	3,052	2,766	2,397	2,308
Others	2,737	2,041	2,031	1,986	1,795
Total revenue	**16,763**	**15,717**	**14,834**	**14,046**	**13,450**

GOVERNANCE

SUMMARY OF ASSETS, LIABILITIES AND FINANCIAL RESULTS (CONTINUED)

Summary of the Consolidated Income Statement (SAR millions)

	2023	2022	2021	2020	2019	Value Change 22/23	Percentage Change 22/23
Revenue	16,763	15,717	14,834	14,046	13,450	1,046	6.66%
Cost of revenue	(7,311)	(6,336)	(6,163)	(5,894)	(5,650)	(975)	15.39%
Gross profit	**9,452**	**9,381**	**8,671**	**8,152**	**7,800**	**71**	**0.76%**
Selling and marketing expenses	(1,467)	(1,463)	(1,390)	(1,391)	(1,277)	(4)	0.27%
General and administrative expenses	(1,175)	(1,628)	(1,558)	(1,407)	(1,509)	453	(27.83%)
Impairment losses on receivables or contract assets	(186)	(111)	(142)	(15)	(110)	(75)	67.57%
Depreciation and amortization	(3,647)	(3,851)	(3,927)	(3,970)	(3,917)	204	(5.30%)
Profit from operations	**2,977**	**2,328**	**1,654**	**1,369**	**987**	**649**	**27.88%**
Share in profit of joint venture	30	28	(19)	-	(1)	2	7.14%
Finance income	164	46	5	21	44	118	256.52%
Finance costs	(690)	(607)	(505)	(561)	(930)	(83)	13.67%
Other revenue / expenses, net	(32)	(16)	15	(3)	(20)	(16)	100%
Zakat and income tax	(217)	(122)	(79)	(43)	(49)	(95)	77.87%
Net profit (loss)	**2,232**	**1,657**	**1,071**	**783**	**31**	**575**	**34.70%**

- Mobily achieved a growth in net profit of SAR 2,232 million for the year 2023 compared to SAR 1,657 million in 2022, recording the highest annual net profit in the last decade 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 0.76% in FY 2023, reaching SAR 9,452 million from SAR 9,381 million in FY 2022, due to the increase in revenues.
- The revenues reached SAR 16,763 million in 2023, a 6.66% growth from SAR 15,717 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 10 years, with an amount of SAR 6,625 million in 2023, compared to SAR 6,179 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 39.5% in 2023 versus 39.3% in 2022.
- Operational profit increased by 27.88%, reaching SAR 2,977 million in 2023 from SAR 2,328 million in the last year, due to the improvement in EBITDA.

GOVERNANCE

LOANS

Details of loans and notes payable as at 31 December 2023 are as follows. It should be noted that the amounts that have been paid during 2023 amount to SAR 1,312 million:

										31 December 2023 (SAR millions)			31 December 2022 (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 2023
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	1,133	4,555	5,688	752	5,688	6,440	752
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	164	150	314	265	314	579	265
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	125	209	334	190	334	524	190
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	41	41	82	41
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 a 3-year grace period	148	1,786	1,934	65	1,933	1,998	64
	Total									**1,611**	**6,700**	**8,311**	**1,313**	**8,310**	**9,623**	**1,312**

On 17 January 2024, the Company signed a Murabaha Financing Agreement with the Saudi National Bank, amounting to SAR 4.8 billion, for a financing period of 7 years. This agreement, characterized by favorable terms and competitive interest rates, is for working capital financing, in addition to further medium-term Murabaha financing to facilitate the partial refinancing of existing debt obligations with Mobily's long-term financial and capital restructuring strategy objectives.

Mobily will use SAR 3.685 billion from the financing agreement to facilitate partial refinancing of the Company's existing pool loan amounting to SAR 5.333 billion.

The agreement does not include any mortgages or financial guarantees.

GOVERNANCE

STATUTORY PAYMENTS

Paid and Due Statutory Payments (SAR millions)

Item	Payable to	2023 Paid	2023 Due for Fiscal Year-End, Not Paid	Short Description and Reason
Zakat	General Authority of Zakat and Tax	119	154	In accordance with the relevant laws and regulations
Tax	General Authority of Zakat and Tax	1,337	31.80	In accordance with the relevant laws and regulations
GOSI fees	General Organization for Social Insurance	39.76	-	In accordance with the relevant laws and regulations
Visa and Passport costs	Ministry of Interior	98.34	9.33	In accordance with the relevant laws and regulations
Labor Office fees	Ministry of Labor	0.54	-	In accordance with the relevant laws and regulations

Provision for Zakat

	31 December 2023
Balance at the beginning of the year	150,443
Charge during the year	154,023
Prior year settlements	61,495
Payments and settlements during the year	(180,502)
Balance at the end of the year	185,459

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 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 preliminary favorable ruling regarding zakat assessments for the years 2010 and 2011 where (ZATCA) appealed against it. During the month of January 2024, the committee upheld the ruling issued in favor of the Group regarding these years, and accordingly, all lawsuits related to these years were settled.

During the third quarter of 2023, an agreement was reached with the Zakat, Tax and Customs Authority (ZATCA) regarding the settlement of disputes regarding additional zakat assessments related to the years from 2014 until 2018, amounting to SAR 50.5 million. Accordingly, all lawsuits related to these years were settled and ended.

Income Tax

Income tax expense payable by subsidiaries, in accordance with the prevailing tax regulations in their countries, for the year ended 31 December 2023 amounted to SAR 1.7 million (2022: SAR 2.5 million). Income tax paid during the year ended 31 December 2023 amounted to SAR 2.1 million (2022: SAR 2 million).

LAWSUITS AND VIOLATIONS

In 2023, the Committee for the Consideration of Violations of the Telecommunication and Information Technology Act has passed several decisions, including penalties against Mobily. The Company appealed such decisions in accordance with the Telecommunication and Information Technology Act and its Executive Regulations. Such decisions were based on various reasons, including rejection of number transfer requests, terms and conditions of providing service to customers, and other reasons.

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

1. Analyzing and addressing the causes of violations in coordination with the relevant units of the Company.
2. Enhancing compliance with the CST's resolutions and instructions.
3. Raising organizational awareness about new laws, regulations and instructions.
4. Taking the necessary escalation actions if required.

In addition to the above, through the development of the organizational commitment mechanisms and tools and allocating the necessary HR resources and policies to address violations within the legal period in compliance with CST's regulations.

The CST's Committee for the Consideration of Violations of the Communications Law has passed several decisions, including penalties against Mobily amounting to SAR 21 million as at 31 December 2023 (31 December 2022: SAR 76 million). 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 2023, 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 2023, 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 (hereinafter referred to as the "Committee") in Mobily, took into consideration the requirements of corporate governance in terms of its composition and direct association with the Company's Board of Directors (hereinafter referred to as "BoD"). The Committee's main contribution was in reviewing the financial statements and reports and accounting policies, and the supervision of the work of Internal Audit, the external auditors and Compliance. The Committee held 9 meetings during the year 2023.

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 laws and regulations. The Committee communicates regularly with the Internal Audit Department, where the Internal Audit Department is tasked with evaluating the effectiveness of the Company's internal control framework and functions and reporting on the same using a risk-based assessment methodology.

Highlights of the Committee's business during 2023:

1. Auditing and approving the internal audit plan and ensuring the availability of the required resources to guarantee its continuous effectiveness.
2. Auditing and approving the objectives and KPIs of the Chief Audit Executive.
3. Recommendation to appoint the new Chief Audit Executive.
4. Supervising the work of the Internal Audit Department and following up with the implementation of its plan, including following up its initiatives regarding the financial report control framework and setting up a mechanism for continuous auditing using modern technologies.
5. Discussing and monitoring the Internal Audit Department's reports issued in 2023, the progress of the implementation of the recommendations by the relevant departments of the Company, and any matters referred by the BoD to the Committee for consideration and investigation.
6. Supervising the work of the external auditors and meeting them periodically.
7. Reviewing the quarterly and annual financial statements and submitting recommendations to the BoD to approve them.
8. Reviewing and discussing the "Management Letter" issued by the external auditors and implementing its recommendations.
9. Reviewing and evaluating the offers submitted by the offices of chartered accountants, with international experience and knowledge that are licensed to work in the Kingdom of Saudi Arabia, that were invited by the Company to submit their offers. Based on these procedures and criteria, the Committee submitted its recommendation to the BoD to present the same to the General Assembly in order to choose one of these offices.
10. Reviewing a range of new policies and updates on other existing policies; and giving recommendation to submit them to the BoD for approval.
11. 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.
12. Reviewing management's proposals for doubtful debt allocations and non-performing loans (NPLs) write-off procedures before submitting to the BoD for approval.
13. Reviewing reports from management on legal and regulatory compliance requirements and monitoring the implementation of pertinent recommendations contained in the reports.
14. Overseeing the necessary arrangements for providing a mechanism for employees to communicate their concerns in a confidential manner.
15. Informing the BoD periodically about the Committees' activities through the sharing of its minutes of meetings and regular updates on the work of the Committee during BoD meetings.
16. 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.
17. Reviewing related party transactions and providing its recommendations in connection to it.
18. Reviewing the reports received from the Company's management on the subsidiaries' performance.
19. Reviewing the reports received from the Company's management on governance, risk and compliance (GRC) of the Company.
20. Reviewing the reports received from the Company's management on irregular or illegal activities.
21. Reviewing the reports received from the Company's management on the automation of bank reconciliations and the use of the Oracle ERP system.

The Audit Committee's opinion on the effectiveness of the internal control system:

The internal control system is designed to ensure the Company's established goals are achieved effectively and efficiently; reliable financial reports are made; applicable laws, regulations and policies are complied with; and potential risks are adequately managed to minimize their impacts on the achievement of the Company's goals. The internal control system also plays an important role in protecting the Company's resources and preventing, swiftly revealing and addressing fraud. 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.

Based on the outcomes of annual reviews, the Audit Committee did not see any major weaknesses in applicable internal control procedures, however, there were a few observations from the audit resulting in the need to improve and develop the internal control system to keep in line with the Company's goals, size and nature of business. The observations were communicated to the Company's executive management, which developed a plan to implement the relevant recommendations. The Audit Committee will follow up on the implementation of those recommendations according to the agreed implementation dates. 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, while complying with relevant laws and regulations.

It should be noted that the internal and external auditors make their opinion and observations upon the audit they carry out. The Audit Committee then relies on their reports to make its opinion and recommendations on the fairness of the financial statements and the adequacy of the internal control system. All these depend on the sampling method in accordance with the requirements of the relevant professional and regulatory standards. Accordingly, the internal and external auditors can give reasonable assurance based on the results of their audit. However, they cannot give absolute assurance on the integrity of each operation carried out in the Company, since this requires reviewing and auditing all the operations conducted by the Company, not only samples. This is beyond the scope of their work and the requirements of the auditing standards and related regulations. The Audit Committee also cannot give absolute assurance that there are no material errors because it is not feasible or legally and professionally required to review all operations conducted by the Company separately.

GOVERNANCE

CORPORATE GOVERNANCE COMPLIANCE

Following the review of the Corporate Governance Regulations issued by the KSA 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 programs 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	1) 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, aiming also 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 4 – B	Disclosure of 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, rights issues or similar rights were issued or granted by the Company during the fiscal year.
- No conversion or subscription rights under any convertible debt instruments, contractual securities, right issues, 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 programs.

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 business activities.

Board of Directors
Etihad Etisalat Co. (Mobily)
March 2024

FINANCIAL STATEMENTS

05

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 (collectively referred to as "the Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in shareholders' equity for the year then ended, and notes to the consolidated financial statements, including material accounting policy 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 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants (IFRS as endorsed by 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 International Code of Ethics for Professional Accountants (including International Independence Standards) that is endorsed in the Kingdom of Saudi Arabia that is relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with that Code. 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 auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition	
The Group's revenue amounting to SR 16.8 billion for the year ended 31 December 2023 consists primarily of telecommunication data packages and use of the network subscription fees. We considered this a key audit matter as the application of accounting standard for revenue recognition in the telecommunication sector includes number of key judgments and estimates. Additionally, there are inherent risks about the accuracy of revenues recorded due to the complexity associated with the network environment, dependency on IT applications, large volumes of data, changes caused by price updates and promotional offers affecting the various products and services offered, as well as the materiality of the amounts involved. Refer to note 5.12 to the consolidated financial statements for accounting policy relating to revenue recognition, note 6.10 for the accounting estimates, assumptions and judgements and note 32 for the related disclosures.	Our audit procedures included, among others, the following: • Involved our IT specialists to test the design, implementation and operating effectiveness of system internal controls related to revenue recognition. • Assessed the Group's revenue recognition policies for compliance with IFRS as endorsed by SOCPA. • Inspected a sample of revenues reconciliations between the primary billing system and the general ledger. • Tested, on a sample basis, the accuracy of customer invoice generation and tested a sample of the credits and discounts applied to customers invoices. • Tested, on a sample basis, customers cash receipts back to the invoice. • Tested transactions which took place before and after year-end to check that revenue is recognized in the appropriate period. • Performed analytical procedures by comparing expectations of revenues with actual results and analyzed variances. • Assessed the adequacy of the relevant disclosures in the consolidated financial statement.

Key audit matter	How our audit addressed the key audit matter
Allowance for impairment of trade receivables	

As at 31 December 2023, the Group's gross trade receivables amounted to SR 5.6 billion against which an impairment allowance of SR 2.2 billion is maintained.
 	
The Group uses the expected credit loss model (ECL) as required by IFRS as endorsed by SOCPA to calculate allowance for impairment in trade receivables.
 	
The key area of judgement includes assumptions used in ECL model in determining probability of default and loss given default.
We considered this as a key audit matter as it involves complex calculations and use of assumptions by management in addition to the materiality of the amounts involved.
 	
Refer to note 5.5.1.4 to the consolidated financial statements for accounting policy relating to allowance for impairment of trade receivables, note 6.2 for the accounting estimates, assumptions and judgements and note 15 for the related disclosures.
	Our audit procedures included, among others, the following:
	
	• Assessed the design, implementation, and operating effectiveness of the key controls over the following:
	  • Recording of trade receivables and settlements; and
	  • Trade receivables aging reports.
	• Tested the completeness and accuracy of data used in the ECL calculation.
	• Involved our internal specialist to assess reasonableness of the significant estimates and assumptions, including probability of default, loss given default and those relating to future economic events that are used to calculate the expected credit loss.
	• Tested the mathematical accuracy of the ECL model.
	• Assessed the adequacy of the relevant disclosures included in the consolidated financial statements.

Capitalization of property and equipment and assessment of useful lives	
The Group has a substantial capital expenditures plan and therefore incurs significant annual expenditures in relation to the development and maintenance of both infrastructure assets and assets in relation to network and related equipment. Costs related to upgrading or enhancing networks are treated as capital expenditures while expenses spent to maintain the network's operating capacity are recognized as expenses in the same year in which they are incurred. Accordingly, the assessment and timing of whether assets meet the capitalization criteria set out in IAS 16, Property, Plant and Equipment requires judgement. We considered this as a key audit matter since it involves management's assumptions as well as the materiality of the amounts involved. We also considered the assessment of useful lives as part of key audit matters due to the significant management judgement and assumptions which ultimately will have an impact in the depreciation expense during the year. Refer to note 5.6 to the consolidated financial statements for accounting policy relating to property and equipment, note 6.6.1 for the accounting estimates, assumptions and judgements and note 7 for the related disclosures.	Our audit procedures included, among others, the following: • Tested the design, implementation, and operating effectiveness of key controls in place over the capitalization and depreciation of property and equipment. • Performed analytical procedures on depreciation of property and equipment by comparing actual depreciation amounts with expected amounts and analysed variances. • Assessed management's judgements on the appropriateness of the useful lives applied in the calculation of depreciation expense. In addition to the above, we also performed the following procedures on the capitalized cost: • Assessed the Group's capitalisation policy, for compliance with IFRS as endorsed by SOCPA. • Tested, on a sample basis, capitalisation of project expenses in compliance with the Group's capitalisation policy. • Assessed the adequacy of the relevant disclosures included in the consolidated financial statements

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

Other matter

The consolidated financial statements of the Group for the year ended 31 December 2022 were audited by another auditor who expressed unmodified opinion on those consolidated financial statements on 3 Sha'ban 1444H (corresponding to 23 February 2023).

Other information included in The Group's 2023 Annual Report

Other information consists of the information included in the Group's 2023 annual report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information in its annual report. The Group's 2023 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.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants and the provisions of Companies' Law 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, the 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 are 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 the 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 skepticism 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, 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to 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.

for Ernst & Young Professional Services

Hesham A. Alatiqi
Certified Public Accountant
License No. (523)

Riyadh: 19 Sha'ban 1445H
(29 February 2024)

ETIHAD ETISALAT COMPANY (A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

	Notes	31 December 2023	31 December 2022
Assets			
Non-current assets			
Property and equipment	7	19,011,971	19,507,574
Intangible assets	8	7,315,942	7,607,659
Right of use assets	9	2,729,910	2,703,004
Investment in joint venture	10	11,152	9,474
Contract costs	11	28,673	29,155
Contract assets	12.1	103,402	80,132
Financial and other assets	13	116,109	115,812
Total non-current assets		**29,317,159**	**30,052,810**
Current assets			
Inventories	14	150,761	109,047
Contract costs	11	495,107	378,728
Contract assets	12.1	929,380	830,400
Accounts receivable	15	3,390,534	3,337,788
Due from related parties	16.2	161,912	169,660
Financial and other assets	13	590,089	458,622
Short term Murabaha	17	2,127,814	2,013,500
Cash and cash equivalents	18	1,654,378	827,725
Total current assets		**9,499,975**	**8,125,470**
Total assets		**38,817,134**	**38,178,280**
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	26,311	90,075
Retained earnings		7,247,325	5,919,489
Total shareholders' equity		**17,622,607**	**16,358,535**
Non-current liabilities			
Borrowings	21	6,699,593	8,310,441
Lease liabilities	22	2,044,864	2,211,375
Provision for end of service benefits	23	554,393	501,802
Decommissioning provision	24	206,269	190,543
Contract liabilities	12.2	280,648	280,515
Financial and other liabilities	25	211,892	260,425
Total non-current liabilities		**9,997,659**	**11,755,101**
Current liabilities			
Borrowings	21	1,610,848	1,313,399
Lease liabilities	22	1,178,918	1,009,659
Accounts payable	26	3,341,435	2,940,863
Contract liabilities	12.2	785,828	694,956
Due to related parties	16.2	177,249	161,127
Accrued expenses	27	3,078,018	2,873,311
Provisions	28	615,355	827,067
Zakat and income tax	29	187,009	152,562
Financial and other liabilities	25	222,208	91,700
Total current liabilities		**11,196,868**	**10,064,644**
Total liabilities		**21,194,527**	**21,819,745**
Total shareholders' equity and liabilities		**38,817,134**	**38,178,280**

The attached notes from 1 to 45 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 2023

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

	Notes	31 December 2023	31 December 2022
Revenue	32	16,762,681	15,717,415
Cost of revenue	33	(7,310,788)	(6,336,078)
Gross profit		**9,451,893**	**9,381,337**
Operating expenses			
Selling and marketing expenses	34	(1,467,081)	(1,462,886)
General and administrative expenses	35	(1,174,663)	(1,628,231)
Impairment on accounts receivable and contract assets	12.1,15	(185,629)	(111,654)
Depreciation and amortization	7,8,9	(3,647,264)	(3,850,550)
Total operating expenses		**(6,474,637)**	**(7,053,321)**
Operating profit		**2,977,256**	**2,328,016**
Other income and expenses			
Share in profit of joint venture	10	30,053	28,226
Finance income	36	163,741	45,990
Finance costs	37	(690,049)	(606,977)
Other expenses, net	38	(31,833)	(16,485)
Total other expenses		**(528,088)**	**(549,246)**
Net profit before zakat and income tax		**2,449,168**	**1,778,770**
Zakat and income tax	29	(217,191)	(121,830)
Net profit		**2,231,977**	**1,656,940**
Earnings per share:			
Basic and diluted earnings per share (in SR)	39	2.90	2.15

The attached notes from 1 to 45 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 2023

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

	31 December 2023	31 December 2022
Net profit	2,231,977	1,656,940
Items that will not be reclassified subsequently to profit or loss:		
Actuarial remeasurement of end of service benefits	(18,642)	32,690
Change in fair value of equity investments	(2,742)	(28,789)
Share in other comprehensive income of joint venture	1	96
Total items that will not be reclassified subsequently to profit or loss	**(21,383)**	**3,997**
Items that will be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	(388)	(5,354)
Cash flow hedge - change in fair value	47,590	153,462
Cash flow hedge - reclassified to profit or loss	(108,224)	7,744
Total items that will be reclassified subsequently to profit or loss	**(61,022)**	**155,852**
Other comprehensive (loss) / income	**(82,405)**	**159,849**
Total comprehensive income	**2,149,572**	**1,816,789**

The attached notes from 1 to 45 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 2023

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

	Notes	31 December 2023	31 December 2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		2,231,977	1,656,940
Adjustments:			
Depreciation and amortization	7,8,9	3,647,264	3,850,550
Impairment loss on accounts receivable and contract assets	12.1,15	185,629	111,654
Provision for end of service benefits	23	80,565	71,533
Provisions		(174,947)	449,586
Loss on sale of property and equipment	38	8,832	17,550
Share in (profit) of joint venture	10	(30,053)	(28,226)
Finance income	36	(163,741)	(45,990)
Finance costs	37	690,049	606,977
Zakat and income tax	29	217,191	121,830
Others		(9,180)	(8,008)
Changes in:			
Inventories		(51,763)	(12,494)
Contract costs		(115,897)	89,962
Contract assets		(122,263)	(316,343)
Accounts receivable		(200,894)	(105,786)
Due from related parties		42,724	(26,331)
Financial assets and others		(222,040)	(38,470)
Accounts payable		55,423	(239,692)
Contract liabilities		91,004	21,297
Due to related parties		16,122	(120,436)
Accrued expenses		190,345	213,157
Provisions		(36,765)	(68,957)
Financial liabilities and others		117,040	(28,149)
Cash generated from operating activities		**6,446,622**	**6,172,154**
End of service benefits paid	23	(46,616)	(50,094)
Finance costs paid		(507,598)	(358,439)
Zakat and income tax paid	29	(121,116)	(79,728)
Net cash generated from operating activities		**5,771,292**	**5,683,893**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment of property and equipment		(1,916,410)	(2,329,482)
Payment of intangible assets		(119,944)	(101,500)
Proceeds from sale of property and equipment		2,533	681
Short term Murabaha		(114,314)	(1,013,500)
Finance income received		132,051	37,846
Investment in joint venture		(6,600)	-
Net cash used in investing activities		**(2,022,684)**	**(3,405,955)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of borrowings		(1,351,612)	(1,259,886)
Payment of lease liabilities		(718,042)	(600,756)
Dividends paid		(852,301)	(640,234)
Net cash used in financing activities		**(2,921,955)**	**(2,500,876)**
Net changes in cash and cash equivalents		826,653	(222,938)
Cash and cash equivalents at beginning of the year		827,725	1,050,663
Cash and cash equivalents at end of the year	18	**1,654,378**	**827,725**

The attached notes from 1 to 45 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 2023

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

	Notes	Share capital	Statutory reserve	Other reserves	Retained earnings	Total shareholders' equity
Balance as at 1 January 2023		7,700,000	2,648,971	90,075	5,919,489	16,358,535
Net profit		-	-	-	2,231,977	2,231,977
Other comprehensive income		-	-	(63,764)	(18,641)	(82,405)
Total comprehensive income		-	-	(63,764)	2,213,336	2,149,572
Dividends	43	-	-	-	(885,500)	(885,500)
Balance as at 31 December 2023		**7,700,000**	**2,648,971**	**26,311**	**7,247,325**	**17,622,607**
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	43	-	-	-	(654,500)	(654,500)
Balance as at 31 December 2022		**7,700,000**	**2,648,971**	**90,075**	**5,919,489**	**16,358,535**

The attached notes from 1 to 45 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 2023

(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 Dhul Qa'adah 2, 1425H (corresponding to 14 December 2004). 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:

		Ownership percentage			
		31 December 2023		31 December 2022	
Name	Country of incorporation	Direct	Indirect	Direct	Indirect
Mobily Infotech India Private Limited (1.2.1)	India	99.99%	0.01%	99.99%	0.01%
Zajil International Network for Telecommunication Company* (1.2.2)	Saudi Arabia	96.00%	4.00%	96.00%	4.00%
National Company for Business Solutions (1.2.3)	Saudi Arabia	100.00%	-	100.00%	-
National Company for Business Solutions FZE (1.2.4)	United Arab of Emirates	-	100.00%	-	100.00%
Mobily Ventures Holding W.L.L (1.2.5)	Bahrain	100.00%	-	100.00%	-
Etihad Fintech Company (1.2.6)	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.

ETIHAD ETISALAT COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

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 2023	Ownership percentage 31 December 2022	Carrying amount 31 December 2023	Carrying amount 31 December 2022
Fast Global Technology Holding Limited (Ecommerce Taxi Middle East previously)	UAE – Abu Dhabi (Luxembourg previously)	7.04%	7.04%	1,702	1,702

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;

Name	Country of incorporation	Ownership percentage 31 December 2023	Ownership percentage 31 December 2022	Carrying amount 31 December 2023	Carrying amount 31 December 2022
Anghami LLC	Cayman Islands	4.77%	5.07%	5,137	7,873
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 endorsed by Saudi Organization for Chartered and Professional Accountants (SOCPA).

ETIHAD ETISALAT COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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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 of the group have been prepared on historical cost basis unless stated otherwise on the basis that it will continue to operate as a going concern.

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

4.1 NEW IFRS STANDARDS, ISSUED AND ADOPTED

The standards and amendments that are issued, that could be applicable to the Group and come into effect at 1 January 2023 are disclosed below. The Group believes that it does not have material impact on the Group's consolidated financial statements.

Amendments and interpretations
IFRS 17: Insurance Contracts
Amendments to IAS 8: Definition of Accounting Estimates
Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies
Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12: International Tax Reform — Pillar Two Model Rules

4.2 OTHER AMENDMENTS OF RELEVANT IFRS'S ISSUED BUT NOT YET EFFECTIVE

The standards and amendments that are issued, but not yet effective, as of 31 December 2023 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 IFRS 16: Lease Liability in a Sale and Leaseback
Amendments to IAS 1: Classification of Liabilities as Current or Non-current
Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7
Amendments to IAS 21 – Lack of Exchangeability
IFRS S1– General requirements for disclosure of sustainability-related financial information
IFRS S2– Climate-related disclosures

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.

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.

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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

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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 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 , derecognition and presentation

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.

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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.

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 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.

5.5.4 Offsetting between financial assets and financial liabilities

The Group offset financial asset and a financial liability and presented as a net amount in the consolidated statement of financial position when, and only when, both of the following conditions are satisfied:

- The Group currently has a legal enforceable right to offset the recognized amounts of the asset and liability; and
- The Group intends to settle on a net basis exists, or to realize the asset and settle the liability simultaneously

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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	2.5% - 5%
Leasehold improvements	10 % Or the lease term whatever is shorter
Telecommunication network equipment	3% - 20%
Computer equipment and software	10% - 33%
Office equipment and furniture	14% - 33%
Vehicles	20%

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 live 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 live 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.

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

	Amortization rate
Telecommunication services licenses	4% - 14%
Indefeasible Right of Use (IRU)	4% - 14%
Others	4% - 33%

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.

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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.

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.

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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.

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.

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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.

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.

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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.

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.

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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 considers a market participant's ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would utilize the asset in its highest and best use.

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

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

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

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

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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 2023	1,481,259	48,425,481	5,676,199	1,251,779	168,107	57,002,825
Additions	-	1,667,004	433,845	30,809	116,874	2,248,532
Disposals	(281)	(5,229,495)	(93,753)	(9,018)	-	(5,332,547)
As at 31 December 2023	1,480,978	44,862,990	6,016,291	1,273,570	284,981	53,918,810
Accumulated depreciation and impairment						
As at 1 January 2023	516,501	31,404,199	4,512,747	1,061,804	-	37,495,251
Charge for the year	25,433	2,326,324	298,931	40,106	-	2,690,794
Disposals	(120)	(5,179,179)	(92,694)	(7,213)	-	(5,279,206)
As at 31 December 2023	541,814	28,551,344	4,718,984	1,094,697	-	34,906,839
Net book value as at 31 December 2023	**939,164**	**16,311,646**	**1,297,307**	**178,873**	**284,981**	**19,011,971**

	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**

- During the year ended 31 December 2023, the Group has capitalized internal technical staff costs amounting to SR 168 million (31 December 2022: SR 178 million).
- Other assets include Leasehold improvements, Office furniture and equipment and Vehicles.

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- During the fourth quarter of 2022 and the first quarter of 2023, the Group has reviewed the estimated useful lives and residual value of property and equipment, which resulted in change in the estimate of certain items, as follow:

	Depreciation rate	
	Current Depreciation rate	Previous Depreciation rate
Buildings	2.5% - 5%	5%
Telecommunication network equipment	3% - 20%	4% - 20%

the change in estimates of useful life and residual values of these items resulted in a decrease in depreciation expense for the year ended 31 December 2023, by an amount of SR 52 million (31 December 2022: SR 8 million).

8 INTANGIBLE ASSETS

	Telecommunication services licenses	Goodwill	Indefeasible Right of Use (IRU)	Others*	Total
Cost:					
1 January 2023	13,586,350	1,466,865	1,335,377	107,172	16,495,764
Additions	-	-	69,830	-	69,830
31 December 2023	13,586,350	1,466,865	1,405,207	107,172	16,565,594
Accumulated Amortization					
1 January 2023	7,939,998	-	850,246	97,861	8,888,105
Charge for the year	289,059	-	71,540	948	361,547
31 December 2023	8,229,057	-	921,786	98,809	9,249,652
Net book value at 31 December 2023	**5,357,293**	**1,466,865**	**483,421**	**8,363**	**7,315,942**

	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**

* Others include various computer software.

The net book value and expiry dates of the main mobile operating licenses and frequency spectrum are as follows:

	End of amortization period	31 December 2023	31 December 2022
Telecommunication services licenses	Between 2030– 2043	5,042,060	5,299,609
Indefeasible Right of use (multiple items)	Between 2024 – 2045	483,421	485,131
Frequency spectrum (multiple items)	Between 2033 – 2035	315,233	346,743
		5,840,714	**6,131,483**

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 business plan. 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 recoverable amount of the CGU as at 31 December 2023 amounted to SR 56,580 million (31 December 2022: SR 26,083 million) has been determined based on a value-in-use calculation using cash flow projections from financial budgets covering a four years period. The pre-tax discount rate applied to cash flow projections is 5.7% (31 December 2022: 10%) and cash flows beyond the four years period are extrapolated using a 1.5% growth rate (31 December 2022: 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 5.7% (31 December 2022: 10%).
- A rise in the pre-tax discount rate beyond 10.02% (i.e., 4.32%) (31 December 2022: 12% (i.e., +2 %)) 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 2022: 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 negative growth -7% (31 December 2022: 0%) in the long-term growth rate would not result in an impairment loss.

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9 RIGHT OF USE ASSETS

	Telecommunication network equipment	Land and buildings	Total
Cost			
As at 1 January 2023	4,606,700	667,992	5,274,692
Additions	427,056	150,237	577,293
Expiration and renewal	(304,036)	(124,667)	(428,703)
Disposal and adjustments	(139,155)	133,667	(5,488)
As at 31 December 2023	4,590,565	827,229	5,417,794
Accumulated Depreciation			
As at 1 January 2023	2,200,197	371,491	2,571,688
Charge for the year	484,901	110,022	594,923
Expiration and renewal	(304,036)	(124,667)	(428,703)
Disposal and adjustments	(151,278)	101,254	(50,024)
As at 31 December 2023	2,229,784	458,100	2,687,884
Net book value as at 31 December 2023	**2,360,781**	**369,129**	**2,729,910**

	Telecommunication network equipment	Land and buildings	Total
Cost			
As at 1 January 2022	4,321,066	699,785	5,020,851
Additions	558,667	14,454	573,121
Expiration and renewal	(273,033)	(46,247)	(319,280)
As at 31 December 2022	4,606,700	667,992	5,274,692
Accumulated Depreciation			
As at 1 January 2022	1,984,523	306,237	2,290,760
Charge for the year	488,707	111,501	600,208
Expiration and renewal	(273,033)	(46,247)	(319,280)
As at 31 December 2022	2,200,197	371,491	2,571,688
Net book value as at 31 December 2022	**2,406,503**	**296,501**	**2,703,004**

- 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 5.45% (31 December 2022: 5.37%).

10 INVESTMENT IN JOINT VENTURE

The Group holds a 25% equity interest in Sehati for Information Technology Service Company, a limited liability Company incorporated in Kingdom of the Saudi Arabia. The principal activities of Sehati for Information Technology Service Company 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 is accounted for using the equity method in these consolidated financial statements. During the fourth quarter of 2023, the Board of Directors of Sihati for Information Technology Services Company approved the distribution of dividends to the owners, of which the company's share amounted to SR 34 million (2022: Zero).

During the third quarter of 2023, the Company participated in establishing the Integrated Data Company for Information Technology (A Limited Liability Company) with a capital of SR 22 million, of which the Company's share is SR 6.6 million, representing 30% of the total capital value. The purpose of this company revolves around big data technologies, data science and analysis, and the construction of geospatial databases

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

	31 December 2023	31 December 2022
Group's share of net profit	30,053	28,226
Group's share of other comprehensive income	1	96
Group's share of total comprehensive income	30,054	28,322
Group's share carrying amount	11,152	9,474

The Group share of joint venture in an outstanding letter of guarantee amounting to SR 22.5 million (31 December 2022: SR 62.5 million).

11 CONTRACT COSTS

Contract costs consist of the followings:

	31 December 2023	31 December 2022
Costs to obtain the contracts	277,508	201,593
Costs to fulfil the contracts	246,272	206,290
	523,780	**407,883**
Current	495,107	378,728
Non-current	28,673	29,155
	523,780	**407,883**

- 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, such as installation and devices costs 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.

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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 2023	31 December 2022
Contract Assets	1,059,506	937,244
Less: allowance for impairment loss on contract assets	(26,724)	(26,712)
	1,032,782	**910,532**
Current	929,380	830,400
Non-current	103,402	80,132
	1,032,782	**910,532**

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

	31 December 2023	31 December 2022
Transfer from contact assets recognized at the beginning of the year	(875,126)	(566,436)
Increase as a result of change in the measure of the progress	997,388	882,779
	122,262	**316,343**

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

	31 December 2023	31 December 2022
Balance at the beginning of the year	(26,712)	(54,764)
(Charge) / Reversal for the year	(12)	28,052
Balance at the end of the year	**(26,724)**	**(26,712)**

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 2023	31 December 2022
Current	785,828	694,956
Non-current	280,648	280,515
	1,066,476	**975,471**

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

	31 December 2023	31 December 2022
Revenue recognized that was included in the contract liability balance at the beginning of the year	(529,390)	(649,943)
Increase due to cash received, excluding amounts recognized as revenue during the year	620,395	671,240
	91,005	**21,297**

13 FINANCIAL AND OTHER ASSETS

13.1 Financial assets

	31 December 2023	31 December 2022
Equity investments at fair value through other comprehensive income	6,839	9,575
Derivatives financial instruments	76,021	136,654
Restricted cash	106,003	40,588
Accrued income	56,889	11,071
Others	92,854	92,371
	338,606	**290,259**
Current	290,014	195,824
Non-current	48,592	94,435
	338,606	**290,259**

13.2 Other assets

	31 December 2023	31 December 2022
Prepaid expenses	69,491	46,055
Advance payments	122,513	114,862
Capital advances	67,517	21,377
Others	108,071	101,881
	367,592	**284,175**
Current	300,075	262,798
Non-current	67,517	21,377
	367,592	**284,175**

14 INVENTORIES

	31 December 2023	31 December 2022
Handsets and equipment	212,122	167,092
SIM cards	20,870	13,919
Prepaid vouchers and scratch cards	546	844
	233,538	181,855
Less: provision for inventory obsolescence	(82,777)	(72,808)
	150,761	**109,047**

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

	31 December 2023	31 December 2022
Balance at the beginning of the year	(72,808)	(69,808)
(Charge) during the year	(10,050)	(11,175)
Written off during the year	81	8,175
Balance at the end of the year	**(82,777)**	**(72,808)**

15 ACCOUNTS RECEIVABLE

	31 December 2023	31 December 2022
Accounts receivable	5,585,140	5,504,829
Less: allowance for impairment loss on accounts receivable	(2,194,606)	(2,167,041)
	3,390,534	**3,337,788**

Ageing analysis of trade receivables as follows:

	31 December 2023			31 December 2022		
	Gross Amounts	Allowance for impairment loss	ECL rate	Gross Amounts	Allowance for impairment Loss	ECL rate
Not past due	1,021,990	(50,190)	4.9%	905,686	(58,413)	6.4%
Past due:						
1-30 days	435,072	(13,194)	3%	466,454	(16,848)	3.6%
31-90 days	547,976	(34,092)	6.2%	631,398	(32,255)	5.1%
91-180 days	641,098	(122,050)	19%	545,964	(129,856)	23.8%
181-365 days	603,209	(239,757)	39.7%	648,484	(223,583)	34.5%
> 365 days	2,335,795	(1,735,323)	74.3%	2,306,843	(1,706,086)	74.0%
	5,585,140	**(2,194,606)**	**39.3%**	**5,504,829**	**(2,167,041)**	**39.4%**

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

	31 December 2023	31 December 2022
Balance at the beginning of the year	(2,167,041)	(1,969,959)
Charge for the year	(185,617)	(139,706)
Settlement and write off during the year	158,052	(57,376)
Balance at the end of the year	**(2,194,606)**	**(2,167,041)**

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.	Subsidiary to Founding shareholder
Etisalat Afghanistan	Subsidiary to Founding shareholder
Etisalat Al Maghrib S.A (Maroc Telecom)	Subsidiary to Founding shareholder
Pakistan Telecommunication Company Limited	Subsidiary to Founding shareholder
Emirates Cable TV and Multimedia LLC	Subsidiary to Founding shareholder
Ufone	Subsidiary to Founding shareholder
Sehati for Information Service Company	Joint venture
Integrated Data Company for Information Technology	Joint venture

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

	31 December 2023	31 December 2022
Interconnection services and roaming services rendered	127,620	86,920
Interconnection services and roaming services received	352,924	348,728
Management fees	-	(92,713)
Other telecommunication services	16,776	10,142

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 board of directors and key management personnel

	31 December 2023	31 December 2022
Compensation and benefits - short term	86,009	105,967
Compensation and benefits - post-employment	3,768	3,964
Total compensation	**89,777**	**109,931**

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16.2 Related party balances

	31 December 2023	31 December 2022
Due from related parties		
Founding shareholder and its Associates & Subsidiaries	96,269	138,994
Joint venture	65,643	30,666
	161,912	**169,660**
Due to related parties		
Founding shareholder and its Associates & Subsidiaries	177,249	161,127
	177,249	**161,127**

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 5.43% (2022: 1.75%). 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 2023	31 December 2022
Cash on hand	576	714
Cash at banks	763,802	396,761
Short-term murabaha *	890,000	430,250
	1,654,378	**827,725**

*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 5.39% (2022: 2.26%). Income arising from these murabaha is reported under finance income in the consolidated statement of profit or loss.

19 STATUTORY RESERVE

On 1 June, 2023, the Company's General Assembly approved amending the Company's bylaws to comply with the new Companies law, issued on Dhu al-Hijjah 1, 1443 AH, corresponding to June 30, 2022 ("the Law"). as Article No. 44 of the bylaws related to the company's statutory reserve was removed. Based on this amendment, the company is currently studying and reviewing the balance of the statutory reserve, and it will be raised to the Company's General Assembly with the recommendations.

20 OTHER RESERVES

	Foreign currency translation reserve	Hedging reserve	Fair value reserve	Total
As at 1 January 2023	(17,931)	105,314	2,692	90,075
Exchange differences on translation of foreign operations	(388)	-	-	(388)
Cash flow hedges - change in fair value	-	47,590	-	47,590
Cash flow hedges - reclassified to profit or loss	-	(108,224)	-	(108,224)
Equity investments	-	-	(2,742)	(2,742)
As at 31 December 2023	**(18,319)**	**44,680**	**(50)**	**26,311**
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**

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21 BORROWINGS

A list of the borrowings acquired by the Company are as follows (Refer to Note 42):

										31 December 2023 million Saudi Riyals		31 December 2022 million Saudi Riyals	
Lender	Borrowings nature	Borrowings Purpose	Date	Currency	Principal amount	Utilized amount	Profit rate	Period	Other information	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	1,133	4,555	752	5,688
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	164	150	265	314
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	125	209	190	334
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
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	148	1,786	65	1,933
	Total									**1,611**	**6,700**	**1,313**	**8,310**

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Maturity profile of borrowings:

	31 December 2023	31 December 2022
Less than one year	1,610,848	1,313,399
Between one to five years	6,489,803	7,305,510
Over five years	209,790	1,004,931

22 LEASE LIABILITIES

Following is the movement in lease liabilities:

	31 December 2023	31 December 2022
As at 1 January	3,221,034	3,120,391
Additions during year	592,708	569,734
Payments during the year	(718,042)	(600,756)
Finance costs	128,082	131,665
Net book value as at 31 December	**3,223,782**	**3,221,034**
Current	1,178,918	1,009,659
Non-current	2,044,864	2,211,375
	3,223,782	**3,221,034**

23 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 2023	31 December 2022
Service cost	58,325	57,890
Interest cost	22,240	13,643
	80,565	**71,533**

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

	31 December 2023	31 December 2022
Balance at the beginning of the year	501,802	513,053
Charge recognized in consolidated statement of profit or loss	80,565	71,533
Losses / (Gains) recognized in the consolidated statement of comprehensive income	18,642	(32,690)
Benefits paid / adjustment	(46,616)	(50,094)
Balance at the end of the year	**554,393**	**501,802**

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

	31 December 2023	31 December 2022
Discount rate	4.68%	4.61%
Salary increase rate	3.96%	2.59%
Mortality Rate	0%	0%
Withdrawal rate	13.30%	10.90%

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.

	31 December 2023		31 December 2022	
Sensitivity Level	**Increase of 1%**	**Decrease of 1%**	**Increase of 1%**	**Decrease of 1%**
Discount rate	(55,285)	64,583	(47,057)	65,618
Future salary increase rate	67,846	(58,901)	68,644	(50,403)

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:

The following table shows the maturity profile of the Group's undiscounted defined benefit obligations as at 31 December:

	31 December 2023	31 December 2022
One year or less	32,826	31,444
Above one year but less than five years	84,021	78,526
Above five years	830,205	753,745
	947,052	**863,715**

At 31 December 2023, the weighted-average duration of the defined benefit plan was 10.84 years (2022: 11.23 years).

24 DECOMMISSIONING PROVISION

	31 December 2023	31 December 2022
Balance at the beginning of the year	190,543	181,119
Additions during the year	6,822	3,434
Unwind of discount	10,435	8,298
Utilization during the year	(1,531)	(2,308)
Balance at the end of the year	**206,269**	**190,543**

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25 FINANCIAL AND OTHER LIABILITIES

25.1 Financial liabilities

	31 December 2023	31 December 2022
Frequency spectrum licenses	166,443	195,746
E- Wallet obligations	168,768	63,096
Others	31,955	643
	367,166	**259,485**
Current	200,723	63,739
Non-current	166,443	195,746
	367,166	**259,485**

25.2 Other liabilities

	31 December 2023	31 December 2022
Government grants *	64,680	83,910
Others	2,254	8,730
	66,934	**92,640**
Current	21,485	27,961
Non-current	45,449	64,679
	66,934	**92,640**

*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.

26 ACCOUNTS PAYABLE

	31 December 2023	31 December 2022
Trade accounts payable	1,479,873	1,403,029
Capital expenditure payable	1,861,562	1,537,834
	3,341,435	**2,940,863**

27 ACCRUED EXPENSES

	31 December 2023	31 December 2022
Accrued telecommunication expenses	1,211,028	1,261,252
Accrued services and maintenance expenses	555,798	519,226
Accrued selling and marketing expenses	370,991	328,486
Accrued interest payable	82,973	92,613
Rental accruals	172,159	73,247
Employee accruals	206,232	156,670
Others	478,837	441,817
	3,078,018	**2,873,311**

28 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 2023	31 December 2022
Balance at the beginning of the year	827,067	466,883
(Reversal) / Charge during the year	(174,947)	430,927
Payment and settlements during the year	(36,765)	(70,743)
Balance at the end of the year	**615,355**	**827,067**

29 ZAKAT AND INCOME TAX

	31 December 2023	31 December 2022
Zakat	185,459	150,443
Income tax	1,550	2,119
	187,009	**152,562**

29.1 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.

29.1.1 Zakat base calculation

	31 December 2023	31 December 2022
Adjusted net profit for the year	2,653,138	2,251,781
Shareholder's equity at beginning of the year	15,382,959	14,578,734
Provisions at beginning of the year	3,509,710	3,034,304
Borrowings	8,310,441	9,623,840
Other additions	5,324,305	5,046,363
Property and equipment and intangible assets	(26,327,913)	(27,115,233)
Other deductions	(2,797,428)	(2,724,381)
Total zakat base	**6,055,212**	**4,695,408**

29.1.2 Provision for zakat

	31 December 2023	31 December 2022
Balance at the beginning of the year	150,443	108,839
Charge during the year	154,023	119,283
Prior year settlements	61,495	-
Total charge during the year	**215,518**	**119,283**
Payments and settlements during the year	(180,502)	(77,679)
Balance at the end of the year	**185,459**	**150,443**

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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 2022 and settled its zakat thereon. The Group has finalized its zakat status for the years up to 2020. There are no assessments received from ZATCA related to the years 2021 & 2022.

The Group has received zakat assessments that showed additional zakat liabilities for the years 2010, 2011 and 2014 to 2018 of SR157 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 2011where (ZATCA) appealed against it. During the month of January 2024, the committee upheld the ruling issued in favor of the Group regarding these years, and accordingly, all lawsuits related to these years were settled.

During the third quarter of 2023, an agreement was reached with the Zakat, Tax and Customs Authority (ZATCA) regarding the settlement of disputes regarding additional zakat assessments related to the years from 2014 until 2018, amounting to SR 50.5 million. accordingly, all lawsuits related to these years were settled and ended.

During the third quarter of 2023, the group received the zakat assessments for the years 2019 and 2020, which showed additional zakat dues worth SR 11 million. After studying the items included in these assessments, the Group accepted these assessments and the zakat status for these years was settled.

29.2 Income tax

Income tax expense payable by subsidiaries, in accordance with the prevailing tax regulations in their countries, for the year ended 31 December 2023 amounted to SR 1.7 million (2022: SR 2.5 million). Income tax paid during the year ended 31 December 2023 amounted to SR 2.1 million (2022: SR 2 million).

30 FINANCIAL ASSETS AND LIABILITIES

30.1 Financial assets

	31 December 2023	31 December 2022
Financial assets at fair value:		
Financial assets - fair value through other comprehensive income *	6,839	9,575
Derivatives financial instruments**	76,021	136,654
Total financial assets at fair value	**82,860**	**146,229**
Financial assets at amortized cost:		
Accounts receivable	3,390,534	3,337,788
Due from related parties	161,912	169,660
Short term Murabaha	2,127,814	2,013,500
Cash and cash equivalents	1,654,378	827,725
Restricted cash	106,003	40,588
Other financial assets	149,743	103,442
Total financial assets at amortized cost	**7,590,384**	**6,492,703**
Total financial assets	**7,673,244**	**6,638,932**
Current	7,624,652	6,544,497
Non-current	48,592	94,435
Total financial assets	**7,673,244**	**6,638,932**

30.2 Financial liabilities

	31 December 2023	31 December 2022
Financial liabilities at amortized cost:		
Borrowings	8,310,441	9,623,840
Lease liabilities	3,223,782	3,221,034
Accounts payable	3,341,435	2,940,863
Due to related parties	177,249	161,127
Other financial liabilities	367,166	259,485
Total financial liabilities at amortized cost	**15,420,073**	**16,206,349**
Total financial liabilities	**15,420,073**	**16,206,349**
Current	6,509,173	5,488,787
Non-current	8,910,900	10,717,562
Total financial liabilities	**15,420,073**	**16,206,349**

* The fair value of these unquoted equity shares was categorized as level 3.
** The fair value of these derivatives financial instruments was categorized as level 2.

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

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At 31 December 2023, the Group had financial derivatives agreements in place with a total notional amount of SR 2,588 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.

30.3 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.

30.3.1 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.

Offsetting of financial assets and financial liabilities

The Company has various netting agreements in place with counterparties. These netting agreements generally enable the counterparties to set-off liabilities against available assets received in the ordinary course of business and/or in the event of the counterparty's default. The offsetting right is a legal right to settle, or otherwise eliminate, all or a portion of an amount due by applying an amount receivable from the same counterparty against it. However, the offsetting criteria under IAS 32 are not met in all cases.

The following table summarize the financial assets and liabilities subject to offsetting according to enforceable offsetting master and similar agreements:

	Gross amounts	Amounts set off	Net amounts
31 December 2023			
Accounts receivable	5,443,791	(2,053,257)	3,390,534
Accounts payable	5,394,692	(2,053,257)	3,341,435
31 December 2022			
Accounts receivable	4,928,663	(1,590,875)	3,337,788
Accounts payable	4,531,738	(1,590,875)	2,940,863

30.3.2 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 positive cash flow from operation indicated that the Group able to meet the short-term debts.

The Group seeks continuously to comply with its legal obligations, including any, relating to its borrowing's 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 2023					
Borrowings	2,079,945	7,217,314	212,801	9,510,060	8,310,441
Lease liabilities	1,302,363	1,851,852	468,942	3,623,157	3,223,782
Accounts payable	3,341,435	-	-	3,341,435	3,341,435
Due to related parties	177,249	-	-	177,249	177,249
Other Financial liabilities	189,482	155,354	37,145	381,981	367,166
	7,090,474	**9,224,520**	**718,888**	**17,033,882**	**15,420,073**
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	2,940,863	-	-	2,940,863	2,940,863
Due to related parties	161,127	-	-	161,127	161,127
Other Financial liabilities	63,739	155,354	75,983	295,076	259,485
	6,227,886	**10,123,596**	**2,082,310**	**18,433,792**	**16,206,349**

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30.3.3 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.

30.3.3.1 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.

30.3.3.2 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 borrowing at a floating rate and using profit rate swaps as hedges of the variability in cash flows attributable to movements in profit rates.

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

30.3.4 Changes in liabilities arising from financing activities

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

	31 December 2023		
	Borrowings	Lease liabilities	Total
As at 1 January 2023	9,623,840	3,221,034	12,844,874
Changes from financing activities			
Payment of borrowings	(1,351,612)	-	(1,351,612)
Payment of lease liabilities	-	(718,042)	(718,042)
Total changes from financing activities	(1,351,612)	(718,042)	(2,069,654)
Other changes			
Finance costs	536,172	128,082	664,254
Finance costs paid	(507,598)	-	(507,598)
Accrued interest payable movement	9,639	-	9,639
Lease additions, net	-	592,708	592,708
Total liability related to other changes	38,213	720,790	759,003
Balance as 31 December 2023	**8,310,441**	**3,223,782**	**11,534,223**

	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 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 2023	31 December 2022
Borrowings and other financial liabilities	11,700,666	13,040,620
Less: Cash and cash equivalents and short term Murabaha	(3,782,192)	(2,841,225)
Net debt	**7,918,474**	**10,199,395**
Total shareholders' equity	17,622,607	16,358,535
Net debt to shareholders' equity	0.45	0.62

32 REVENUE

1) Disaggregation of the Group's revenue:

	31 December 2023	31 December 2022
Usage	10,991,766	10,624,609
Activation and subscription fees	3,033,687	3,051,878
Others	2,737,228	2,040,928
Total revenue	**16,762,681**	**15,717,415**

- All of the Group's revenues, after eliminating related parties' revenues, are within the Kingdom of Saudi Arabia, and no individual customer contributed 10% or more to the Group's revenues.

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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 2023			
Expected revenue for remaining performance obligations that will be satisfied in subsequent	1,462,361	489,817	1,952,178

	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

33 COST OF REVENUE

	31 December 2023	31 December 2022
Network access charges	2,117,409	1,952,472
Government charges	1,334,929	1,295,935
Cost of inventories	1,270,713	1,021,402
Rental and maintenance of network equipment expenses	802,583	780,168
Cost of services and projects	809,585	340,124
Salaries, wages and employees' benefits	270,407	300,727
Frequency wave fees	249,706	260,054
License fees	135,083	129,593
National transmission and interconnection costs	107,484	108,048
Others	212,889	147,555
	7,310,788	**6,336,078**

34 SELLING AND MARKETING EXPENSES

	31 December 2023	31 December 2022
Advertisement, promotion and sales commissions	665,314	714,288
Salaries, wages and employees' benefits	746,827	714,282
Others	54,940	34,316
	1,467,081	**1,462,886**

35 GENERAL AND ADMINISTRATIVE EXPENSES

	31 December 2023	31 December 2022
Salaries, wages and employees' benefits	707,478	664,866
Maintenance	236,729	234,285
Consulting and professional services	103,845	100,422
Others	126,611	628,658
	1,174,663	**1,628,231**

36 FINANCE INCOME

	31 December 2023	31 December 2022
Murabaha income	158,174	45,990
Other	5,567	-
	163,741	**45,990**

37 FINANCE COSTS

	31 December 2023	31 December 2022
Finance costs related to borrowings	536,171	451,192
Finance costs related to lease liability	128,082	131,665
Other finance costs	25,796	24,120
	690,049	**606,977**

38 OTHER EXPENSES, NET

	31 December 2023	31 December 2022
Loss on sale/disposal of property and equipment	(8,832)	(17,600)
Other (loss) / income	(23,001)	1,115
	(31,833)	**(16,485)**

39 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 2023	31 December 2022
Profit for the year	2,231,977	1,656,940
Weighted average number of shares	770,000	770,000
Basic and diluted earnings per share (in SR)	**2.90**	**2.15**

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40 COMMITMENTS AND CONTINGENCIES

40.1 Capital commitments

The Group has capital commitments resulting from contracts for supply of property and equipment with an amount of SR 1,065 million as at 31 December 2023 (31 December 2022: SR 536 million).

40.2 Contingent liabilities

- The Group had contingent liabilities in the form of letters of guarantee and letters of credit amounting to SR 787 million as at 31 December 2023 (31 December 2022: SR 604 million).
- The CST violation committee has issued several penalty resolutions against the Group amounting to SR 21 million as of 31 December 2023 (31 December 2022: SR 76 million). 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 2023, 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.
- During the third quarter of 2023, and based on the updates regarding the withholding tax on the interconnection service, the Group filed a petition to reconsider the decision of the Appeals Committee regarding the additional withholding tax for the years 2010 and 2011, and during the month of January 2024, the Group received a decision issued by the Appeals Committee for Violations and Disputes. By rejecting this petition, the Group's management believes that this will not result in any additional provisions.
- 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.
- During the third quarter of 2023, the Group received the initial value-added tax assessment from the General Authority of Zakat, Tax and Customs for the year 2020, which included a claim in the amount of SR 14.5 million. The Group studied the items included in this assessment and the assessment is still under discussion with the ZATCA. The group's management believes That the registered provisions are sufficient.
- 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 2023, the Group's management believes that sufficient provisions have been recorded.

41 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.

Below are examples of revenues included in each sector:
Consumer Revenue: The Consumer Revenue segment includes products and services such as voice calls, mobile Internet, and fixed Internet.

Business Revenue: The Business Revenue segment includes products and services such as fixed connectivity and customized solutions including cloud and data center services.

Wholesale revenue: The Wholesale segment includes products and services such as interconnection, transition and roaming services between operators.

Others revenue: includes revenues from outsourcing services (human resources) and digital financial wallet services

	31 December 2023	31 December 2022
Consumer revenue	11,080,642	10,895,575
Business revenue	3,612,627	2,985,290
Wholesale revenue	1,659,927	1,493,664
others revenue	409,485	342,886
Total revenue	**16,762,681**	**15,717,415**
Total cost of revenue	(7,310,788)	(6,336,078)
Depreciation and amortization	(3,647,264)	(3,850,550)
Total other operating expense	(2,827,373)	(3,202,771)
Total non-operating expense	(528,088)	(549,246)
Zakat and income tax	(217,191)	(121,830)
Net profit	**2,231,977**	**1,656,940**
Capital expenditures	2,318,362	2,093,170

42 SUBSEQUENT EVENTS

On January 17, 2024, the company signed a Murabaha financing agreement with Saudi National Bank in the amount of SR 4.8 billion and a financing period of 7 years, with better terms and competitive interest rates for the purpose of financing working capital, in addition to an additional medium-term Murabaha financing for partial refinancing of the Company`s existing financing. This agreement is in line with the company's long-term financial objectives and its capital restructuring strategy.

The company will use the amount of SR 3,685 billion from the financing agreement to partially refinance the syndicated loan amounting to SR 5,333.

The agreement does not include any mortgages or financial guarantees.

ETIHAD ETISALAT COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

43 DIVIDENDS

On 1st of June 2023, the Annual General Assembly approved board recommendation of cash dividends amount SR 885.5 million (SR 1.15 per share on 770 million shares) accordingly, the Company paid these dividends on 21 June 2023.

On 11 February 2024, the Board of Directors of the Company decided to recommend to the General Assembly of the Company a dividend for the fiscal year 2023 amounting to SR 1,116.5 million (SR 1.45 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 dividend.

44 OFFSETTING ADJUSTMENTS AND RECLASSIFICATIONS

44.1 Offsetting Adjustments

In 2023, the Group has revisited its assessment to offset financial assets and financial liabilities in line with the requirements of IAS 32, Financial Instruments: Presentation.

Previously, the management has presented its financial assets and financial liabilities from other telecommunication operators at gross in its consolidated statement of financial position. However, in 2023 the management has re-assessed that they meet the criteria to offset balances from certain operators and accordingly present their related financial assets and financial liabilities at net in the consolidated statement of financial position of the Group.

The above adjustment only impacts the presentation of certain trade receivable and trade payable accounts. Consequently, the affected financial statements line items from prior periods have been adjusted.

The following table summarize the impact on the Group's consolidated statement of financial position as at 31 December 2022 and 2021:

	31 December 2022 As previously reported	Offsetting Adjustments	31 December 2022 As currently reported
Accounts receivable	4,928,663	(1,590,875)	3,337,788
Accounts payable	4,531,738	(1,590,875)	2,940,863

The following table summarizes the impact had a third consolidated statement of financial position been presented:

	31 December 2021 As previously reported	Offsetting Adjustments	31 December 2021 As currently reported
Accounts receivable	4,593,349	(1,130,267)	3,463,082
Accounts payable	4,606,445	(1,130,267)	3,476,178

44.2 Reclassifications

In addition, certain figures have been reclassified as listed below to conform with the classification used for the year ended 31 December 2023. Those reclassifications included below have no impact on previously reported net income, retained earnings or cash positions.

	As previously reported	Reclassifications	Reclassified amounts
Consolidated statement of profit or loss for the year ended 31 December 2022			
Revenue	15,668,915	48,500	15,717,415
Cost of revenue	(6,305,559)	(30,519)	(6,336,078)
Other income	1,496	(17,981)	(16,485)

45 APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Company's Board of Directors approved the consolidated financial statements for the year ended 31 December 2023 on 20 February 2024 (corresponding to 10 Sha'aban 1445H).

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