

Independent auditor's report

To the Shareholders of Mobile Telecommunications Company Saudi Arabia
(A Saudi Joint Stock Company)

Qualified Opinion

We have audited the accompanying consolidated financial statements of Mobile Telecommunications Company Saudi Arabia (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to these consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022, 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 Qualified Opinion

As at 31 December 2022, the consolidated financial statements included 'Right of use assets' amounting to SR 790 million (2021: SR 1,331 million), 'Lease liabilities' of SR 680 million (2021: SR 1,473 million), 'Finance cost' of SR 76 million (2021: SR 73 million), 'Amortization of right of use assets' of SR 195 million (2021: SR 415 million) and 'Right of use assets - held for sale' and 'Lease liabilities - held for sale' of SR 1,000 million and SR 802 million respectively. We were unable to obtain sufficient appropriate audit evidence about the carrying amount of 'Right of use assets', 'Lease liabilities', and 'Right of use assets - held for sale' and 'Lease liabilities - held for sale' as at 31 December 2022 and 31 December 2021 and related 'Finance cost' and 'Amortization of right of use assets' for the years ended 31 December 2022 and prior years, because of the unavailability of auditable information as of the date of our report. Consequently, we are not able to conclude whether any adjustments to the consolidated financial statements and related disclosures may have been necessary for the years ended 31 December 2022 and 31 December 2021 and prior years.

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 this Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current year. In addition to the matters described in the Basis for qualified opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the 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.

Independent auditor's report (continued)

To the Shareholders of Mobile Telecommunications Company Saudi Arabia
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Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Revenue recognition	
The Group's revenue consists primarily of subscription fees for telecommunication, data packages and use of the network totalling SR 9.1 billion for the year ended 31 December 2022. 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. <i>Refer to note 4 for the accounting policy related to revenue recognition and note 23 for the related disclosures.</i>	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 revenue reconciliations prepared by management between the primary billing system and the general ledger. - Tested, on sample basis, the accuracy of customer invoice generation and tested a sample of the credits and discounts applied to customers invoices. - Performed analytical procedures by comparing expectations of revenues with actual results and analysed variances. - Assessed the adequacy of the relevant disclosures in the consolidated financial statement.

Independent auditor's report (continued)

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Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Impairment of property and equipment and intangible assets	
As at 31 December 2022, the Group's consolidated financial position included property and equipment amounting to SR 4.93 billion and intangible assets amounting to SR 14.97 billion. At each reporting date, the Group's management assesses whether there is any indication that property and equipment and intangible assets may be impaired. This involves significant judgments in respect of factors such as technological changes, challenging economic conditions, changing regulatory environment and restrictions, operating or capital costs and other economic assumptions used by the Group. We considered this as a key audit matter as it involves management's assumptions and estimates as well as the materiality of the amounts involved. <i>Refer to note 5 and note 4 for the accounting and critical judgements and policies related to valuation of property and equipment and intangible assets.</i>	Our audit procedures performed included, among others, the following: - Assessed the Group's impairment policies for property and equipment and intangible assets, for compliance with IFRS as endorsed with SOCPA. - Assessed the appropriateness of management's determination of CGUs, based on the requirements of International Accounting Standard ("IAS") 36 'Impairment of Assets', that is endorsed in the Kingdom of Saudi Arabia. - Evaluated management's procedures in identifying impairment indicators in respect of the related CGUs. - Evaluated the reasonableness of management's assumptions and estimates in determining the recoverable amount of the Group's CGUs, including those relating to projected forecasts. - Involved our internal experts to validate the mathematical accuracy and the assumptions used by management in the impairment models. - Assessed the adequacy of the relevant disclosures included in the consolidated financial statements.

Independent auditor's report (continued)

To the Shareholders of Mobile Telecommunications Company Saudi Arabia
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Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Capitalization of property and equipment The Group has a material capital expenditure plan and therefore incurs significant annual expenditure 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 consider this as key audit matter since it involves management's assumptions as well as materiality of the amounts involved. <i>Refer to note 4 for the accounting policy related to property and equipment and note 11 and 13 for the related disclosures.</i>	Our audit procedures performed included, among others, the following: • Tested the design, implementation and operating effectiveness of key controls in place over the capitalization of property and equipment. • Assessed the Group's capitalization policy, for compliance with IFRS as endorsed by SOCPA. • Tested, on sample basis, costs capitalized are in accordance with the approved budget for capital expenditure for the year and the related supporting documents. • Tested, on sample basis, capitalization of expenses in compliance with the Group's capitalization policy. • Assessed the adequacy of the relevant disclosures included in the consolidated financial statements.

Other matter

The consolidated financial statements of the Group for the year ended 31 December 2021 were audited by another auditor who expressed unmodified opinion on those consolidated financial statements on 2 Rajab 1443H (corresponding to 3 February 2022).

Other information included in The Group's 2022 Annual Report

Other information consists of the information included in the Group's 2022 annual report, other than the consolidated financial statements and our auditor's report thereon. The Board of Directors is responsible for the other information. The Group's 2022 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.

Independent auditor's report (continued)

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with 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, 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 Board of Directors 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 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.

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)**

- 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 year 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.

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