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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.

INDEPENDENT AUDITOR'S REPORT (continued)

To the Shareholders of Etihad Etisalat Company

(A Saudi Joint Stock Company)

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
<p>Revenue recognition</p> <p>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.</p> <p>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.</p> <p>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.</p> <p><i>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.</i></p>	<p>Our audit procedures included, among others, the following:</p> <ul style="list-style-type: none"> • 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.

INDEPENDENT AUDITOR'S REPORT (continued)

To the Shareholders of Etihad Etisalat Company

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Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Allowance for impairment of trade receivables	
<p>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.</p> <p>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.</p> <p>The key area of judgement includes assumptions used in ECL model in determining probability of default and loss given default.</p> <p>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.</p> <p><i>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.</i></p>	<p>Our audit procedures included, among others, the following:</p> <ul style="list-style-type: none"> • Assessed the design, implementation, and operating effectiveness of the key controls over the following: <ul style="list-style-type: none"> - 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.

INDEPENDENT AUDITOR’S REPORT (continued)

To the Shareholders of Etihad Etisalat Company

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Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Capitalization of property and equipment and assessment of useful lives	
<p>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.</p> <p>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.</p> <p>We considered this as a key audit matter since it involves management's assumptions as well as the materiality of the amounts involved.</p> <p>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.</p> <p><i>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.</i></p>	<p>Our audit procedures included, among others, the following:</p> <ul style="list-style-type: none"> • 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. <p>In addition to the above, we also performed the following procedures on the capitalized cost:</p> <ul style="list-style-type: none"> • 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
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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.

INDEPENDENT AUDITOR'S REPORT (continued)

To the Shareholders of Etihad Etisalat Company
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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.

INDEPENDENT AUDITOR'S REPORT (continued)

To the Shareholders of Etihad Etisalat Company
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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- 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)