

To: The Board of Directors

MOBILE TELECOMMUNICATIONS SAUDI COMPANY ("ZAIN KSA")
Riyadh, Kingdome of Saudi Arabia

**REPORT OF FACTUAL FINDINGS IN CONNECTION WITH THE
RATIO OF ACCUMULATED LOSSES TO SHARE CAPITAL FOR
MOBILE TELECOMMUNICATIONS SAUDI COMPANY ("ZAIN KSA") ("COMPANY")**

In accordance with our Engagement Letter dated 16 February 2021, we have performed the procedures agreed with you and enumerated below, with regard to the completion of regulatory procedures and the application of procedures and instructions for companies whose shares are listed in the market, whose accumulated losses amounted to 20% or more of their capital, issued by the Board of the Capital Market Authority Our engagement was undertaken in accordance with the *International Standards on Related Services - 4400* applicable to agreed-upon procedures endorsed in the Kingdom of Saudi Arabia. These procedures were performed solely for the purpose of presenting findings to the Capital Market Authority.

Procedures performed:

- 1 Obtained the decision of the Extraordinary General Assembly held on 8 October 2020 in order to approve the process of reducing the capital by 1,350,000,000 SAR and verifying the approval of Assembly on decision to reduce the capital through extinguishing the accumulated losses.
- 2 Obtained the decision of the Extraordinary General Assembly held on 14 October 2020 to approve the increase of share capital by 4,500,000,000 SAR and verified the approval of Assembly on decision to increase the capital for issuing new shares.
- 3 Obtaining the Company's consolidated financial position showing the capital as on 31 December 2020, as well as the accumulated losses on that date, and verifying the mathematical accuracy of the Company's consolidated financial position on that date.
- 4 Verification of proof of reduction and capital increase in the books and records of the Company in accordance with the decisions of the Assembly.
- 5 Recalculating the percentage of the Company's accumulated losses to its capital on 31 December 2020.

Our findings:

- a. With respect to procedure number 1, the approval of the extraordinary general assembly to reduce the Company's capital by an amount of 1,350,000,000 Saudi riyals was verified by writing off shares as a deduction from the accumulated losses.
- b. With respect to procedure number 2, the approval of the extraordinary general assembly to increase the Company's capital by an amount of 4,500,000,000 Saudi riyals was verified by issued new shares.
- c. With respect to procedure number 3, the consolidated financial position of the Company showing the capital as on December 31, 2020, as well as the accumulated losses on that date, was obtained and verified the mathematical accuracy of the Company's consolidated financial position on that date (Appendix 1).

- d. With respect to procedure number 4, the posting of the journal entries of capital reduction and increase was verified in accordance with the decision of the extraordinary general assembly and its reflection on the trial balance and the books and records of the Company are as of December 31, 2020.
- e. With respect to procedure number 5, the percentage of the Company's accumulated losses from its capital has been recalculated, and we found out that the accumulated losses reached 0.6% of the capital on December 31, 2020.

Because the above-mentioned procedures do not constitute either an audit or a review made in accordance with the International Standards on Auditing or International Standards on Review Engagements that endorsed by Kingdom of Saudi Arabia, we do not express any assurance regarding the scope of the examination mentioned above.

Had we performed additional procedures or had we performed an audit or review of the financial statements in accordance with International Standards on Auditing or International Standards on Review Engagements that endorsed by Kingdom of Saudi Arabia, other matters might have come to our attention that would have been reported to you.

Our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose or be distributed to any other parties. This report relates only to the accounts and items specified above and does not extend to any financial statements of Mobile Telecommunication Saudi Company ("Zain KSA"), taken as a whole.

For BDO - Dr. Mohamed Al-Amri & Co.

Gihad Al-Amri
Certified Public Accountants
License No. 362



Riyadh on: 13 Rajab 1442H
Corresponding to: 25 February, 2021G

Appendix 1
Mobile Telecommunications Company Saudi Arabia
(A Saudi Joint Stock Company)
Consolidated Financial Position
As At 31 December 2020
(All amounts in Saudi Riyals thousands)

	2020
ASSETS	
Current assets	
Cash and cash equivalents	1,103,401
Trade and other receivables	1,996,013
Contract assets - current	96,450
Inventories	187,103
Total current assets	3,382,967
Non-current assets	
Contract assets non-current	220,072
Right-of-use assets	1,284,888
Property and equipment	6,856,837
Capital advances	132,832
Intangible assets	16,280,159
Total non-current assets	24,774,788
TOTAL ASSETS	28,157,755
LIABILITIES AND EQUITY	
Current liabilities	
Trade and other payables	4,585,780
Deferred income and contract liabilities	544,086
Lease liabilities-current	319,150
Amounts due to related parties	3,649,514
Total current liabilities	9,098,530
Non-current liabilities	
Amounts due to related parties	-
Lease liabilities non-current	1,065,097
Other non-current liabilities	5,097,608
Long-term borrowings	3,836,145
Derivative financial instruments	206,210
Provision for employees' end of service benefits	125,082
Total non-current liabilities	10,330,142
EQUITY	
Share capital	8,987,292
Hedging reserve	(206,210)
Other reserve	2,018
Accumulated deficit	(54,017)
Total equity	8,729,083
TOTAL LIABILITIES AND EQUITY	28,157,755