# Annual Report 2021

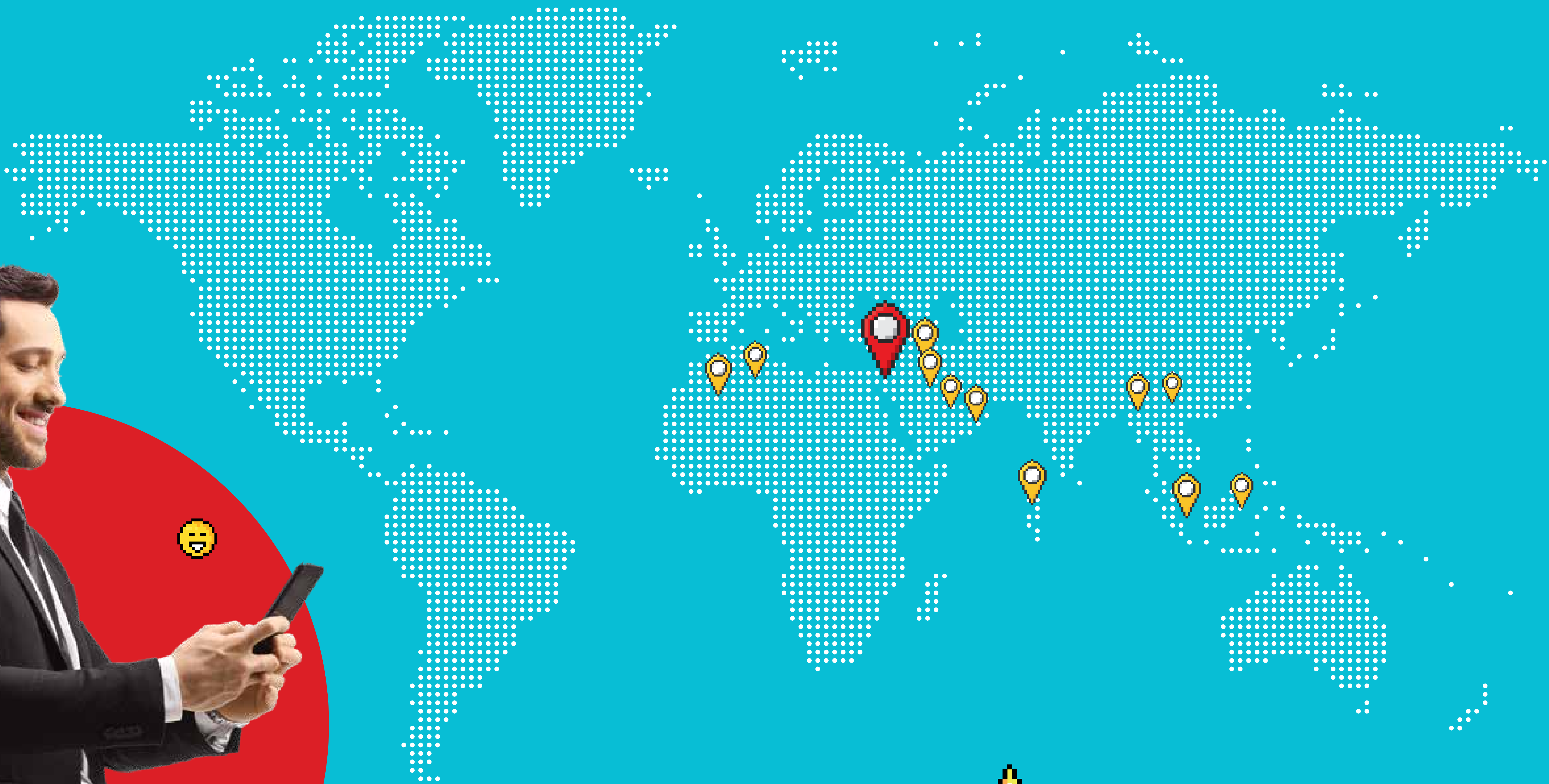
# Contents



The electronic version of this report can be accessed through the Company's website in the Investor Relations section.

Date of this Report: February 2022

ooredoo.ps



## Ooredoo International Group

We are a leading group of companies delivering mobile, fixed, broadband internet, and corporate managed services tailored to the needs and privacy of consumers and businesses. Our subscriber base includes more than 121 million subscribers across markets in the Middle East, North Africa, and Southeast Asia. It operates in several markets, including Qatar, Kuwait, Oman, Algeria, Tunisia, Iraq, Palestine, the Maldives, and Indonesia.

# Our Vision

## Enriching People's Digital Lives

# Our Values

## Caring

We always seek to care for the services offered to subscribers in accordance with the highest criteria and parameters, because we care about our subscribers and wish to offer them the best internet and telecommunications experience in Palestine.

## Connecting

We connect with our subscribers with the utmost care to place their priorities at the top of our priorities.

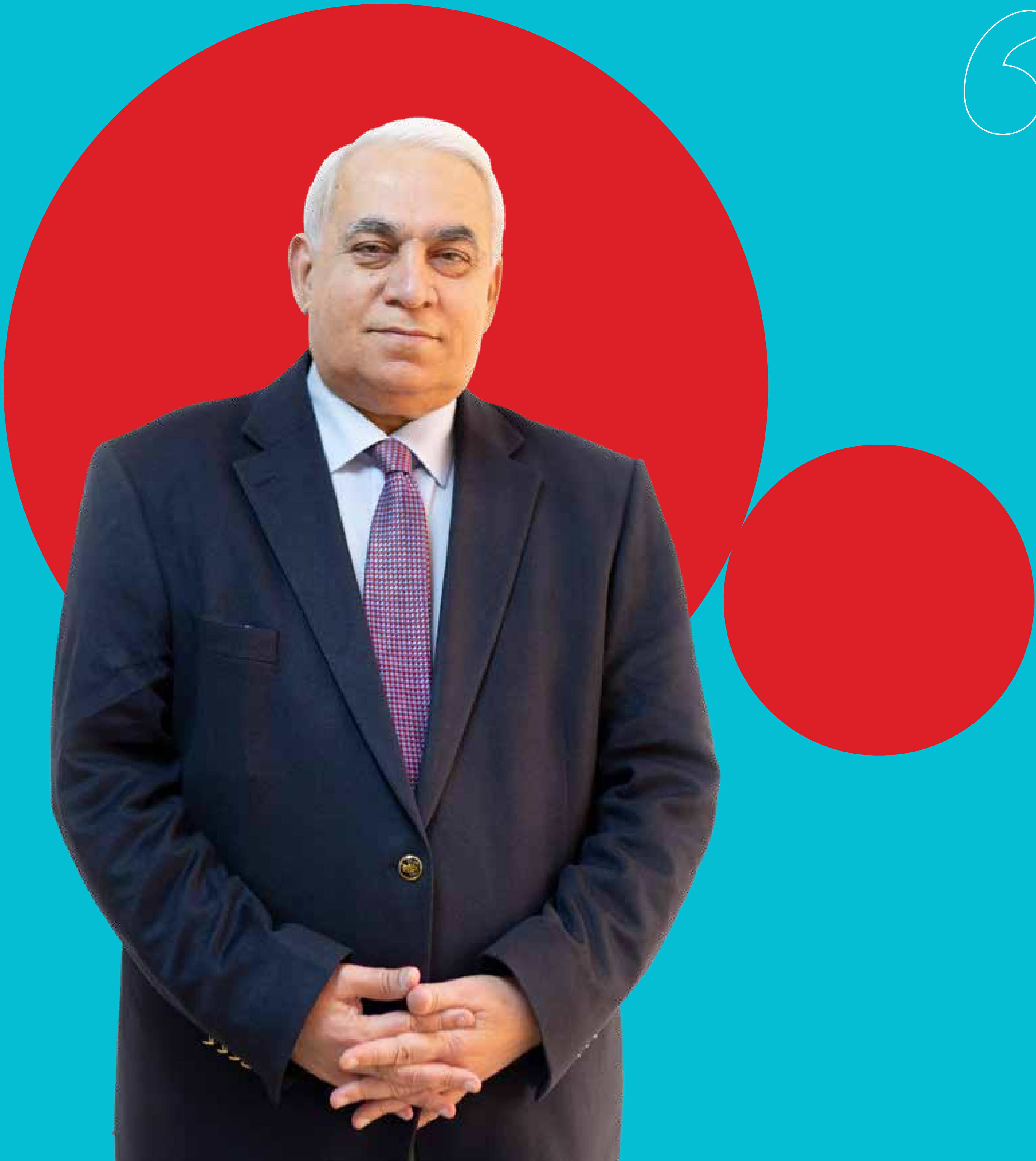
## Challenging

Since the first day of launching its commercial services in Palestine, Ooredoo Palestine has been overcoming the challenges one after another in order to offer the best to its customers who have put their trust in us.

**Enjoy the Internet**

# Highlights of Our Achievements in 2021

| | |
|---|---|
| **USD 112.2 million** | Revenue |
| **1.4 million customer** | Customer base |
| **USD 40.8 million** | The Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) |
| **USD 13.4 million** | Net Profit |
| **Social responsibility** | The year of contributions and challenging the pandemic |



# A Year of Enhancing Financial and Business Performance

“The exceptional circumstances that the Palestinian market experienced in the past year were very difficult indeed. However, they made us increasingly adhere to our goals, which materialized and made us very proud. Profitability and leadership in the telecommunications sector are remarkable features of Oredoo Palestine, after a journey of a growing financial and commercial performance.”

**Muhammad Abu Ramadan**
**Chairman of the Board of Directors**

# Chairman's Message

## Dear shareholders..

**We traversed 2021 with hope and with solid strategic plans for confronting the consequences of the COVID-19 pandemic, whose effects continued to be felt on our Palestinian society and national economy, which has yet to fully recover. In addition, political events escalated, leading to the latest war on the Gaza Strip in May 2021. However, we learned to be steadfast in the face of change and became accustomed to contributing as this stage intensified. We were also able to establish ourselves in advanced positions in the Palestinian telecom market by enhancing Ooredoo Palestine's financial and commercial performance.**

We went through 2021 with hope and strategic plans to deal with the after-effects of Covid-19 pandemic on the Palestinian society and the national economy, which has not yet fully recovered its consequences, along with the escalation of political events, which led to the last war on the Gaza Strip in May 2021. However, as usual, we were resilient and steadfast against changes and were able to firmly establish ourselves in advanced positions in the Palestinian telecommunications market, by enhancing our financial and commercial performance.

Our endeavor in Ooredoo Palestine to realize the aspirations and visions of our investors and shareholders had the greatest role in defining the road that we decided to undertake towards success. Therefore, strategic plans and a holistic view were developed to garnish successes. And here we are today, after a very difficult year, declaring that we are satisfied with the remarkable results that we have achieved, financially and commercially and the advanced market position we occupy. This was the outcome the past years, whereas we worked to consolidate and build on its achievements to reach today what we are.

During 2021, we achieved a net profit of 13.4 million USD, which marks a new phase in the profitability path that we are following. This is the result of the hard work of the company's executive teams that strived to achieve over the past years, and whose profiles have emerged with the support of our shareholders, whom we thank all: the founding investor, the Palestine Investment Fund, and the largest investor, the global Ooredoo Group, in addition to the rest of shareholders whose confidence we are proud of.

Everyone is aware of the unusual circumstances that investors in the Palestinian market confront, as a result of many factors and variants that are beyond their control, especially the telecommunications sector, which is restricted and sanctioned by the occupation, both frequencies and services, and the illegal competition by the Israeli companies. Moreover, 2021 witnessed an escalation and instability in the political arena, following the last May war on the Gaza Strip and sad events in the Sheikh Jarrah neighborhood in Jerusalem, along with the epidemiological situation throughout Palestine.

These circumstances and our Palestinian vision that we are proud of made us face all these challenges by proudly making more societal contributions to our society in various sectors of sports, public service institutions, education, health and technology in the West Bank and Gaza Strip. This is only an affirmation of the extent of our interest in our Palestinian society. We are also proud of the great development that we have made in terms of the financial and commercial performance of the company, as it expresses our values and culture as a national company that fulfill its responsibilities towards its society and the national market.

## Next Year and Beyond..

Ooredoo Palestine will continue to make its way to the best, achieving continuous progress in its general performance, committed to its promise to its subscribers to provide them with the best services with a global vision that meets their needs. The company will also continue to strive to achieve the aspirations of its shareholders, by continuing to achieve the best financial results and enhance its market position, benefiting from the experiences of the largest investor, the Ooredoo Group, and the support of the founding investor, the Palestine Investment Fund. We believe that these endeavors will yield the best results that we hope for in the coming year and beyond.

Once again, I thank the executive management and staff working in our beloved company, which, without their efforts and perseverance, would not have made its present achievements. Thank you for your work. I am confident that you are moving steadily towards greater successes in the coming years.

# 2021 is the Year of Giving & Developing Performance

2021 was not an easy year for our national economy. However, with the strong will of Ooredoo Palestine we made it a year of giving to our Palestinian community, to which we are proud to belong. It was also a remarkable year in the company's financial and commercial performance and the dedication of our vision of digital transformation and enriching people's lives with our diverse services.

**Dr. Durgham Maraee**

**CEO**

# CEO's Message

## Dear shareholders..

**The challenge that we decided to confront in the Palestinian market and the telecommunications sector was not an easy one. However, our clear vision and solid plans had succeeded despite the difficulties and restrictions. Today Ooredoo Palestine is taking a new step in its success path, after an unusual year, that witnessed many combined challenges: a general epidemiological situation, difficult economic conditions, unstable political conditions, and the war on the Gaza Strip. All these challenges, despite their impact on the company's general performance, did not stop us from achieving positive financial results for the third consecutive year. This a clear indication of the future Ooredoo Palestine is carving for itself, offering the best services to its subscribers, and striving to achieve the aspirations of its shareholders.**

### The Most Advanced Network

We have always raised the moto of the "Newest Network" in Palestine to indicate the globally efficient Ooredoo Palestine network. To maintain this position, we always apply the highest standards, and are committed to continuous development on the network. And to continue this development during total closures due to the outbreak of Covid-19 pandemic, we provided our field crews with the best equipment that enabled them to perform their tasks to keep our network the newest and most capable of dispensing of the needs of subscribers in various circumstances, particularly in light of the increased use of data and Internet for remote jobs, home study or entertainment. As our crews were always highly ready, we were able to maintain the distinguished and advanced position of our network in the Palestinian market.

### Ooredoo Digital

Enriching people's digital lives as a vision for our company is not a meaningless phrase. Rather, it is an approach that we apply daily and seek to consolidate in all aspects of our business, whether it is internally in the company; internal transactions, correspondence, employee performance tracking, approvals of contracts and agreements, their archiving and ease of access, or at the commercial level. The company was the first in digitizing a large part of its sales operations, starting with the chips and devices that became available to subscribers through its website and the My Account application for subscribers to manage their services and purchase packages, all the way to allowing points of sale and agents to purchase credits through a special application from distributors without the need to make any visit. This reduced efforts and cost in the distribution process, and maintained easy work mechanisms after the outbreak of the pandemic.

### Financial Performance Excellence

Our continuous endeavors to develop the company's financial performance grew year after year. 2021 witnessed positive financial results, as our revenue growth amounted to 13% compared to the last year, amounting to $112.2 million. The company's profit before interest, taxes, depreciation, and amortization increased (EBITDA) by 19%, and amounted to $40.8 million, which shows the improvement in the company's operational performance, while the company's net profit reached $13.4 million, an 78% increase compared to 2020.

### Belonging to our Community

The difficult circumstances undergone by our national economy and Palestinian society in 2021 and 2020 due to Covid-19 pandemic, and the unstable political conditions, made us work to increase our contribution towards our society in its various sectors. We forged many partnerships that we are proud of through various contributions with partners in the Palestinian Union Football represented by our sponsorship of the Professional League in the West Bank, the Premier League in the Gaza Strip, the Abu Ammar Cup and the Women's National Team, in addition to many contributions in other fields of sports, including athletics, weightlifting, kickboxing and others. We made various contributions in the education sector with the Ministry of Education, as a strategic partner. Furthermore, we provided rehabilitation needs to people with special needs, including the arts sector through partnership with the Folk Art Center and the Folklore Troupe.

### Hope for the Future

We work in a dynamic and changing sector that is closely related to the future, as everyone has become confident that technology is the future, and the basis of technology is communication. Hence, the development of our business in Ooredoo Palestine means the development of the future of our society in terms of quality, value, and quality. Subsequently, we strive for a better future for our company to achieve a better future for our society.

Ooredoo Palestine will continue to move at a steady pace by implementing its strategies to provide the best services to its subscribers, and to achieve the hopes and aspirations of its investors, through its executive staff that works continuously to advance, progress and build, and under the directives of its largest investor, the Ooredoo Group, which has experience and knowledge in this field, and its founding investor, the Palestine Investment Fund, which has a clear vision to chart the path to success and continuity in serving our Palestinian economy.

# Highlights of Ooredoo Palestine's Journey

**2007**

Wataniya Mobile Company was established as a private limited shareholding Company.

**2008**

Acquiring the necessary frequencies to conduct business and build the network.

**2009**

Commercial Launch in West Bank

**2010**

Increasing the Company's capital and offering it for initial public offering.

**2011**

Listing Wataniya Mobile shares in Palestine Stock Exchange on January 9, 2011.

**2015 2016**

Strategic Transformation Phase


**2017**


Launching commercial services in Gaza Strip.

**2018**

Launching 3G services in the West Bank.

Raising the Company's capital by USD 35 million.

Wataniya Mobile unifies its brand with the mother company, Ooredoo Group, to become Ooredoo Palestine.

Profitability Year

**2020**

Launch of the mobile number Portability in Palestine


**2021**

Year of growth in financial and commercial performance

# About Ooredoo Palestine

Ooredoo Palestine, the former Wataniya Mobile Company, was founded in 2007 through a partnership between Wataniya-International Company - Free Zone, which is fully owned by the National Mobile Telecommunications Company (NMTC), the majority of which is owned by Ooredoo International Group, and the Palestine Investment Fund (PIF), with a capital of USD 5 million at the time.

The Company launched its commercial business in the West Bank in 2009.

In 2010, Ooredoo Palestine was transformed from a private limited shareholding company to a public limited shareholding company and raised its capital to USD 258 million. On November 9, 2010, the Company was listed in Palestine stock Exchange, and 15% of its shares were presented for a public offering. In 2018, the Company raised its capital by USD 35 million, maintaining its position as the largest company listed on the Palestine Exchange in terms of capital, with a total capital of USD 293 million.

In 2009, Ooredoo succeeded in liberating the Palestinian telecommunications market, starting in the West Bank. After ten years of being deprived of the right to launch its commercial services in the Gaza Strip, the Company succeeded in entering the Gaza Strip market by the end of 2017. This has had a positive effect on the development of the telecommunications sector and the creation of competition that serves Palestinian citizens, as well as the quality of services and prices. Since its inception, Ooredoo has stood out as the most advanced telecommunications operator in Palestine.

In November 2018, the Company rebranded to the parent company, Ooredoo International Group, which boosted its leading position at the forefront of the Palestinian telecom sector as one of the Ooredoo International Group companies. Ooredoo Palestine is classified as a leading provider of 3G services in the West Bank, and also a provider of distinctive 2G telecom and internet services in the Gaza Strip, hence providing the best programs, offers and campaigns for the benefit of Palestinian citizens.

# Our Strategy: Advancing Our Business

The Company's strategy was built on three essential pillars aimed at achieving our vision and driving the Company's growth toward leadership of the telecommunications market and enrichment of digital life.

**Customer First**

We continue to study the needs of customers and translate them to competitive campaigns and offers. This stems from our listening to the customer's needs and purchasing power in order to forge ahead towards offering the best services and enhancing the direct and indirect sales network.

**Best Network**

We maintain our position as the best network in terms of quality, and we will proceed to enhance and expand our network using the latest cutting-edge international technologies with an eye to remaining at the forefront in terms of the offers and services delivered to customers, thus enriching the experience of Palestinian customers

**Rapid Growth**

We build on our previous financial and commercial successes to go forward towards achieving an increase in revenues and expanding the customer base and increasing profits to achieve a good return for investors.

# Management and Operational Report

In accordance with International Financial Reporting Standards (IFRS), we present to our investors and the public this information about Ooredoo Palestine's business activities completed during the year ending December 31, 2021. We recommend reading this part of the annual report together with the part related to the Company's audited financial statements and their notes.



# Competitive Edge

As part of its strategy to maintain Ooredoo Palestine at the forefront of the telecommunications sector, the Company has maintained its distinction with the modernity of its network, the quality of its voice services, and the excellence of its mobile internet services. By adopting various digitization solutions, Ooredoo Palestine has succeeded in maintaining the diversity and level of services provided. The Company was able to smoothly and naturally provide various services this year despite the unusual circumstances that Palestine in particular—and the world in general—faced due to the consequences of the COVID-19 pandemic. It did so by providing digital channels for self-service and providing digital support around the clock, seven days a week, in addition to the distinctive and qualitative additions that were made to the Hesabi application and Fawri Express sales channels, in addition to other digital solutions that saved time and effort for subscribers and merchants and kept the sales going and subscribers receiving services. The Company also made important updates to the various automated response systems, allowing subscribers freedom and ease of access to various services, as well as implementation of various services anytime, anywhere.

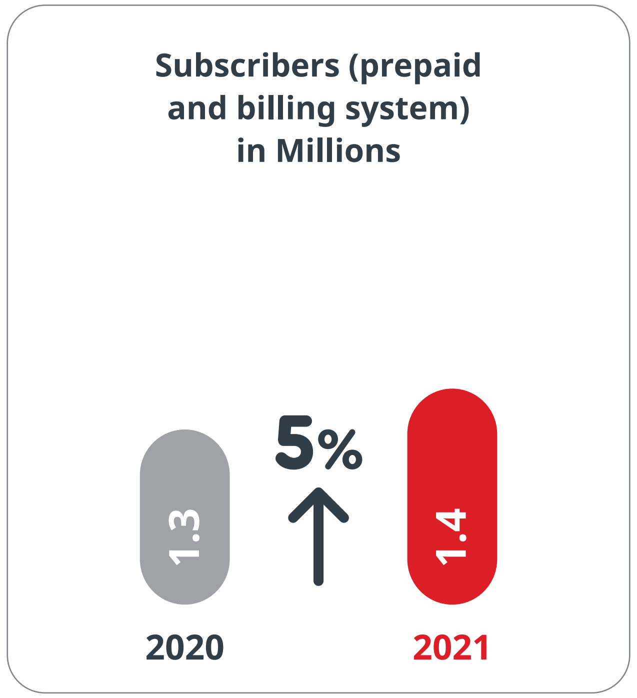
Ooredoo Palestine has also succeeded in combining high-quality communication services with providing the most modern products on the Palestinian market, as well as working to achieve positive change and growth in the Palestinian economy. The Company is distinguished by being the best in the market in terms of the quality of its third-generation services, and has succeeded in gaining a distinguished subscriber base, represented by various categories and segments of the Palestinian market.

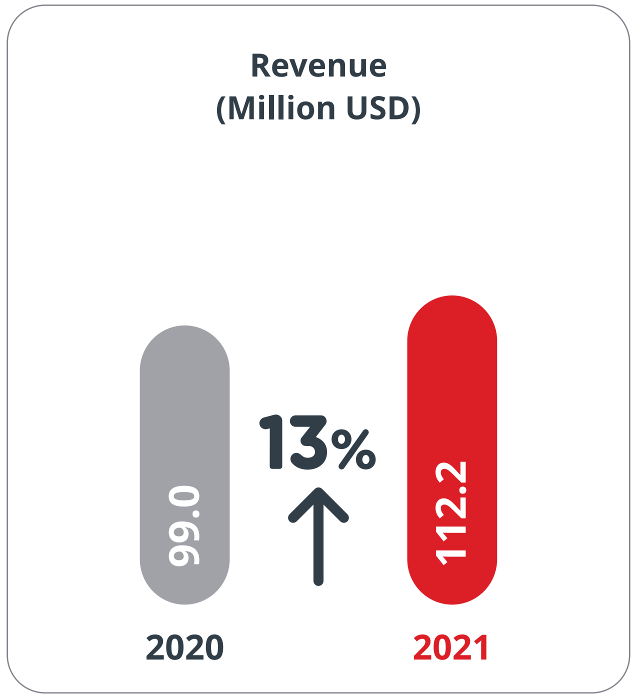
# Key Financial and Operational Indicators for 2021:

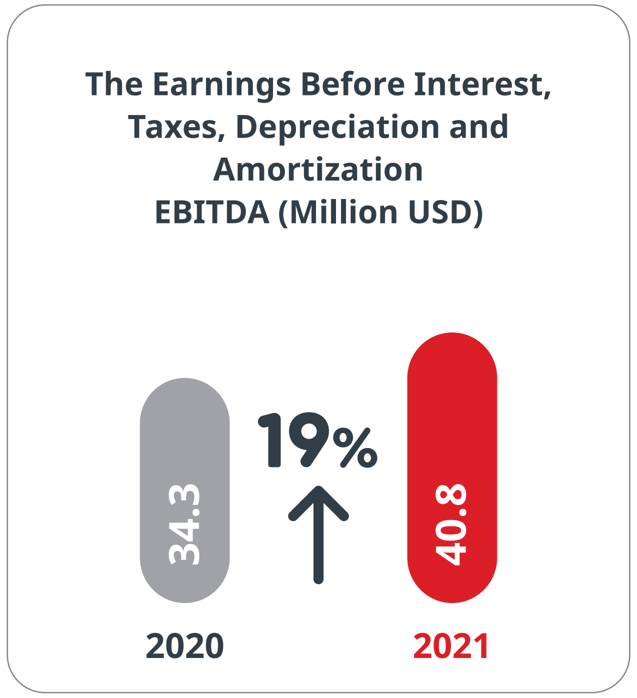
**“Ooredoo Palestine achieved net profits of USD 13.4 million.”**

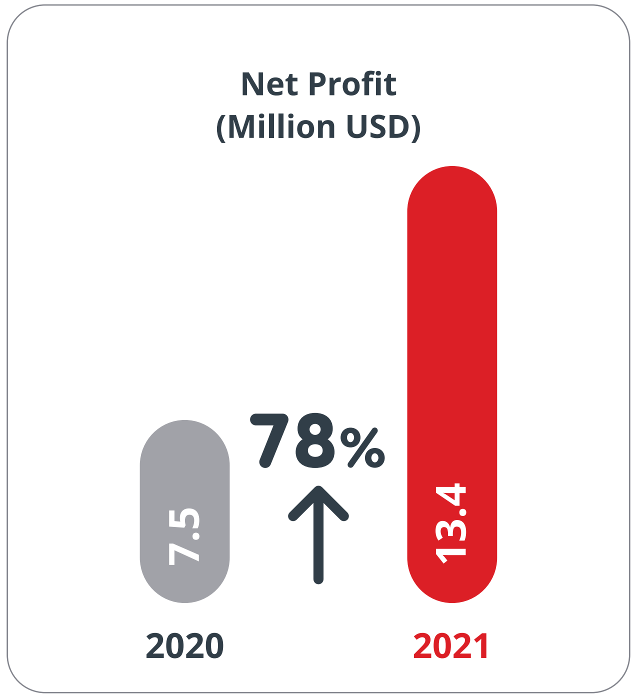
The financial statements of Ooredoo Palestine indicate a significant growth in results for 2021, as revenues grew by 13% year-on-year to reach USD 112.2 million. The Earnings Before Interest, Taxes, Depreciation and Amortization EBITDA grew by 19% to reach USD 40.8 million in 2021. The Company also achieved a significant growth of 78% in net profits compared to 2020, reaching USD 13.4 million in 2021.

These achievements come despite the challenges faced by the Palestinian economy and the Palestinian telecom sector in particular, as this year represented a qualitative turning point for the Company’s operational and commercial activities. It adopted competitive and advanced marketing strategies to attract new subscribers and maintain existing ones, achieving a 5% growth in the subscriber base compared to the year 2020 and reaching a subscriber base of more than 1.4 million subscribers.



# Key Business Indicators

Ooredoo Palestine gives great attention to the needs and wants of its subscribers; putting customers first is the Company's number one priority, as reflected by its various business strategies. This fact contributes to raising its commercial position in the Palestinian market, because the services and products provided by the Company have direct roots in subscribers' needs and meet their aspirations for high-quality service according to the highest standards. In doing so, the Company benefits from the expertise of the Ooredoo International Group and the skills of the Palestinian workforce, taking into consideration the specific characteristics of the Palestinian market.

Ooredoo Palestine is distinguished by its most advanced network, offers, and competitive campaigns, and through these, it seeks to obtain a larger market share. Perhaps one of the most important indicators of the Company's success in this respect is the 5% increase in its subscriber base in 2021 and the regular increase, even before that, in its number of subscribers.

The Company's commercial excellence is also reflected through its digital platforms and use of modern marketing methods that emulate the spirit of the times and rely on digitization of various tools to ensure the message reaches the largest possible number of people with purchasing power and interest in various services, as well as the Company's clarification of the features these subscribers will enjoy after the services are activated or they have signed up for the new programs.

To conserve resources by making successful, realistic investments, Ooredoo Palestine directs its expenses toward profitable channels and has various partnerships with major platforms, including Google, YouTube, Facebook, Instagram, Snapchat, and other modern digital platforms.

# Campaigns and Services

Ooredoo Palestine is constantly working to design various programs, campaigns, offers, and services that stem from the needs and wants of the Palestinian market and to provide them with the best marketing methods to ensure that the message is clearly delivered to the subscriber.

These services, in general, take into account the diverse purchasing power of the Palestinian community, in addition to the diversity of the different needs of individuals and companies.

**The most attractive offers, campaigns, and services designed by the Company in 2021**

# Towards Integrated Digital Services

Ooredoo Palestine has been pursuing comprehensive digital transformation strategies for years. To achieve this, the company has created a digitization unit, which works along with various divisions and departments in the company to enrich the services and various processes and their development to be transformed into digital services and operations.

This unit took upon itself the implementation of the company's strategic vision through smart communication services that keep pace with the latest developments in the world. It maintains the company's leading position in all fields. It pioneers the company's strategic transformation from providing traditional communication services to electronic digital ones that serves the Palestinian subscriber and provides him with a new user experience, saving him effort and time.

Ooredoo family was the first to launch the first version of the WhatsApp Business for commercial use in Palestine; an application that serves Ooredoo subscribers excellently and provides them with technical support quickly and easily and arranges and organizes communication among subscribers.

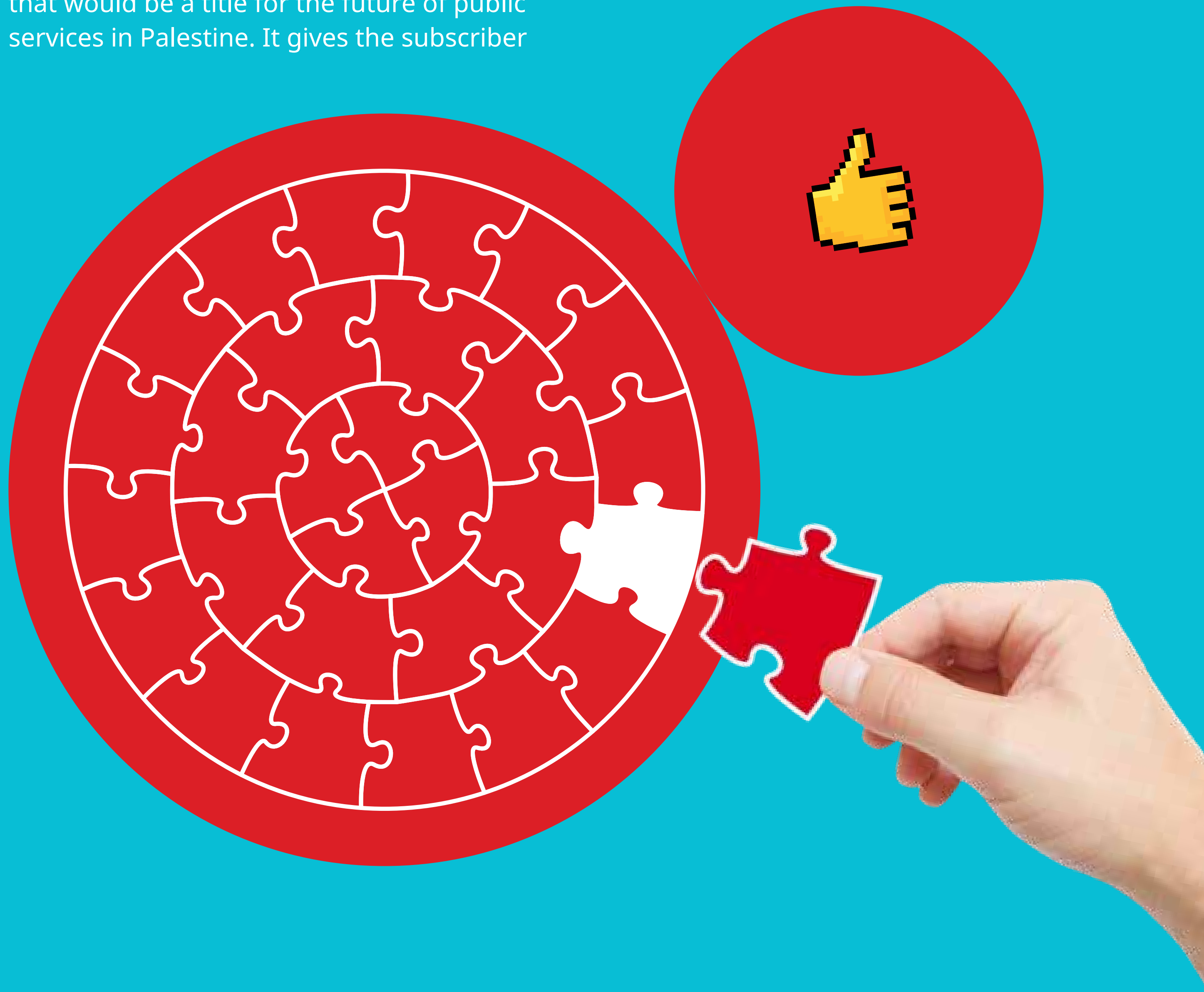
The company is also continuously developing smartphone application "My Account" (Hisabi) for Ooredoo subscribers, and making it more compatible with the latest technology, to provide the best services to subscribers. This was well received by subscribers who downloaded the application and benefited from its services.

As for sales channels, an "Instant Express" e-sales application has been created for Ooredoo subscribers to use to shorten time and effort. It preserves subscriber time, and give more space to focus on subscribers' service and better inform them of campaigns, offers and features, which contributes to making the sales process more efficient. On the other hand, this system had a positive impact on operating expenses, in addition to including sales services in various electronic payment tools, establishing partnerships with electronic wallets and electronic payment systems for banks, and developing digital selling services for devices and chips through the company's website.

The company benefitted from global expertise of the Ooredoo Group. It gave great emphasis on enriching subscribers' experiences by shifting from traditional subscriber service channels to modern subscriber services that is digital in nature. The Company studies subscribers' behavior to provide them with the best services that are closer and needed more by them.

Amid this digital transformation, Ooredoo has transformed its entire paper archive of subscriber data into an electronic one that considers the latest global technologies and modern archiving standards that regulate work mechanisms and provide easy access to information.

This process of digital transformation resulted in remarkable results for the company. It had a great impact on rationalizing operating expenses, saving great energies and efforts, and reducing them to easy and quick operations. It also opened the door to a new source of profits that would be a title for the future of public services in Palestine. It gives the subscriber a unique experience, from the moment he joins the Ooredoo family of subscribers, through all the different stages of services, campaigns and offers he needs to meet his aspirations, in an actual and realistic translation of the subscriber first policy adopted by the company.



# Electronic Sales Channels

Ooredoo Palestine's digital transformation process over the past years has resulted in new services and sales mechanisms. It has contributed to saving time and labor for both employees and subscribers and helped avoid the effects of the COVID-19 pandemic, as the Company has provided mechanisms for electronic distribution of balances for the benefit of agents and distributors to ensure their access is not interrupted and that the balance is available at all times to subscribers, especially during quarantine periods of limited mobility. The Company also provided electronic sales services to subscribers directly through its website, and subscribers can now order chips and devices online at any time, in addition to the applications previously provided by the Company that serve sales goals (e.g., Hesabi, and Fawri Express).

# Digital Subscriber Services

The various channels of subscriber services that Ooredoo Palestine relies on to provide excellent, modern customer service put it consistently at the forefront of Palestinian companies that provide a unique, highly efficient user experience. The Company has developed communication methods through various social media platforms that operate around the clock, seven days a week, to provide technical support to subscribers (e.g., Facebook and WhatsApp).

The Company has also worked to modernize its website so that the subscriber can use it to activate internet packages, minutes, and many other value-added services.

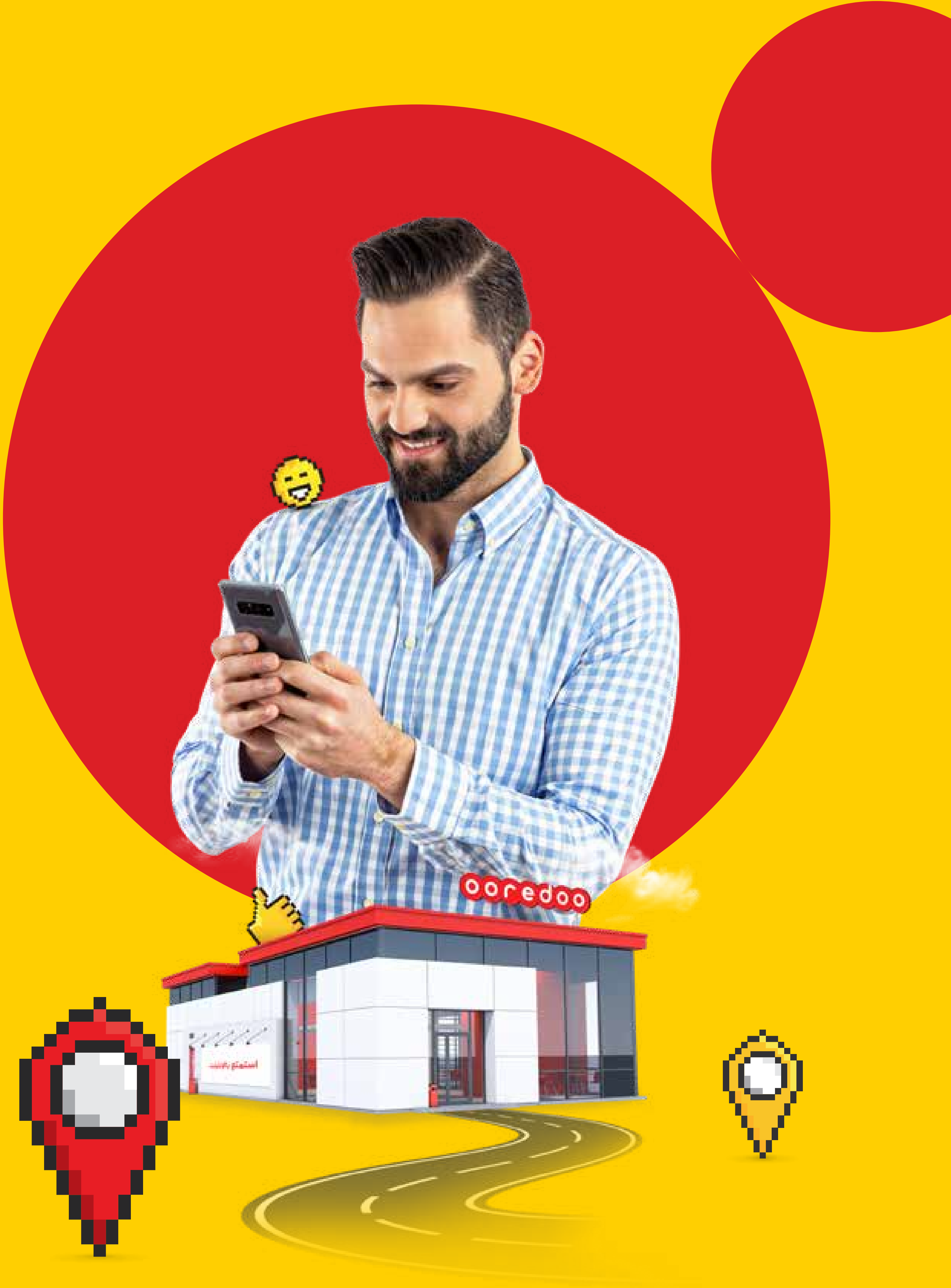
As for mobile services, the Company has developed its own application for subscribers (Hesabi) to save them time and effort and give them the ability to control various services and packages with ease.

The digitization process also affected the traditional platform of the Customer Service Center; employees can now provide technical support to subscribers without needing to be at the Company headquarters, which contributes to the continuity of providing support in all circumstances.

# Sales Channels

As part of the Company's policy and strategy of delivering its services to all citizens in the Palestinian market, the Company was keen to maintain continuity by expanding its sales network in the West Bank, as well as finding a wide network of distributors, agents, and points of sale in the Gaza Strip to ensure the provision of services in all Palestinian cities. Accordingly, the Company has provided the following distribution channels:

| | |
|---|---|
| Ooredoo Showrooms | 17 |
| Distributors | 4 |
| Authorized Agents Network | 181 |
| Points of Sale Network | 1939 |
| Pre-paid SIM Recharge Points Network | +8,000 electronic recharge points |



# Our Future Vision

Ooredoo Palestine continues its pioneering role in providing the latest global services to serve all segments of Palestinian society, striving to better satisfy current subscribers and to attract new ones. The Company's focus in the coming year will be on continuing to direct subscribers toward digital channels that will improve the Company's financial position and accelerate the provision of services to subscribers. As for other future plans, the Company always seeks to—and will continue to be proactive in doing so—adopt new technology that will improve the quality and diversity of the services provided. The Company has begun to develop work plans and studies to launch fourth-generation services as soon as they are allowed to do so and to allocate the necessary frequencies to them. The Company's acquisition of these services will be a strategic leap for infrastructure in the technology sector and will clear the way for the introduction of new applications and services that will benefit subscribers and private-sector companies. It will also form a solid base for national initiatives such as e-government.

The Company is looking to expand its array of products and services by harnessing the same direct and indirect sales channels to sell promising new products related to the telecommunications sector.

# Ooredoo Palestine Family

Ooredoo Palestine seeks to attract young cadres with ambition, passion, and efficiency, to employ them in an integrated environment of professionalism and transparency, in accordance with the latest international standards specialized in the field of human resources, which would control the quality of work and raise its level. The company always works on continuous investment in its cadres. The company has made 2021, the year of resuming programs and face-to-face training for its cadres, after ensuring that they received the necessary vaccinations for Covid-19 to maintain their safety and the safety of the work environment.

**The number of employees in Ooredoo Palestine until the end of 2021 was 522 male and female employees and 100 male and female trainees in the West Bank and Gaza Strip.**

During 2021, the company continued to maintain a healthy and sound work environment in terms of dealing with the consequences of the outbreak of the Covid-19 pandemic. The company was keen that all its employees receive the three vaccines by the end of 2021. Hence, it adhered to the health instructions recommended by the competent authorities in the health sector.

The company has also resumed training, workshops, and development programs for its employees after limiting them to virtual meetings due to the pandemic. Candidacy was opened for the CEO Award for Innovation, which witnessed many creative and innovative ideas by the company's cadres. Many of these ideas were characterized by improving the performance of many operations and digitizing different parts of them, as well as developing previous mechanisms to become more compatible with the spirit of the times, in addition to saving time and effort for employees and subscribers at the same time.

In continuation to develop the capabilities of the company's staff, especially the young ones, a competition was launched to select several employees to join the "Young Leaders Program", which the company conducts every year. This program aims to work on various professional and personal aspects of young employees to develop their leadership capabilities and contribute to transferring part of the executive management knowledge to them.

The company adopts an open-door policy to hold direct meetings between employees and the executive management. It provides space for periodic meetings that bring together the CEO and employees to listen to their suggestions and development ideas.

To preserve the general environment, develop general performance and address any issues related to the work environment at various levels in the company, Ooredoo Palestine has continued to adopt the OHI Index Health Organization questionnaire, which gives space for all employees to express their opinions on various aspects of work, which contributes to the development of future strategies. It enhances the strength of work systems within the company. It also maintains the integrity and health of internal relationships and secures a strong institutional structure. This indicator and survey results have become a prevalent culture within Ooredoo Palestine, where the company's executive management devotes time and effort to formulate policies that ensure benefit from the results of the questionnaire and to develop detailed work strategies for continuous improvement in the work environment, so that Ooredoo Palestine will be the ideal and best workplace in Palestine.

# Sustainable Development and Social Responsibility

We contribute to building our economy, taking the safety of our environment into account, and supporting our national market by stimulating positive competition, improving the level of services and developing them, and creating direct and indirect job opportunities for our people.

Since its establishment, Ooredoo Palestine has been keen to play an active role in its contributions and to assume its societal and humanitarian responsibilities, and its support has extended to several sectors, including education, youth, sports, health, environment, humanitarian endeavors, and other sectors.



## 2021: The Year of Contributions and Challenging the Pandemic

Ooredoo Palestine, since the beginning of the COVID-19 pandemic's impact on Palestine, has made every effort to stand by the community with various support mechanisms, from social contributions including different aspects of people's lives to facilities related to services, bill-paying, and maintaining service continuity at all times despite the various shutdowns.

As the beginning of the pandemic receded, the circle of vaccine recipients widened, and life started returning to something like normal. At this time, Ooredoo Palestine took it upon itself—once again—to enhance its societal contribution through many diverse gifts and sponsorships in a comprehensive program that spanned the sports, health, and education sectors.

# Ooredoo Back on the stadiums Again

Ooredoo Palestine returned to supporting the local Palestinian football teams, taking it upon itself to continue the partnership with the Palestinian Football Association, where the Company had accompanied Palestinian football for four consecutive football seasons and then returned in 2021 to conclude its football sponsorship for the fifth season and begin season six—which has witnessed high-performance competitions that will extend into 2022.

During this new round of Ooredoo Palestine's contribution to the most popular sport worldwide, the sponsorship circle expanded to include the professional West Bank League and the Gaza Strip Premier League, the Abu Ammar Cup, and our national women's team.

The Company also worked with the Palestinian Football Association in 2021 to make a special contribution by providing professional football with international specifications to be used during local football competitions in Palestine.

In the summer of 2021, the city of Hebron witnessed a remarkable coronation of the professional league champion in the West Bank, Shabab Al-Khalil Club, which won the league title after a strong and enthusiastic performance in a series of enjoyable matches. In the Gaza Strip, Shabab Rafah Club was crowned champion of the Premier League after a difficult football season that was greatly affected by the repercussions of the COVID-19 pandemic and the recent war on Gaza.

Coronation of Professional League Champion

National Women's Team

Palestine also hosted the eighth group qualifiers for the Asian Women's Cup, during which our national women's team faced Thailand's and Malaysia's teams, which contributed to their development and experience; earlier in the year, our national women's team also participated in the Arab Women's Cup qualifiers in Egypt.

Women's Asian Cup Qualifiers

# Snapshots of Football Support

Professional League Champion Crowning Ceremony

Jabal Al-Mukaber Club Meeting


Premier League Matches in the Gaza Strip

Signing of the Palestinian Football Sponsorship Agreement


Premier League Matches in the Gaza Strip


Shabab Al-Khalil Club Meeting

Professional League Draw – Abu Ammar Cup Championship


Hilal Al-Quds Club Meeting


The Palestinian Women's Team Match with the Malaysian National Team

# Other Sports

Ooredoo Palestine is always supporting the young athletes, especially those who have the skills, passion, and abilities to make the name of Palestine heard far and wide. For this reason, in 2021, the Company made a variety of societal contributions to Palestinian youth in different sports.

To keep Palestine’s name resonating throughout the heavens, Ooredoo Palestine provided support and assistance to the Palestinian Air Sports Federation, which participates annually in many friendly meetings and regional air sports tournaments that cannot be held inside Palestine. Because of this, the Company gives the federation special attention each year to maintain a Palestinian presence in this sport in various forums.

The Company also set aside some funds to dedicate to combat sports. Various contributions were given to the Palestinian Boxing Federation and the Palestinian Kickboxing Federation to establish local combat tournaments that would contribute to making Palestinian competitors more efficient, increasing their experience, and developing their performance in these sports to allow them to later participate in regional and world championships.

Palestine Championship for Physical Fitness


Sponsoring the Champion Sarhan Sarhan

Palestine Championship for Kickboxing



As for bodybuilding, Ooredoo Palestine has contributed to three different sponsorships in the field. The Company sponsored the Palestine Bodybuilding Championship in cooperation with the Palestinian Bodybuilding Federation, which was held in Ramallah. In partnership with the Palestinian Federation for Physical Fitness, the Company sponsored the Palestine Championship for Physical Fitness, which was held in Nablus. Finally, the Company also sponsored Sarhan Sarhan, one of Palestine’s bodybuilding champions, to allow him to take part in various international competitions.


Wafa Bodybuilding Championship


Coronation of Premier League Champion

# Investing in People

Ooredoo Palestine believes in the importance of investing in people and in the latent capabilities of Palestinians of all ages. Perhaps this creativity and energy is always manifested by students in schools and universities, and these talents bloom any time they receive the necessary care and attention.

The Company has always been proud of its support for Palestinian educational institutions, at the head of which is its strategic, permanent partner, the General Union of Palestinian Teachers. Each year, in partnership with this union, the Company gives well-deserved honor and support to a Palestinian teacher who has made every effort to teach and train future generations. The Company also contributes each year to welcoming new teachers to the fold through training workshops held by the Ministry of Education to prepare teachers to start work.

Ooredoo Palestine also worked with its strategic partner INJAZ Palestine to print training manuals for school and university students in an effort to raise awareness and educate them about many areas of the labor market, modern mechanisms of marketing, business management, digitization, and other skills that have become basic requirements for every graduate. These manuals contribute to shaping students' awareness and helping them choose their work path and develop their personalities.


Sponsoring the New Teachers' Reception

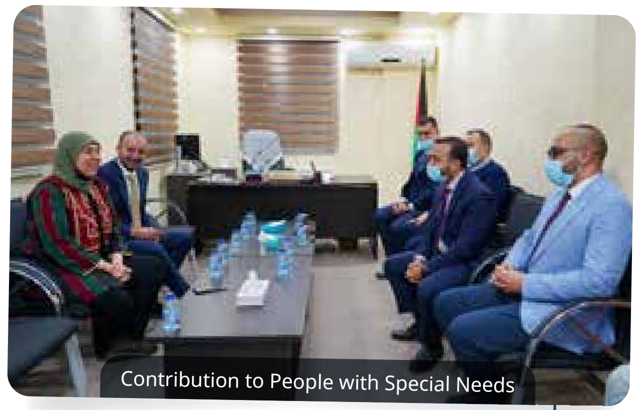


# Health

In addition to the importance Ooredoo Palestine gives to the Company's work environment and all accompanying health measures—specifically in light of the COVID-19 pandemic—Ooredoo Palestine has worked to leave space for contributions to society's other health issues. Therefore, in cooperation with Al-Mutla' Hospital in Jerusalem, the Company made a contribution to treat child cancer patients, and it also provided support to Caritas Hospital in Bethlehem, which specializes in pediatric care.

In partnership with Ramallah and Al-Bireh Governorate, the Company also provided electric wheelchairs to a number of people with special needs who find it difficult to move about freely; this gift will contribute to reducing their suffering and integrating them further into their surroundings.

Caritas Baby Hospital Support



Contribution to People with Special Needs

Contribution to Al-Mutla' Hospital

# Various Sponsorships

Signing a sponsorship agreement with the Palestinian Journalists Syndicate

Sponsoring the civil defense activities

Sponsoring the launch of "Baladi" platform to support e-commerce

Asala Association Women's Products annual Exhibition Sponsorship

Sponsoring Al-Amal Institute for Orphans in the Gaza Strip

Ceremony honoring UNRWA employees children's


Sponsoring Alfonoun art troupe


Sponsoring Alfonoun art troupe

# Governance

**Ooredoo Palestine seeks through implementing of the highest standards and principles of governance and the best Transparency practices, to ensure the company’s stability, security, and sustainability.**



**The Company's Board of Directors and Executive Management work together to adhere to the principles and standards of good governance and transparency. In this respect, the Company follows the governance manual developed by it in 2010 in line with the Code of Corporate Governance issued by the Palestine Capital Market Authority (PCMA). This ensures the achievement of good governance and protection of the interests of the Company, shareholders, and all related parties, including employees, suppliers, and local community. The Board also sets the work rules and mechanisms.**

# Commitment to Disclosure

Ooredoo Palestine is proud of its commitment to all the provisions of the disclosure regulation in effect in Palestine. Disclosure involves the Company's commitment to announcing annual, semi-annual and quarterly financial results, dates and decisions of the board meetings, and disclosure of material matters that may affect share prices, be they financial or management matters or future outlooks. Such disclosures are announced on the websites of the Palestine Capital Market Authority, Palestine Exchange, and the Company. The Company is committed to following the strictest management procedures to ensure the completion of the disclosure process in a timely and appropriate manner. This is evidenced by the fact that the Palestine Capital Market Authority has never requested from the Company, since its listing on 09/01/2011, any clarifications or disclosures concerning vague or incomplete information, nor imposed any penalty on the Company because of that.

# Board of Directors

The Company's Board of Directors consists of seven (7) members who are elected by the Company's General Assembly for a four-year term. The duties and responsibilities of the Board of Directors are governed by the Companies Law and the Company's by-laws. The main role of the Board is to lead the Company efficiently and in a pioneering manner, where it falls upon it to set work rules and mechanisms and endorse internal policies, as well as monitor and control performance, and manage and identify risks towards the achievement of the desired objectives.

# Board Meetings

The Company's Board of Directors is keen to hold its meetings on a regular basis, ensuring that the meetings held are not less than six (6) per fiscal year, in line with the Company's bylaw and the Jordanian Companies Law No. 12 of 1964 in force in the West Bank. Accordingly, the Board held six meetings in 2021, the dates and minutes of which were disclosed in accordance with the requirements of the applicable disclosure regulation. In its meetings, the Board discussed and approved several important matters related to the Company's performance and current achievements, and also approved the annual strategic plans and other matters requiring its approval.

# Ordinary General Assembly Meeting

The ordinary general assembly meeting was held on 02/03/2021. At the meeting, the shareholders voted to: endorse the Board of Directors report, the auditors' report and the financial statements for the fiscal year ending December 31, 2020; discharge the members of the Board of Directors from liability for the fiscal year ending December 31, 2020; and elect the Company's auditor for the fiscal year 2021. PricewaterhouseCoopers - Palestine Limited was elected to undertake the auditing of the Company's accounts for the fiscal year 2021.



# Board Committees

**Ooredoo's Board of Directors formed two standing committees to support it in carrying out its duties. The following table shows the formation of the Board committees:**

## Executive Committee

| | | |
|---|---|---|
| · **Mr. Mohammed Abu Ramadan** | Chairman | **Responsibilities of the Executive Committee:** Review draft regulations and new policies of the Company and make recommendations to this effect to the Board of Directors; Oversee the job evaluation process and develop the Company's compensation structure; Approve the employee performance evaluation process and any amendments thereto; and Provide the Board with strategic guidelines on the priorities and risks related to financial and strategic investments. |
| · **Mr. Najib Khan** | Member | |
| · **Mr. Ahmed Al-Mohannadi** | Member | |
| · **Mr. Rami Al-Barghouthi** | Committee Secretary | |

## Executive Committee

| | | |
|---|---|---|
| · **Mr. Bassam Al-Ibrahim** | Chairman | **Responsibilities of the Executive Committee:** Review annual audited financial statements and interim (quarterly) financial statements and related reports and accounting matters in order for the Executive Management to carry out required procedures, before submission to the Board for approval; Set objectives, policies and scope of internal audit; Select the Company's external and internal auditors and recommend their appointment; and Evaluate the performance of internal and external audit annually, according to predetermined performance indicators. |
| · **Mr. Faisal Al-Shawwa** | Member | |
| · **Mr. Eisa Al-Mohannadi** | Member | |
| · **Mahmoud Othman** | Committee Secretary | |

# Board Committees

**Ooredoo's Executive Management has developed a comprehensive and effective internal control system that ensures the accuracy and transparency of financial disclosures, is consistent with international and professional standards and the latest global practices in this regard, and ensures the effective and efficient realization of the Company's vision and operational and strategic objectives. In this context, the Executive Management has:**

- Established and developed a set of financial policies and detailed work procedures, in compliance with the International Financial Reporting Standards (IFRS), the financial market disclosure standards, and the laws and regulations in force in Palestine.
- Adopted a computerized global financial system to ensure the accuracy of financial statements and compliance with international standards and requirements.
- Endured that the financial statements, internal control systems, governance system, and risk and operations management system at the Company are subjected to continuous inspection and review by the independent external auditor and the internal auditor of the Company. Both auditors report to the independent audit committee of the Board of Directors in accordance with the requirements of good governance. The audit committee meets regularly with auditors and the Executive Management to review audit reports and confirm the accuracy of the annual financial statements of the Company and the implementation of any corrective procedures recommended by auditors.
- Ensured that the internal audit system and the audit and risk committee regulations are updated with a view to keeping up with new developments and the best international practices in the work of the audit and internal audit committees.

# Members of the Board of Directors

## Mr. Mohammed Abu Ramadan

**Chairman of the Board**
**Representative of Palestine Investment Fund**

Mr. Mohammed Abu Ramadan joined the Board of Directors of Ooredoo Palestine in December 2014. Previously, Mr. Abu Ramadan served as the Palestinian Minister of Planning and Administrative Development in two successive Palestinian governments in the period of 2012-2014. He has also served as a board member of the Palestine Investment Fund since 2006. Over the course of his career, Mr. Abu Ramadan served in a number of public positions, including being a member of the board of directors of the Palestine Monetary Authority and vice-chairman of the board of directors of the Palestinian Trade Center (PalTrade). He is also a board member of many companies and economic institutions, as well as other leading community organizations. Mr. Abu Ramadan is a prominent Palestinian businessman and currently serves as the Chairman of the Board of the Palestinian Water Sector Regulatory Council (WSRC) and the Chairman of the Board of the Gaza Buses Company. Mr. Abu Ramadan holds a Bachelor's degree in Business Administration from Syracuse University, USA.

## Mr. Najib Khan

**Vice Chairman**
**Representative of the National-International Company**

Mr. Najib Khan joined the Board of Directors of Ooredoo Palestine in October 2020, and he served as the CEO of Ooredoo Maldives. Mr. Khan joined Ooredoo Group in November 2014.
Mr. Khan has more than 26 years of practical experience in the telecommunications sector. Since joining Ooredoo Maldives, he has played an important role in growing its revenues and accelerating the digitization of its marketing services.
Mr. Khan holds a Bachelor's degree in Finance and Marketing from the University of London, as well as a BSc in Industrial Electronics Engineering from Mumbai University.

## Mr. Ahmed Al-Mohannadi

**Member, Representative of the National-International Company**

Mr. Ahmed Al-Mohannadi joined the Board of Directors of Ooredoo Palestine in April 2018. He joined Ooredoo Group in 2009 as a Customer Experience Director, then as a Director of Customer Value Management in Marketing, and now works as a Senior Director of Innovation and Business Development. Al-Mohannadi holds a degree in Mechanical Engineering.

## Mr. Faisal Al-Shawwa

**Member, Representative of Palestine Investment Fund**

Mr. Faisal Al-Shawwa joined the Board of Directors of Ooredoo Palestine in January 2011. He was the General Manager of Al-Shawwa General Trading and Contracting Company, and is its Chairman of the Board. Al Shawwa is also the Vice Chairman of the Board of Directors of Al-Amal Asphalt Company. In addition, he is a Board member of the Palestine Electric Company (PEC), He is a member of the American Engineering Association, the Palestinian Contractors Union, the Palestine Engineers Association and the Palestinian Businessmen Association.
Mr. Al-Shawwa holds a Master's degree in Business Administration from North Virginia University and a Bachelor's degree in Civil Engineering from Memphis State University, USA.

# Members of the Board of Directors

## Mr. Eisa Mohammed Al-Mohannadi

**Member, Representative of the National-International Company**

Mr. Eisa Mohammed Al-Mohannadi joined the Board of Directors of Ooredoo Palestine in February 2016. He currently serves as the Director of Revenue Assurance & Compliance at Ooredoo Qatar, where he has held a number of positions since 2012. Mr. Al- Mohannadi also held a number of senior positions in the areas of banking services, risk management, revenue assurance and public administration.
He holds a Bachelor's degree in Business Administration from Marymount University, USA.

## Mr. Bassam Yousef Al-Ibrahim

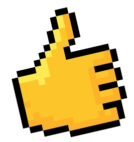
**Member, Representative of the National-International Company**

Mr. Bassam Al-Ibrahim joined the Board of Directors of Ooredoo Palestine in April 2018. He currently serves as the Deputy General Manager of Ooredoo Algeria. Mr. Al-Ibrahim has held a number of positions in Ooredoo Group since 2013, the last of which was the position of Senior Director of Sourcing Capabilities, Performance & Partnerships at Ooredoo Group. He also held several senior positions in the areas of telecom, information technology, project management and procurement.
Mr. Al-Ibrahim holds a Master's degree in Digital Transformation from HEC, Paris, and a Bachelor's degree in Telecommunications Engineering from the University of Essex, UK.

## Dr. Hussein Al-Araj

**Member, Representative of Palestine Investment Fund**

Dr. Hussein Al-Araj joined the Board of Directors of Ooredoo Palestine in November 2020. He previously served as the Minister of Local Government, and held several governmental positions, such as the President's Office Chief of Staff, Head of the General Personnel Council, Hebron Governor, and a local government affairs and decentralization advisor in the CHF International.
Dr. Al-Araj also worked as an academic instructor in many Palestinian universities, and is a member of several boards of trustees and boards of directors of a number of Palestinian universities, funds, unions and companies. He is the author of several studies in public administration, local government, decentralization and development. Dr. Al-Araj participated in many conferences and seminars at the local, regional and international levels.
Dr. Al Araj holds a Ph.D. in Management from the University of Glasgow, UK, and a Master's degree in Public Administration from Roosevelt University, USA, and a Bachelor's degree in Public Administration from the University of Jordan, Amman.



# Members of the Executive of Directors

## Dr. Durgham Maraee

**CEO**

Dr. Durgham Maraee is the CEO of Ooredoo Palestine. He has extensive experience in business administration, investment and telecommunications. Under his management, Ooredoo Palestine saw a major strategic growth, including a successful launch of its commercial services in the Gaza Strip after long years of ban. Dr. Maraee also took the lead in launching 3G services in the West Bank. Not only that but the Company, under his management, has made a quantum leap in financial and business performance, achieving a steady growth in market share, revenue and profits year after year.
Before joining Ooredoo, Dr. Maraee served as the Deputy Chief Investment Officer of Palestine Investment Fund (PIF), the sovereign fund of the State of Palestine, where he managed PIF's investment portfolio at the time, which amounted to USD 800 million, and supervised the development of many new investment initiatives that aimed at promoting economic growth in Palestine.
Prior to that, Dr. Maraee worked as a consultant at Boston Consulting Group (BCG) in New York City, one of the largest strategic consulting and management firms in the world, where he provided strategic advice to many major American and international companies in various economic sectors. In addition to his current position, Dr. Maraee is on the boards of many leading Palestinian companies, such as the Arab Palestinian Investment Company (APIC) and Palestine Power Generation Company (PPGC).
Dr. Maraee holds a Master's and PhD degrees in International Law from Harvard University, USA.

## Mr. Haitham Abu Shaaban

**Chief Commercial Officer**

Mr. Haitham Abu Shaaban assumed his current position as Chief Commercial Officer at Ooredoo Palestine in December 2017. He first joined Ooredoo family as Operations Director in the Gaza Strip in 2011.
Mr. Abu Shaaban has broad experience in strategic business management, project management, entrepreneurship and business development. He has a career full of achievements with reputable local and international companies in the areas of telecommunications, information technology, development projects, and the private sector in Palestine. In his capacity as an elected board member, Mr. Abu Shaaban has made outstanding volunteer achievements with a number of NGOs and associations.
Mr. Abu Shaaban has a Bachelor's degree in International Business Administration from California State University, USA.

## Mr. Osama Qawasma

**Chief Regulatory Officer**

Mr. Osama Qawasma assumed his current position as Chief Regulatory Officer at Ooredoo Palestine in October 2019.
Mr. Qawasma joined the Ooredoo family in 2008 and served in several senior positions in government and institutional relations management before assuming his current position. He has wide experience in the telecommunications sector and is an expert at the regulatory aspects of the telecom industry. Prior to joining Ooredoo as Government Relations Manager, Mr. Qawasma served as a Director in the Ministry of Telecommunications for more than 11 years and participated in numerous international conferences on related issues.
Mr. Qawasma holds a Bachelor's and Master's degrees in Electronic Engineering, Telecommunications, from Stettin University, Poland.

## Mr. Naim Nazzal

**Chief Technical Officer**

Eng. Naim assumed his current position as Chief Technical Officer at Ooredoo Palestine in May 2019. He first joined the Ooredoo family in 2007 and was responsible for network administration. Mr. Nazzal has deep experience in telecommunications and information technology, frequency management, project planning and management, and business development. He accumulated extensive expertise working for several local and international companies in the field of telecommunications and information technology.
Mr. Nazzal holds a Bachelor's degree in Telecommunications Engineering from Birzeit University, and MBA in Entrepreneurship from the same university, in addition to a number of international certifications in the areas of planning, operating and managing information and telecommunications systems. He also participated in an accredited Business Leaders Program delivered by the Swiss IMD Business School.

# Members of the Executive of Directors

## Mr. Tareq Soufan

**Chief Human Resources Officer**

Mr. Tareq Soufan assumed his current position as Chief Human Resources Officer at Ooredoo Palestine in October 2019. Mr. Soufan first joined the Company in 2007 and assumed a number of managerial positions, the most important of which was Human Resources & Administration Director.

Mr. Soufan holds a Bachelor's degree in Business Administration from An-Najah University in Palestine, and a Master's degree in Business Administration from Indiana University of Pennsylvania, USA, through the joint program with the Arab American University in Palestine. In addition, Mr. Soufan holds several international certificates, notably the Information Systems Analysis and Design Certificate from McGill University in Canada and the HR Management Certificate from Concordia University in Canada. Not only that but he also participated in an accredited Business Leaders Program delivered by the Swiss IMD Business School in 2015 and 2018.

## Mr. Ziad Nimer

**Customer Care Director**

Mr. Nimer assumed his present position as Customer Care Director at Ooredoo Palestine in March 2018. Since joining Ooredoo in 2008, Mr. Nimer held a number of positions, such as Senior Director of Customer Care and Sales Director.

Prior to joining Ooredoo, Mr. Nimer served in different positions at several banks working at various departments, such as the credit, customer sales, customer services and distribution departments, gaining him vast experience. He has also worked at private companies where he acquired broad experience in the area of strategy and operational plan development in customer service and sales management.

Mr. Nimer has a Bachelor's degree in Accounting and a Master's degree in Business Administration from Birzeit University, as well as a Master's degree in Business Administration from the Kellogg School of Management, USA.

In addition, Mr. Nimer participated in several training courses on customer service development strategies by attending training courses abroad. Mr. Nimer also participated in an accredited Business Leaders Program delivered by the Swiss IMD Business School in 2016.

## Mr. Murad Al-Haroun

**Marketing Director**

Mr. Murad Al-Haroun assumed his current position as Marketing Director at Ooredoo Palestine in November 2017. He has extensive professional and technical experience in the areas of strategic planning, marketing, consultation and strategic project management. Mr. Al-Haroun held important posts at international, regional and local telecommunications and IT companies prior to joining Ooredoo.

Mr. Al-Haroun holds a Bachelor's degree in Business Administration and Management Information Systems from the Arab Academy for Science and Technology in Egypt. He also holds renowned professional certificates in related fields of work.

## Mr. Shadi Qawasma

**Sales and MarCom Director**

Mr. Shadi Qawasmi assumed his current position as Sales Director at Ooredoo Palestine in October 2018. In addition to the position of marketing communications and public relations director since 2015.

Mr. Qawasmi joined the company in Feb 2015.

Mr. Qawasmi is one of the key strategic consultants in branding and trademark development and has a distinguished record of designing and managing marketing campaigns for several private companies in Palestine and beyond.

Mr. Qawasmi holds a Bachelor's degree in Advertising Management from Brigham Young University, USA, and a Master's degree in Marketing and Brand Management from the EDHEC Business School, France.

# Members of the Executive of Directors

## Ms. Nancy Shamie

**Finance Director**

Ms. Nancy Shamieh assumed her present position as the Finance Director at Ooredoo Palestine in December 2019. Ms. Shamieh joined Ooredoo family in 2007 and held several positions in the Finance Department, the last of which was the Senior Manager of Accounting and Treasury.

Ms. Shamieh has vast experience in financial and administrative management in general, in addition to extensive experience in accounting, management of investment projects and management of financial portfolios in local banks and companies.

Ms. Shamieh holds a Bachelor's degree in Management and Accounting and a Master's degree in Business Administration from Birzeit University, as well as an accredited certificate in financial control from the IABFM Institute in Dubai. Ms. Shamieh also participated in an accredited Business Leaders Program delivered by the Swiss IMD Business School in 2015.

## Mr. Ahmed Khalil

**Procurement and Supply Chain Director**

Mr. Ahmed Khalil was appointed as Procurement and Supply Chain Director at Ooredoo Palestine in May 2019. Mr. Khalil first joined Ooredoo Palestine in 2010, and held the position of the Head of the Procurement Department.

Mr. Ahmed Khalil has a well-established career, as he worked for more than five years in the implementation of construction projects funded by the Emirates Red Crescent, plus three years as a procurement specialist in the World Bank Projects Division at the Ministry of Education. He is considered one of the top specialists in training on procurement and supply chains in Palestine.

Mr. Khalil holds a Bachelor's degree in Civil Engineering from Birzeit University.

## Mr. Rami Al-Barghouthi

**Legal Counsel - BoD Secretary**

Mr. Rami Barghouthi assumed his position as a General Counsel of Ooredoo Palestine in April 2021. Mr. Barghouti first joined the company in 2013 as a Legal Counsel. He was appointed as the Secretary of the Board at the beginning of 2014. Prior to joining Ooredoo Palestine, Mr. Barghouthi worked as a lecturer at Birzeit University. Through his legal practice, he provided local and international legal consultations. Mr. Barghouthi has an outstanding experience in the area of telecommunications and corporate laws, labor laws and business management, in addition to a broad experience in corporate governance. Mr. Barghouthi holds a Bachelor's degree in Law from Birzeit University, a Master's degree in Commercial Law from the University of Central Lancashire in the UK and an Executive MBA from Northwestern University-Kellogg School of Management in the USA.

# Communication with Shareholders

At Ooredoo Palestine, we strive to be in constant contact with all our shareholders to keep them informed of anything new. We therefore pay great attention to the Investor Relations Department, given its important role in communicating with all shareholders and protecting their rights. The Investor Relations Department is responsible for providing several communication channels with shareholders and promptly responding to their inquiries. One of the most important of these channels is the Company's website, which contains a comprehensive section for investor relations. In this section, shareholders can access the financial, management and operational statements announced through periodic disclosures and annual reports, as well as stock movement information, all press releases, and FAQs, which are constantly updated.

**To contact the Investor Relations Department:**


- +970 (0) 56 800 3000
- +970 (0) 56 800 2999
- ir@ooredoo.ps
- www.ooredoo.ps


# Ooredoo Palestine Stock

Ooredoo Palestine is the largest company listed on the Palestine Exchange (PEX) in terms of paid-up capital, amounting to USD 293 million. This indirectly contributed to raising the market value of PEX at the end of 2021 by approximately 6.58%. Ooredoo also contributed 89.79% of the total trading sessions on PEX in 2021.

## Shareholders Structure

Total shareholders of Ooredoo Palestine reached 9,683 at the end of 2021. The following are the shareholders owning 5% or more as at 31/12/2021:

| Shareholders' Name | Number of Shares Owned | Percentage of Shares Owned |
|---|---|---|
| Wataniya International FZ LLC | 144,339,191 | %49.26 |
| Palestine Investment Fund (PIF) | 101,500,996 | %34.64 |
| Aswaq Investments | 15,179,604 | %5.18 |

### Summary of Ooredoo's share trading activity and ranking on PEX in 2021

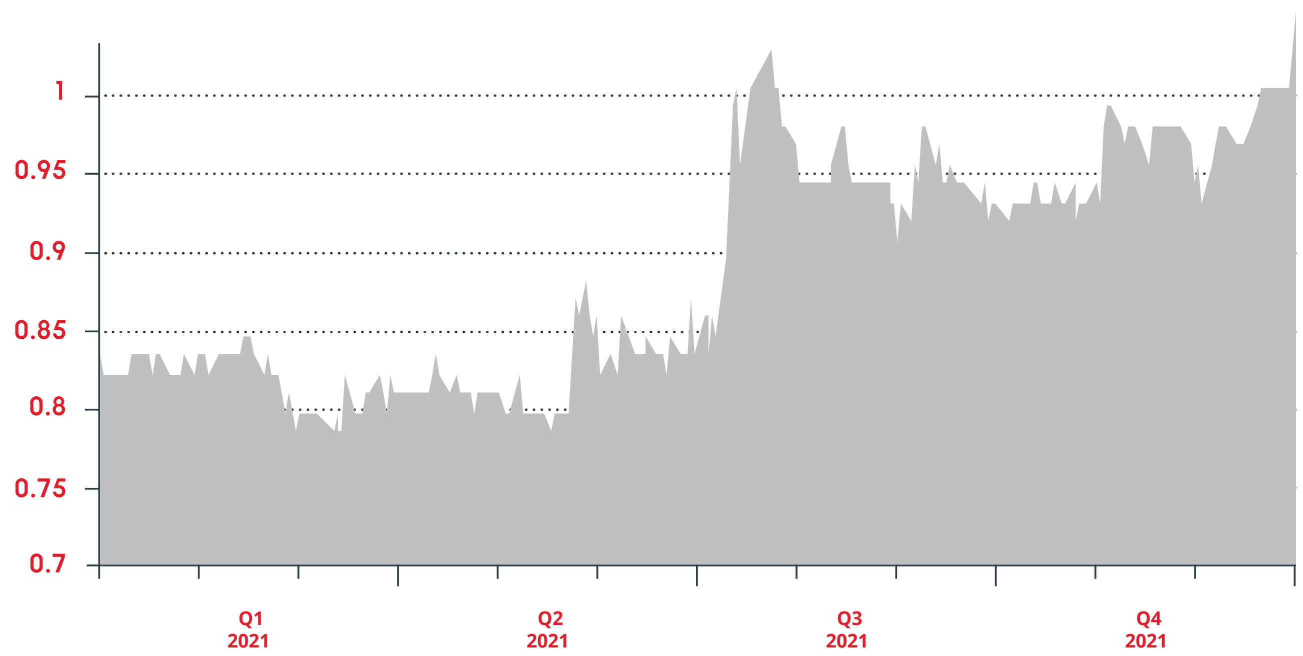
| | | |
|---|---|---|
| #9 | Number of trading sessions in which the Company's share was traded | 220 |
| #15 | Number of traded shares | 2,587,130 |
| #5 | The market value of the company at year-end (USD) | 290,070,000 |
| #20 | Value of traded shares (USD) | 2,297,628 |
| #3 | Number of shareholders | 9,683 |
| #9 | Number of executed deals | 1,466 |

## Highest and lowest prices of Ooredoo's share per quarter in 2020 and 2021:

| (USD) 2021 | Q1 | Q2 | Q3 | Q4 |
|---|---|---|---|---|
| Highest price | 0.83 | 0.85 | 0.97 | 0.99 |
| Lowest price | 0.77 | 0.77 | 0.80 | 0.87 |
| Closing price | 0.80 | 0.84 | 0.89 | 0.99 |

| (USD) 2020 | Q1 | Q2 | Q3 | Q4 |
|---|---|---|---|---|
| Highest price | 0.99 | 0.88 | 0.84 | 0.85 |
| Lowest price | 0.82 | 0.77 | 0.73 | 0.76 |
| Closing price | 0.84 | 0.81 | 0.81 | 0.83 |

### The following is Ooredoo's share trading movement in 2021:



# Legal Disclosures

## Legal Proceedings and Lawsuits Brought against Ooredoo

There are no major lawsuits brought against Ooredoo at the time of this report, which may materially affect the financial position of the Company.

## External Auditors

PricewaterhouseCoopers Palestine was appointed as the Company's external auditor for the year 2021.

## External Legal Counsel

Sharp & Beyond for Legal and Investment Consulting Services in the West Bank and the Legal Advisory Office in the Gaza Strip were both appointed as the external legal counsels for the Company in 2021.

## Relations of Kinship or Affinity among Members of the Board of Directors and Members of the Executive Management

In Ooredoo, there are no relations of kinship or affinity among members of the Board of Directors and the Executive Management. In addition, none of them has a business relationship with the Company.

## Declaration of Bankruptcy

No member of the Board of Directors or the Executive Management was declared bankrupt, and none of them was the subject of any proceedings, court order or decision preventing them from engaging in any management activities or undertaking certain activities, during the past five years.

## Board Members' Remunerations

Members of Ooredoo's Board of Directors did not receive any remunerations or fees in 2021. Ooredoo, however, covers all travel expenses of Board members to attend Board meetings.

## Executive Management Contracts

Executive Management contracts are permanent, do not differ from those of other employees in the Company, and fully comply with the Palestinian Labor Law.

## Intellectual Property, Franchises and Patents

Ooredoo has the right to provide 3G services. It also owns a number of trademarks (part of its intellectual property) covering the majority of its activities. It must be noted here that the Company's main trademark logos are:

## Investment Policy and Risks

Ooredoo has not made any major investments, beyond the scope of its business, over the past two fiscal years, and at the time of this report, hence it has not been exposed to any investment risks.

## Sponsorships and Donations

Ooredoo attaches great importance and care to all segments of the Palestinian society. Serving local community is an integral part of the Company's strategy of staying ahead and assuming greater social responsibilities towards the Palestinian people. The total contribution of Ooredoo to community programs in terms of grants and sponsorships amounted to USD 921,238 in 2021.

## Other Disclosures

**Disclosure Regulation - Article 18-2:** Ooredoo submitted its unaudited final financial statements for 2021 to its Board of Directors for approval. There were no discrepancies between the initial financial statements and the audited final financial statements.

**Disclosure Regulation - Article 20-1-A:** In general, there was no change in Ooredoo's business in the past two fiscal years, such as declaration of bankruptcy, merger or disposal of any of its core assets. It is noteworthy that Ooredoo continued to offer new services during the year.

**Disclosure Regulation - Article 20-4:** Most of Ooredoo's services are permanent and non-seasonal, with the exception of some value-added services related to the provision of specific seasonal information content .

**Disclosure Regulation - Article 20-8:** There was no interruption in Ooredoo's business during the previous period that materially affected its financial position.

**Disclosure Regulation - Article 21-3:** Ooredoo does not invest or hold equity in any other company, inside or outside Palestine.

**Disclosure Regulation - Article 21-4:** Ooredoo Palestine does not carry out any operational activities outside of Palestine.

**Disclosure Regulation - Article 24:** With respect to properties, the following table shows the location, size and characteristics of each major asset of Ooredoo:

| Property and Equipment | Location | Size and Characteristics |
|---|---|---|
| **Network equipment** | Throughout the West Bank and Gaza Strip | Switches, coverage towers, transmission network, and network power supply equipment |
| **Network infrastructure** | Throughout the West Bank and Gaza Strip | Civil and infrastructure works for building networks, in addition to towers and fences |
| **IT systems & computers** | Ooredoo's headquarters, branches and showrooms | Information systems and accessories |
| **Office equipment** | Ooredoo's headquarters, branches and showrooms | Office supplies and accessories in the headquarters and showrooms |
| **Furniture and fixtures** | Ooredoo's headquarters, branches and showrooms | Furnishings at headquarters and showrooms |
| **Leasehold improvements** | Ooredoo's headquarters, branches and showrooms | Civil, electrical & mechanical works in the headquarters and showrooms |
| **Others** | Ooredoo's headquarters, branches and showrooms | Fire extinguishers and water tanks |

**Disclosure Regulation - Article 30-2:** The Company's earnings per share were stated in Note (20) of the audited financial statements for 2021.

**Disclosure Regulation - Article 31-2:** Financial transactions processed during 2021 in currencies other than the US dollar were converted to US dollar according to the exchange rates prevailing on the transaction date. Monetary assets and liabilities were revaluated at the end of 2021 to the US dollar according to the Israeli Shekel - US dollar exchange rate of 3.12. The Bank of Palestine was the source of the exchange rates.

**Disclosure Regulation - Article 31-3-A + B:**

1. The abundance of working capital, its internal sources and unused cash, as well as the factors that led to its increase were referred to in the cash flow statement in the audited financial statements of 2021.
2. Sources of capital were referred to in Notes (1) and (9) of the audited financial statements of 2021. Projected changes in capital structure were also noted under the Item "Change in Control".

# Financial Statements

# *Wataniya Palestine Mobile Telecommunication - Public Shareholding Company (Ooredoo Palestine)*

Financial statements for the year ended December 31, 2021
and independent auditor's report



# Wataniya Palestine Mobile Telecommunication - Public Shareholding Company *(Ooredoo Palestine)*

Financial statements for the year ended 31 December 2021

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# *Independent auditor's report to the shareholders of Wataniya Palestine Mobile Telecommunication - Public Shareholding Company* (Ooredoo Palestine)

## *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Wataniya Palestine Mobile Telecommunication - Public Shareholding Company (Ooredoo Palestine) (hereinafter the "Company") as at December 31, 2021 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

### What we have audited

The Company's financial statements comprise:

- The statement of financial position as at December 31, 2021;
- The statement of profit or loss for the year then ended;
- The statement of comprehensive income for the year then ended;
- The statement of changes in equity for the year then ended;
- The statement of cash flows for the year then ended; and
- The notes to the financial statements, which include significant accounting policies and other explanatory information.

## *Basis for opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "*Auditor's responsibilities for the audit of the financial statements*" section of our report.

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

### Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

## *Our audit approach*

### Overview

| | |
|---|---|
| Key Audit Matters | • Accuracy of revenue recognition<br>• Provision for impairment of trade receivables |

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.





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# *Independent auditor's report to the shareholders of Wataniya Palestine Mobile Telecommunication - Public Shareholding Company* (Ooredoo Palestine) *(continued)*

## *Our audit approach (continued)*

### Overview (continued)

We tailored the scope of our audit to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key Audit Matters | How our audit addressed the Key Audit Matter |
|---|---|
| **Accuracy of revenue recognition:**<br><br>As disclosed in note (15) to the accompanying financial statements, the Company's total revenue for the year ended December 31, 2021 amounted to USD 112,178,178. Telecommunication services are the largest contributor to this amount with revenue of USD 107,176,017.<br><br>We considered this to be a key audit matter because the information systems used in capturing, calculating and recording revenues are complex and deal with a large volume of information and the accuracy of these systems, or lack thereof, potentially has a great impact on the recognition of revenues and accordingly the reported profit of the Company.<br><br>Refer to notes 2-4 and 15 | We audited the telecommunications services revenues through a combination of controls testing, risk analytics and other substantive audit procedures, as stated below:<br><br>• We understood and evaluated the significant revenue processes and identified the relevant controls (including IT systems, interconnection, and reporting systems);<br>• We tested IT general controls, which address pervasive IT risks around access security, change management, data center, network operations and price changing authorities and inputs on relevant billing and supporting systems;<br>• We performed risk analytics and analytical review of significant revenue sources after developing an expectation of revenues based upon non-financial data principally derived from subscriber numbers, which are the main driver of these revenues;<br>• We performed tests of automated and manual controls, and substantive tests to assess the accuracy of the revenues reported;<br>• We examined the reconciliations of revenue prepared by management between the billing systems and the accounting system and;<br>• We also assessed the adequacy and presentation of disclosures relating to IFRS (15) in the accompanying financial statements. |

# Independent auditor's report to the shareholders of Wataniya Palestine Mobile Telecommunication - Public Shareholding Company (Ooredoo Palestine) *(continued)*

## *Our audit approach (continued)*

| **Provision for impairment of trade receivables:** | |
|---|---|
| As referred to in note (7), trade and other receivables amounted to USD 26,588,084 as at 31 December 2021.<br><br>Management calculated the provision for impairment of trade receivables in accordance with IFRS (9) Financial instruments ("IFRS (9)") choosing to apply the simplified approach model to measure expected credit losses, which amounted to USD 7,829,633 as of December 31, 2021.<br><br>We considered this area to be a key audit matter because of the subjectivity of the estimates and judgments involved to calculate the provision according to IFRS (9).<br><br>Refer to notes 2-11, 7 and 24-3 | We carried out the following procedures to evaluate management's computation of the Company's expected impairment of trade receivables:<br><br>• We examined and tested the relevant internal control procedures adopted by management in developing provisions for trade receivables;<br>• We compared the expected loss model (The model) developed by management to IFRS (9) requirements and reviewed the reasonableness of the methodology. We also tested the arithmetical accuracy of the model;<br>• We evaluated and tested key assumptions used by management in their calculations such as those relating to the likelihood of customer default, subsequent loss on default and COVID 19, by comparing to historical default and loss data. We also assessed the incorporation of forward-looking factors (predominantly economic) to reflect the impact of future events on expected credit losses. Where required we used our internal experts to assist in evaluating the methodology and assumptions used by management;<br>• We checked that the data used in the model to underlying sources; and<br>• We assessed the adequacy of the presentation of disclosures relating to IFRS (9) in the accompanying financial statements. |

## *Other information*

Management is responsible for the other information. The other information comprises all the information included in the Annual Report of the Company for 2021 (but does not include the financial statements and our auditor's report thereon).

Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.





Independent auditor's report to the shareholders of Wataniya Palestine Mobile Telecommunication - Public Shareholding Company (Ooredoo Palestine) *(continued)*

## *Other information (continued)*

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## *Responsibilities of management and those charged with governance for the financial statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and the applicable laws and regulations of Palestine and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## *Auditor's responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the 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 ISAs 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 financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 Company'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 Company'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 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 Company to cease to continue as a going concern.

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# *Independent auditor's report to the shareholders of Wataniya Palestine Mobile Telecommunication - Public Shareholding Company* (Ooredoo Palestine) *(continued)*

*Auditor's responsibilities for the audit of the financial statements (continued)*

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 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 and on behalf of PricewaterhouseCoopers Palestine Limited

Hazem Sababa
License number 115/2003

February 20, 2022
Place: Ramallah, Palestine





# Wataniya Palestine Mobile Telecommunication - Public Shareholding Company *(Ooredoo Palestine)*

Financial statements for the year ended 31 December 2021
*(All amounts expressed in US Dollar unless otherwise stated)*

## STATEMENT OF FINANCIAL POSITION
**As at 31 December**

| | Note | 2021 | 2020* |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property and equipment | (3) | 64,701,372 | 71,169,493 |
| Right-of-use assets | (4) | 6,780,655 | 6,536,704 |
| Intangible assets | (5) | 96,292,647 | 103,835,517 |
| Deferred tax asset | | 773,782 | 695,328 |
| **Total non-current assets** | | **168,548,456** | 182,237,042 |
| **Current assets** | | | |
| Inventories | (6) | 1,998,216 | 1,549,806 |
| Trade and other receivables | (7) | 18,758,451 | 15,291,539 |
| Bank balances and cash | (8) | 44,312,395 | 30,716,736 |
| **Total current assets** | | **65,069,062** | 47,558,081 |
| **Total assets** | | **233,617,518** | 229,795,123 |
| **EQUITY AND LIABILITIES** | | | |
| **EQUITY** | | | |
| Share capital | (9) | 293,000,000 | 293,000,000 |
| Share premium | | 11,610,000 | 11,610,000 |
| Accumulated losses | | (187,601,079) | (201,024,881) |
| **Total equity** | | **117,008,921** | 103,585,119 |
| **LIABILITIES** | | | |
| **Non-Current liabilities** | | | |
| Borrowings | (10) | - | 14,375,000 |
| Lease liabilities | (11) | 5,594,967 | 4,747,090 |
| Employees' benefit | (12) | 7,737,822 | 6,953,238 |
| Provision | (5) | 44,871,337 | 44,871,337 |
| **Total non-current liabilities** | | **58,204,126** | 70,946,665 |
| **Current liabilities** | | | |
| Trade and other payables | (13) | 47,657,359 | 37,608,188 |
| Deferred income | | 6,581,309 | 5,640,753 |
| Income tax payable | (14) | 2,015,178 | 515,593 |
| Borrowings | (10) | - | 8,923,437 |
| Lease liabilities | (11) | 2,150,625 | 2,575,368 |
| **Total current liabilities** | | **58,404,471** | 55,263,339 |
| **Total liabilities** | | **116,608,597** | 126,210,004 |
| **Total equity and liabilities** | | **233,617,518** | 229,795,123 |

*Refer to Note 28 for details regarding certain reclassification.

- The accompanying notes from page 13 to 40 form an integral part of these financial statements.
- The financial statements on pages 8 to 40 were approved and authorized for issuance by the Board of Directors on February 6, 2022, and were signed on its behalf by:

# Wataniya Palestine Mobile Telecommunication - Public Shareholding Company *(Ooredoo Palestine)*

Financial statements for the year ended 31 December 2021

*(All amounts expressed in US Dollar unless otherwise stated)*

## STATEMENT OF PROFIT OR LOSS

**For the years ended 31 December**

| | Note | 2021 | 2020* |
|---|---|---|---|
| Revenue | (15) | 112,178,178 | 99,005,429 |
| Network, interconnect, and other operating expenses | (16) | (52,369,707) | (46,587,258) |
| Employees' salaries and associated costs | (17) | (20,449,582) | (18,404,960) |
| Depreciation and amortization | (3,4,5) | (24,174,249) | (24,719,265) |
| Finance cost | (18) | (991,486) | (1,741,888) |
| Finance income | | 1,056,892 | 726,381 |
| Recovery/(Impairment) loss on financial assets | (7) | 123,674 | (766,914) |
| Other losses - net | (19) | (528,787) | (150,045) |
| **Profit before income tax** | | **14,844,933** | 7,361,480 |
| Income tax (expense)/benefit | (14) | (1,421,131) | 179,735 |
| **Profit for the year** | | **13,423,802** | 7,541,215 |
| **Basic and diluted earnings per share** | (20) | **0.0458** | 0.0257 |

*Refer to Note 28 for details regarding certain reclassification.

-The accompanying notes from page 13 to 40 form an integral part of these financial statements.





# Wataniya Palestine Mobile Telecommunication - Public Shareholding Company *(Ooredoo Palestine)*

Financial statements for the year ended 31 December 2021

*(All amounts expressed in US Dollar unless otherwise stated)*

## STATEMENT OF COMPREHENSIVE INCOME

**For the years ended 31 December**

| | 2021 | 2020* |
|---|---|---|
| **Profit for the year** | **13,423,802** | 7,541,215 |
| Other comprehensive income items | - | - |
| **Total comprehensive income for the year** | **13,423,802** | 7,541,215 |

*Refer to Note 28 for details regarding certain reclassification

-The accompanying notes from page 13 to 40 form an integral part of these financial statements.

# Wataniya Palestine Mobile Telecommunication - Public Shareholding Company *(Ooredoo Palestine)*

Financial statements for the year ended 31 December 2021

*(All amounts expressed in US Dollar unless otherwise stated)*

## STATEMENT OF CHANGES IN EQUITY

**For the years ended 31 December**

| | Share capital | Share premium | Accumulated losses | Total equity |
|---|---|---|---|---|
| **Balance at 1 January 2020** | 293,000,000 | 11,610,000 | (208,566,096) | 96,043,904 |
| Profit for the year | - | - | 7,541,215 | 7,541,215 |
| **Balance at 31 December 2020** | 293,000,000 | 11,610,000 | (201,024,881) | 103,585,119 |
| | | | | |
| **Balance at 1 January 2021** | 293,000,000 | 11,610,000 | (201,024,881) | 103,585,119 |
| Profit for the year | - | - | 13,423,802 | 13,423,802 |
| **Balance at 31 December 2021** | 293,000,000 | 11,610,000 | (187,601,079) | 117,008,921 |

-The accompanying notes from page 13 to 40 form an integral part of these financial statements.





# Wataniya Palestine Mobile Telecommunication - Public Shareholding Company *(Ooredoo Palestine)*

Financial statements for the year ended 31 December 2021

*(All amounts expressed in US Dollar unless otherwise stated)*

## STATEMENT OF CASH FLOWS

**For the years ended 31 December**

| | Note | 2021 | 2020* |
|---|---|---|---|
| **Cash flow from operating activities** | | | |
| Profit for the year before tax | | 14,844,933 | 7,361,480 |
| **Adjustments for:** | | | |
| Depreciation of property and equipment | (3) | 12,215,164 | 12,460,096 |
| Depreciation of right of use assets | (4) | 2,694,803 | 2,158,411 |
| Amortizations | (5) | 9,264,282 | 10,100,758 |
| (Recovery)/provision for impairment of financial assets | (7) | (123,674) | 766,914 |
| Provision for employees' benefits | (12) | 1,282,228 | 1,106,346 |
| Loans interests | (18) | 502,239 | 1,262,852 |
| Lease contracts interest in accordance with IFRS (16) | (18) | 429,247 | 458,981 |
| Interest income | | (1,056,892) | (726,381) |
| Non-monetary items | | 823,461 | 533,298 |
| (Gain) from termination of lease contracts | (4,11) | (800) | (342,520) |
| Loss of assets classified as held for disposal | (3) | 28,370 | - |
| Loss on disposal of property and equipment | (3) | 84,515 | - |
| | | **40,987,876** | **35,140,235** |
| **Change in working capital:** | | | |
| Inventories | (6) | (448,410) | 661,294 |
| Trade and other receivables | (7) | (3,398,429) | (2,175,542) |
| Trade and other payable | (13) | 9,838,770 | 634,716 |
| Deferred income | | 940,556 | 552,305 |
| **Net cash flows provided by operating activities before payments of employees' benefits** | | **47,920,363** | **34,813,008** |
| Payments of employees' benefits | (12) | (497,644) | (1,024,343) |
| **Net cash flows provided by operating activities** | | **47,422,719** | **33,788,665** |
| **Cash flow from investing activities** | | | |
| Payments for property and equipment | (3) | (6,516,710) | (10,444,012) |
| Payments for intangible assets | (5) | (1,172,465) | - |
| Proceeds from sale of property and equipment | (3) | 107,835 | 268,943 |
| Net movement in restricted cash | (8) | (857,531) | (28,262) |
| Net movement in short-term deposits | (8) | (5,466,306) | (94,720) |
| Interest income received | | 866,184 | 680,587 |
| **Net cash used in investing activities** | | **(13,038,993)** | **(9,617,464)** |
| **Cash flows from financing activities** | | | |
| Repayment of borrowings | (10) | (23,298,437) | (15,144,858) |
| Principal elements of lease payments | (11) | (3,082,837) | (2,217,197) |
| Interests paid | | (730,630) | (1,437,847) |
| **Net cash used in financing activities** | | **(27,111,904)** | **(18,799,902)** |
| **Net increase in cash on hand and at banks** | (8) | **7,271,822** | **5,371,299** |
| Bank balances and cash, beginning of the year | (8) | 30,567,709 | 25,196,410 |
| **Bank balances and cash, end of the year** | (8) | **37,839,531** | **30,567,709** |

*Refer to Note 28 for details regarding certain reclassification

The accompanying notes from page 13 to 40 form an integral part of these financial statements.

# Wataniya Palestine Mobile Telecommunication - Public Shareholding Company *(Ooredoo Palestine)*

Financial statements for the year ended 31 December 2021
*(All amounts expressed in US Dollar unless otherwise stated)*

## Notes to the financial statements

### 1. GENERAL

Wataniya Palestine Mobile Telecommunication Company (hereinafter "the Company"), located in Ramallah, was registered, and incorporated in Palestine on January 27, 2007 as a Private Limited Shareholding Company under registration No. 562499541. On October 25, 2010, the legal form of the Company was changed to a Public Shareholding Company under registration No. 562601328.

The Company was formed with an authorized share capital of 5,000,000 shares with USD 1 par value each. During 2008, the Company's authorized and paid-in share capital was increased to 170,000,000 shares with USD 1 par value each. The Company's General Assembly in its extraordinary meeting held on October 25, 2010 resolved to increase the Company's authorized share capital to 258,000,000 shares with USD 1 par value each. The existing shareholders Wataniya International FZ - LLC (WIL) and Palestine Investment Fund, PLC (PIF) subscribed for 49,300,000 shares through capitalizing a portion of the shareholders' loans and the related accrued interest. The remaining 38,700,000 shares were offered to the public at an offer price of USD 1.3 per share, resulting in a share premium of USD 11,610,000. The public offering took place during the period from November 7, 2010 to December 2, 2010. On January 23, 2018 and during the extraordinary meeting of the General Assembly of the Company, the shareholders approved increasing the capital of Wataniya Palestine Mobile Telecommunication Limited Company through offering 35,000,000 more shares for public subscription to increase the capital from USD 258,000,000 to USD 293,000,000 with USD 1 par value each.

On March 14, 2007, the Company entered into a license agreement (the License) with the Ministry of Telecommunications and Information Technology (the MTIT) to provide 2G and 3G mobile services in the West Bank and Gaza. The term of the License is for fifteen years from the effective date being the date on which the MTIT makes the frequencies available to the Company. The effective date was originally set on August 6, 2008. On December 16, 2009, the MTIT approved the Company's request to determine September 10, 2009 as the effective date, instead of August 6, 2008, since it represents the date on which only 2G frequencies were allocated. On March 16, 2015, the MTIT approved to extend the terms of the license useful life for an additional five years.

The Company started its operations on November 1, 2009.

The Company is a subsidiary of National Mobile Telecommunications Company K.S.C.P. ("the Parent Company"), which in turn is a subsidiary of Ooredoo Q.P.S.C. ("the Ultimate Parent Company"), a Qatari Shareholding company whose shares are listed on the Qatar Exchange.

On November 27, 2018, the Company has officially rebranded as Ooredoo Palestine. The rebrand of Wataniya Mobile is part of Ooredoo Group's strategy.

The Company's main activities are offering, managing, and selling wireless telecommunication services, as well as constructing and operating wireless telecommunication stations and telephone networks.

The financial statements of the Company as of December 31, 2021 were authorized for issue in accordance with the Board of Directors resolution on February 6, 2022.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied by the Company in the preparation of these financial statements are set below.

#### 2.1 Basis of preparation

##### 2.1 (a) Compliance with IFRS

The financial statements for the year then ended December 31, 2021 have been prepared in accordance with the International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).





# Wataniya Palestine Mobile Telecommunication - Public Shareholding Company *(Ooredoo Palestine)*

Financial statements for the year ended 31 December 2021
*(All amounts expressed in US Dollar unless otherwise stated)*

## Notes to the financial statements

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.1 Basis of preparation (continued)

##### 2.1 (b) Historical cost convention

The financial statements have been prepared under the historical cost basis.

##### 2.1 (c) Functional and presentation currency

The financial statements are presented in US Dollar, that represents the functional currency of the company.

#### 2.2 Changes in accounting policies

The accounting policies used in the preparation of the financial statements of the Company are consistent with those followed in the preparation of the financial statements for the year ended December 31, 2020 except for the adoption of new standards and amendments to existing standards as mentioned below:

*New and amended standards adopted by the Company:*

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2021, have been adopted in these financial statements:

| **New and revised IFRSs** | **Effective for annual periods <u>beginning on or after</u>** |
|---|---|
| **Interest Rate Benchmark Reform Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16** | 1 January 2021 |

In August 2020, the IASB made amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 to address the issues that arise during the reform of an interest rate benchmark rate, including the replacement of one benchmark with an alternative one.

The Phase 2 amendments provide the following reliefs:

• When changing the basis for determining contractual cash flows for financial assets and liabilities (including lease liabilities), the reliefs have the effect that the changes, that are necessary as a direct consequence of IBOR reform and which are considered economically equivalent, will not result in an immediate gain or loss in the statement of profit or loss.

• The hedge accounting reliefs will allow most IAS 39 or IFRS 9 hedge relationships that are directly affected by IBOR reform to continue. However, additional ineffectiveness might need to be recorded.

Affected entities need to disclose information about the nature and extent of risks arising from IBOR reform to which the entity is exposed, how the entity manages those risks, and the entity's progress in completing the transition to alternative benchmark rates and how it is managing that transition.
Given the pervasive nature of IBOR-based contracts, the reliefs could affect companies in all industries.

# Wataniya Palestine Mobile Telecommunication - Public Shareholding Company *(Ooredoo Palestine)*

Financial statements for the year ended 31 December 2021
*(All amounts expressed in US Dollar unless otherwise stated)*

Notes to the financial statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

*New and amended standards adopted by the Company (Continued)*

| New and revised IFRSs | Effective for annual periods beginning on or after |
|---|---|
| **COVID-19-related Rent Concessions – Amendments to IFRS 16** | 1 June 2020/1 April 2021 |

In May 2020, the IASB issued Covid-19-Related Rent Concessions (Amendment to IFRS 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID- 19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

b) Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and

c) There is no substantive change to other terms and conditions of the lease.

The relief was originally limited to reduction in lease payments that were due on or before 30 June 2021. However, the IASB subsequently extended this date to 30 June 2022

In the current financial year, the Company has applied the amendment to IFRS 16 (as issued by the IASB in May 2020).

Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.





# Wataniya Palestine Mobile Telecommunication - Public Shareholding Company *(Ooredoo Palestine)*

Financial statements for the year ended 31 December 2021
*(All amounts expressed in US Dollar unless otherwise stated)*

Notes to the financial statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

*New standards and interpretations not yet adopted*

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the company. These standards are currently in process of being assessed by the management of the company to consider any implication in the current or future reporting periods and on foreseeable future transactions.

## 2.3 Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with IFRS requires the use of accounting estimates and assumptions. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The Company's management continually evaluates its estimates, assumptions and judgments based on available information and previous experience. As the use of estimates is inherent in financial reporting, actual results could differ from these estimates, and this may require adjusting the book values of the assets or liabilities in the future.

The areas involving a higher degree of judgment or complexity are described below:

**Provision for impairment of trade receivables**

The Company has applied a simplified approach model to measure expected credit losses. The calculation of expected credit losses depends on the PD, which is calculated according to the credit risk, economic factors and the LGD, which is based on the grouping of receivables based on similar credit risk characteristics and the number of past-due days. Accordingly, the Company adopted a mathematical model based on the above-mentioned principles to calculate expected credit losses in accordance with IFRS (9). For further details see note 24 "credit risk".

## 2.4 Revenue recognition

Revenue is measured at an amount that reflects the considerations, to which an entity expects to be entitled in exchange for transferring goods or services to customer, excluding amounts collected on behalf of third parties. Revenue is adjusted for expected discounts and volume discounts, which are estimated based on the historical data or forecast and projections. The company recognizes revenue when it transfers control over goods or services to its customers.

Revenue from telecommunication services mainly consists of access charges, airtime usage, messaging, interconnect fees, data and connectivity services, connection fees and other related services. Services are offered separately or as bundled packages along with other services and/ or devices.

For bundle packages, the company accounts for individual products and services separately if they are distinct. The consideration is allocated between separate product and services (i.e. distinct performance obligations, "PO") in a bundle based on their stand-alone selling prices.

The stand-alone selling prices are determined based on the observable price at which the company sells the products and services on a standalone basis.

**Mobile services**

Mobile service contracts typically consist of specific allowances for airtime usage, messaging and data, and connection fees. In this type of arrangement, the customer simultaneously receives and consumes the benefits as the company performs the service. Thus, the revenue is recognized over the period as and when these services are provided.

# Wataniya Palestine Mobile Telecommunication - Public Shareholding Company *(Ooredoo Palestine)*

Financial statements for the year ended 31 December 2021

*(All amounts expressed in US Dollar unless otherwise stated)*

## Notes to the financial statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Revenue recognition (CONTINUED)

**Sale of unlocked devices**

Devices such as smart phones, are sold separately and are not bundled with mobile service contracts have standalone value to the customer and are unlocked devices. The revenue from sale of unlocked devices is recognized upon transfer of control to the customer.

**Interconnection service**

Revenue from the interconnection of voice and data traffic with other telecommunications operators is recognised at the time of transit across our network.

**Value-added services**

The company has offerings where it provides customers with additional content, such as music, video streaming and SMS services, as Value-Added Services (VAS). On this type of services, the company recognizes as net revenue since they act as agent.

**Connection fees**

The Company has determined that connection fees charged for the activation of services will be recognized over the contract period. However, revenue from connection fees which relates at or near contract inception to fulfil that contract, will be recognized when services are provided (i.e., as the identified performance obligations are satisfied).

**Multi elements arrangements (Mobile contract plus handset)**

The company has concluded that in case of multiple elements arrangements with subsidized products delivered in advance, the component delivered in advance (e.g. mobile handset), will require recognition of a contract asset. Contract asset primary relates to the company's right on consideration for services and goods provided but not billed at the reporting date.

**Upfront commission**

The Company has concluded that the sale of prepaid cards to dealers or distributors. Thus, the Company shall not recognize revenue upon sale to dealers or distributors but upon utilisation or expiration of prepaid cards. Consequently, the commission arising from the sale of prepaid card is recognized as an expense.

In cases where the Company transfers its control over the prepaid cards to dealers, distributors or customers, the Company has concluded that the upfront commission qualifies as a consideration payable to a customer and therefore will be treated as a reduction of the transaction price. Similarly, the Company shall recognise revenue only upon utilization or expiration of prepaid cards.

**Discounts and promotions**

The Company provides various discounts and promotions to its customers, which may be agreed at inception or provided during the contract term. The impact and accounting of these discounts and promotions vary and may result in recognition of contract asset.






# Wataniya Palestine Mobile Telecommunication - Public Shareholding Company *(Ooredoo Palestine)*

Financial statements for the year ended 31 December 2021

*(All amounts expressed in US Dollar unless otherwise stated)*

## Notes to the financial statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)


2.5 Expenses recognition

Expenses are recognized when incurred based on the accrual basis of accounting.

2.6 Income tax

According to the Palestinian Investment Promotion Agency certificate issued on October 27, 2009, the Company was granted the right to benefit from the Palestinian Law for Encouragement of Investment. Accordingly, the Company is granted full exemption from income tax for a period of five years starting from the year in which the Company commenced its operations. In addition, the Company's taxable income will be subject to 50% of the nominal tax rate until December 31, 2030. During 2012, the Company agreed at the request of Palestinian Ministry of Finance to voluntary defer the full income tax exemption for the years 2012 and 2013. Therefore, the full income tax exemption is extended until 2016.

2.7 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment in value. Land is not depreciated.
The property and equipment are depreciated on a straight-line basis over the estimated useful lives as follows:

| | Useful life (Years) |
|---|---|
| Network and infrastructure | 3-20 |
| Buildings | 40 |
| Computers and office equipment | 3-10 |
| Furniture and fixtures | 2-10 |
| Decorations and leasehold improvements | 3-8 |
| Others | 2-10 |

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Expenditures incurred to replace a component of an item of property and equipment that is accounted for separately is capitalized, and the carrying amount of the component that is replaced is written off. Other subsequent expenditures are capitalized only when they increase future economic benefits of the related item of property and equipment. All other expenditures are recognized in the statement of profit or loss as the expense is incurred.

The residual values, useful lives, and methods of depreciation of property and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

2.8 Projects in progress

Projects in progress comprise costs of direct labour, direct materials, equipment, and contractors' costs. After completion, projects in progress are transferred to property and equipment and intangible assets. The carrying values of projects in progress are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the projects are written down to their recoverable amount.

# Wataniya Palestine Mobile Telecommunication - Public Shareholding Company *(Ooredoo Palestine)*

Financial statements for the year ended 31 December 2021
*(All amounts expressed in US Dollar unless otherwise stated)*

## Notes to the financial statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.9 Inventories

Inventories are stated at the lower of cost and net realizable value; cost is determined using the weighted average method. Costs are those amounts incurred in bringing each product to its present location and condition.

### 2.10 Impairment of non-financial assets

Non-financial assets that are subject to depreciation or amortization are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairment of non-financial assets (excluding goodwill) are reviewed for possible reversal at each reporting date.

### 2.11 Financial instruments

Financial assets and liabilities are recognised on the Company's statement of financial position when the Company becomes a contractual part of the instruments.

(a) Financial assets

(i) Classification

The Company classifies its financial assets in accordance with IFRS (9). The company's financial assets consist of trade receivables, other current assets less prepayments, and cash on hand and at banks. The classification depends on the purpose for which the financial assets were acquired.

1- Trade receivables and other current assets (except the prepayments)

Trade receivables and other current assets (except the prepayments) are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade receivables are included under current assets, except for those with maturities greater than 12 months after the date of the statement of financial position, where they are classified as non-current assets.

Trade and other current assets (excluding prepaid expenses) are measured initially at their fair values and subsequently carried at amortized cost using the effective interest method.

2- Cash on hand and at banks

Cash on hand and at banks comprise cash on hand, current accounts, and bank deposits with original maturities of three months or less.
For the purpose of the statement of cash flows, cash and cash equivalents consist of cash in hand, bank balances, and short-term deposits with an original maturity of three months or less, net of restricted bank deposits.

(ii) Recognition and measurement

Financial assets are initially measured at fair value plus transaction costs that are directly related to the acquisition of the financial assets. (Except for financial assets at fair value, where transaction costs that are directly related to the acquisition of financial assets are recognized directly in the statement of profit or loss). The subsequent measurement of non-derivative financial assets depends on their classification. The company only maintains financial assets classified at amortized cost.





Wataniya Palestine Mobile Telecommunication - Public Shareholding Company *(Ooredoo Palestine)*

Financial statements for the year ended 31 December 2021
*(All amounts expressed in US Dollar unless otherwise stated)*

Notes to the financial statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 FINANCIAL INSTRUMENTS (CONTINUED)

Subsequent measurement of financial assets at amortized cost.

Assets held for the purpose of collecting contractual cash flows from them are measured at amortized cost using the effective interest rate method, whereby the contractual terms of the financial assets result on specific dates of cash flows that are only principal and interest payments on the principal outstanding. Interest income from this financial asset is recorded in finance income.

(iii) Impairment of financial assets

- Trade receivables

The company applies the simplified approach to IFRS (9) to measure expected credit losses, which use life expectancy allowance for all receivables.

The company applies a simplified approach model to measure expected credit losses. The calculation of expected credit losses depends on the probability of default, which is calculated according to the credit risk and economic factors and the percentage of loss assumed that the default depends on the collection of trade receivables based on the characteristics of similar credit risks and the number of days of late payment, and accordingly the company adopted a mathematical model based on the mentioned principles above to calculate the expected credit losses according to IFRS (9).

- Cash on hand and at banks

Cash on hand and at banks are also subject to the impairment requirements of IFRS (9).

(iv) Derecognition of financial assets

Financial assets are derecognised from the statement of financial position when the contractual rights to the cash flows from the asset have expired, or when the financial asset or all of its risks and rewards of ownership have been transferred to another party. The difference in the carrying amount is recognized in the statement of profit or loss.

(b) Financial liabilities

Financial liabilities mainly comprise of bank facilities, trade payable and other liabilities. Financial liabilities are initially measured at fair value and subsequently carried at amortized cost using the effective interest method. The Company's financial liabilities are classified as financial liabilities at amortized costs.

(i) Subsequent measurement

The measurement of financial liabilities depends on their classification. Liabilities are recognized for amounts to be paid in the future for goods or services received, whether they are claimed by the supplier or not. After initial verification, bank facilities, trade payables and other liabilities are subsequently measured at amortized cost using the effective interest rate method. Profits and losses are recognized in the statement of profit or loss when the liabilities are derecognized as well as through the amortization process.

# Wataniya Palestine Mobile Telecommunication - Public Shareholding Company *(Ooredoo Palestine)*

Financial statements for the year ended 31 December 2021
*(All amounts expressed in US Dollar unless otherwise stated)*

## Notes to the financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FINANCIAL INSTRUMENTS (CONTINUED)

(i) Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of profit or loss.

### 2.12 PROVISIONS

Provisions are recognized when the Company has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

### 2.13 Borrowings

Loans and borrowings are initially recognized at fair value less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the statement of profit or loss when the liabilities are derecognized as well as through the amortization process. The amortized cost is calculated after considering any discounts, premiums, transaction, and other costs which form an integral part of the effective interest rate in the statement of profit or loss.

### 2.14 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds as well as the interest expense on lease liabilities.

### 2.15 Intangible assets

The Company's main intangible asset is the license agreement with the Ministry of Telecommunications and Information Technology. The term of the license is twenty years including the extra years that were granted from the MTIT on March 16, 2015, the effective date of the license before the extension was granted on September 10, 2009, being the date on which the frequencies to launch operations in the West Bank were made available to the Company.

The intangible assets are recognized at cost less accumulated amortization and any accumulated impairment losses.

Intangible assets are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss.

(i) License

License cost is amortized using the straight-line method over the license period of 20 years. Amortization expense is recognized in the statement of profit or loss.






# Wataniya Palestine Mobile Telecommunication - Public Shareholding Company *(Ooredoo Palestine)*

Financial statements for the year ended 31 December 2021
*(All amounts expressed in US Dollar unless otherwise stated)*

## Notes to the financial statements


2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.15 Intangible assets (CONTINUED)

(ii) Software

Software cost is amortized using the straight-line method over the useful lives of the assets. The software's useful lives ranged from 3 to 6 years. Amortization expense is recognized in the statement of profit or loss.

### 2.16 Foreign currencies

Transactions denominated in currencies other than USD, occurring during the period, are translated to USD using the exchange rate at the date of the transaction. Monetary assets and liabilities, which are denominated in foreign currencies are translated into USD using the rate of exchange at the statement of financial position date. Gains or losses arising from exchange differences are reflected in the statement of profit or loss.

### 2.17 Accounts payable

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether they are claimed by the supplier or not.

### 2.18 Finance cost

Finance costs comprise interest expense on lease liabilities and borrowings.

### 2.19 Finance income

Finance income comprises interest income on the deposits. Interest income is recognised as it accrues in profit or loss, using effective interest method.

### 2.20 Events after the reporting date

The financial statements are adjusted to reflect events that occurred between the reporting date and the date when the financial statements are authorised for issue, provided they give evidence of conditions that existed at the reporting date. Any post year-end events that are non-adjusting events are discussed on the financial statements when material.

### 2.21 Segment reporting

Segment results that are reported by the company include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Financial information on operating segments is presented in note (27) to the financial statements.

### 2.22 Going Concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

# Wataniya Palestine Mobile Telecommunication - Public Shareholding Company
## *(Ooredoo Palestine)*

Financial statements for the year ended 31 December 2021
*(All amounts expressed in US Dollar unless otherwise stated)*

Notes to the financial statements

3. PROPERTY AND EQUIPMENT

| | Network and infrastructure | Buildings | Lands | Computers and office equipment | Furniture and fixtures | Decorations and leasehold improvements | Others | Work in process | Total |
|---|---|---|---|---|---|---|---|---|---|
| **2021** | | | | | | | | | |
| **Cost** | | | | | | | | | |
| **As at January 1, 2021** | 120,601,144 | 2,241,082 | 1,662,552 | 17,428,962 | 2,812,374 | 9,240,798 | 142,300 | 2,643,960 | 156,773,172 |
| Transfers from projects in progress* | 1,717,990 | - | - | 112,714 | 6,792 | 21,676 | - | (2,408,119) | (548,947) |
| Additions | 1,091,930 | - | - | 278,873 | 9,861 | 29,727 | - | 5,106,319 | 6,516,710 |
| Disposals | (570,617) | - | - | (16,357) | - | (92,492) | - | - | (679,466) |
| Assets held for disposals | (28,370) | - | - | - | - | - | - | - | (28,370) |
| **As at December 31, 2021** | 122,812,077 | 2,241,082 | 1,662,552 | 17,804,192 | 2,829,027 | 9,199,709 | 142,300 | 5,342,160 | 162,033,099 |
| **Accumulated depreciation** | | | | | | | | | |
| **As at January 1, 2021** | 61,107,311 | 56,027 | - | 14,352,812 | 2,228,600 | 7,803,802 | 55,127 | - | 85,603,679 |
| Depreciation for the year | 10,029,889 | 56,027 | - | 1,362,946 | 196,617 | 559,191 | 10,494 | - | 12,215,164 |
| Disposals | (368,421) | - | - | (16,346) | - | (92,375) | (9,974) | - | (487,116) |
| **As at December 31, 2021** | 70,768,779 | 112,054 | - | 15,699,412 | 2,425,217 | 8,270,618 | 55,647 | - | 97,331,727 |
| **Net carrying amount** | | | | | | | | | |
| **As at December 31, 2021** | 52,043,298 | 2,129,028 | 1,662,552 | 2,104,780 | 403,810 | 929,091 | 86,653 | 5,342,160 | 64,701,372 |

*Please refer to note (5) for transfers of the work in process to the intangible assets

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# Wataniya Palestine Mobile Telecommunication - Public Shareholding Company
## *(Ooredoo Palestine)*

Financial statements for the year ended 31 December 2021
*(All amounts expressed in US Dollar unless otherwise stated)*

Notes to the financial statements

3. PROPERTY AND EQUIPMENT (continued)

| | Network and infrastructure | Buildings | Lands | Computers and office equipment | Furniture and fixtures | Decorations and leasehold improvements | Others | Work in process | Total |
|---|---|---|---|---|---|---|---|---|---|
| **2020** | | | | | | | | | |
| **Cost** | | | | | | | | | |
| **As at January 1, 2020** | 114,239,376 | - | - | 17,787,767 | 2,828,517 | 9,158,749 | 126,481 | 6,063,468 | 150,204,358 |
| Transfers from projects in progress* | 7,070,697 | 1,300 | - | 620,322 | 32,740 | 230,288 | 15,819 | (9,961,186) | (1,990,020) |
| Additions | - | 2,239,782 | 1,662,552 | - | - | - | - | 6,541,678 | 10,444,012 |
| Disposals | (708,929) | - | - | (979,127) | (48,883) | (148,239) | - | - | (1,885,178) |
| **As at December 31, 2020** | 120,601,144 | 2,241,082 | 1,662,552 | 17,428,962 | 2,812,374 | 9,240,798 | 142,300 | 2,643,960 | 156,773,172 |
| **Accumulated depreciation** | | | | | | | | | |
| **As at January 1, 2020** | 51,606,265 | - | - | 13,740,587 | 2,042,780 | 7,325,857 | 44,329 | - | 74,759,818 |
| Depreciation for the year | 9,956,686 | 56,027 | - | 1,586,855 | 224,316 | 625,414 | 10,798 | - | 12,460,096 |
| Disposals | (455,640) | - | - | (974,630) | (38,496) | (147,469) | - | - | (1,616,235) |
| **As at December 31, 2020** | 61,107,311 | 56,027 | - | 14,352,812 | 2,228,600 | 7,803,802 | 55,127 | - | 85,603,679 |
| **Net carrying amount** | | | | | | | | | |
| **As at December 31, 2020** | 59,493,833 | 2,185,055 | 1,662,552 | 3,076,150 | 583,774 | 1,436,996 | 87,173 | 2,643,960 | 71,169,493 |

*Please refer to note (5) for transfers of the work in process to the intangible assets

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# Wataniya Palestine Mobile Telecommunication - Public Shareholding Company *(Ooredoo Palestine)*

Financial statements for the year ended 31 December 2021
*(All amounts expressed in US Dollar unless otherwise stated)*

## Notes to the financial statements

4. RIGHT-OF-USE ASSETS

| | 2021 | 2020 |
|---|---|---|
| **Balance, beginning of the year** | 6,536,704 | 8,736,392 |
| Additions | 2,981,883 | 553,018 |
| Depreciation | (2,694,803) | (2,158,411) |
| Termination of lease contract | (43,129) | (594,295) |
| **Balance, end of the year** | 6,780,655 | 6,536,704 |

5. INTANGIBLE ASSETS

The movement of the intangible assets is as follows:

| | License* | Software | Total |
|---|---|---|---|
| **Cost** | | | |
| **As at January 1, 2021** | 184,871,337 | 33,378,312 | 218,249,649 |
| Transfers from the work in progress | - | 548,947 | 548,947 |
| Additions | - | 1,172,465 | 1,172,465 |
| **As at December 31, 2021** | 184,871,337 | 35,099,724 | 219,971,061 |
| **Accumulated amortization** | | | |
| **As at January 1, 2021** | 87,458,100 | 26,956,032 | 114,414,132 |
| Amortization during the year | 6,042,153 | 3,222,129 | 9,264,282 |
| **As at December 31, 2021** | 93,500,253 | 30,178,161 | 123,678,414 |
| **Net carrying amount** | | | |
| **As at December 31, 2021** | 91,371,084 | 4,921,563 | 96,292,647 |

| | License* | Software | Total |
|---|---|---|---|
| **Cost** | | | |
| **As at January 1, 2020** | 184,871,337 | 31,388,292 | 216,259,629 |
| Transfers from the work in progress | - | 1,990,020 | 1,990,020 |
| **As at December 31, 2020** | 184,871,337 | 33,378,312 | 218,249,649 |
| **Accumulated amortisation** | | | |
| **As at January 1, 2020** | 81,399,394 | 22,913,980 | 104,313,374 |
| Amortization during the year | 6,058,706 | 4,042,052 | 10,100,758 |
| **As at December 31, 2020** | 87,458,100 | 26,956,032 | 114,414,132 |
| **Net carrying amount** | | | |
| **As at December 31, 2020** | 97,413,237 | 6,422,280 | 103,835,517 |







# Wataniya Palestine Mobile Telecommunication - Public Shareholding Company *(Ooredoo Palestine)*

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## Notes to the financial statements



5. INTANGIBLE ASSETS (continued)

* On March 14, 2007, the Company entered into a license agreement (the license) with the Ministry of Telecommunications and information Technology (the MTIT) to provide 2G and 3G mobile services in West Bank and Gaza for a total price of USD 354,000,000. The term of the license is twenty years from September 10, 2009 being the date on which frequencies to enable launch of operations in West Bank were allocated to the Company. The license includes the West Bank and Gaza strip.

The license amount initially recorded in the Financial Statement represents the best estimate made by the Company taking into consideration (1) the services that the Company was enabled to launch in both West Bank and Gaza comparing to what has original envisaged in the license agreement and (2) the expected timeframe within which the company will be able to offer the rest of its services. Therefore, the Company initially recorded a license fee of USD 184,871,337 being the total of the payment made of U.S $140,000,000 in August 6, 2008 and the present value of a deferred payment of USD 44,871,337.

Subsequent to initial recognition of the license and with the continuation of the deterrence imposed on the Company to offer its service due to MTIT's inability to meet its obligation under the license by not allocating the needed frequencies and not securing the necessary approvals for equipment entry, the Company revised its estimate on January 1, 2011 and started to amortize only the paid amount of the license less the accumulated amortization as of December 31, 2010 over the remaining useful life of the license and stopped calculating interest on the deferred portion of the license as of December 31, 2010. During the second quarter of 2018, The Company revised its estimates for the provision and reversed to the statement of profit or loss interest amounted to USD 9,475,317 which represents the interest that has been accumulated on the deferred portion during the period from inception and considered the deferred portion as a provision until it reaches an agreement with MTIT concerning the final value of the license.

During 2018 and 2019, the MTIT requested the company to pay additional amounts for the license, the Company's current best estimate shows that it will not be obliged to pay any additional amounts for the license since it was unable to utilize all the benefits granted in the license agreement, it considered the deferred portion of the liability as a provision until it reaches an agreement with MTIT concerning the final value of the license. The Company is currently in discussion with the government authorities in this regard.

6. INVENTORIES

| | 2021 | 2020 |
|---|---|---|
| Subscribers' equipment | 853,831 | 988,730 |
| Other equipment | 1,144,385 | 561,076 |
| | **1,998,216** | 1,549,806 |

# Wataniya Palestine Mobile Telecommunication - Public Shareholding Company (Ooredoo Palestine)

Financial statements for the year ended 31 December 2021

*(All amounts expressed in US Dollar unless otherwise stated)*

## Notes to the financial statements

### 7. TRADE AND OTHER RECEIVABLES

| | 2021 | 2020 |
|---|---|---|
| Trade receivables | 11,811,789 | 12,303,642 |
| Unbilled receivable | 7,422,030 | 4,534,274 |
| Others | 7,354,265 | 6,161,031 |
| | **26,588,084** | **22,998,947** |
| Provision for impairment of trade receivables (note 24.3) | (7,829,633) | (7,707,408) |
| | **18,758,451** | **15,291,539** |

The following is a summary of the movement on the provision for impairment of trade receivables during the year:

| | 2021 | 2020 |
|---|---|---|
| **Balance, beginning of the year** | **7,707,408** | 6,387,206 |
| (Recovery) /provision | (123,674) | 766,914 |
| Currency differences | 245,899 | 553,288 |
| **Balance, end of the year** | **7,829,633** | 7,707,408 |

### 8. BANK BALANCES AND CASH

| | 2021 | 2020 |
|---|---|---|
| Bank balances, short term deposits and cash in hand | 43,400,557 | 30,662,429 |
| Restricted cash | 911,838 | 54,307 |
| | **44,312,395** | **30,716,736** |
| Less: | | |
| Deposits with maturity of more than three months (i) | (5,561,026) | (94,720) |
| Restricted deposits (ii) | (911,838) | (54,307) |
| Cash and cash equivalents as per statement of cash flows at 31 December | **37,839,531** | 30,567,709 |

(i) As of December 31, 2021, the Company had short-term deposits amounting to USD 40,775,165 (2020: 27,997,731 USD) at local banks.

(ii) The balance pertains restricted cash deposits with banks related to issuance of bank guarantees, and letters of credit

### 9. SHARE CAPITAL

| | 2021 | 2020 |
|---|---|---|
| Wataniya International FZ – LLC (WIL) | 144,339,191 | 144,339,191 |
| Palestine Investment Fund, PLC (PIF) | 101,500,996 | 101,500,996 |
| Other shareholders | 47,159,813 | 47,159,813 |
| | **293,000,000** | 293,000,000 |






# Wataniya Palestine Mobile Telecommunication - Public Shareholding Company (Ooredoo Palestine)

Financial statements for the year ended 31 December 2021

*(All amounts expressed in US Dollar unless otherwise stated)*

## Notes to the financial statements


### 10. BORROWINGS

| | 2021 | 2020 |
|---|---|---|
| Long-term | - | 14,375,000 |
| Payable within one year | - | 8,923,437 |
| | - | 23,298,437 |

During the second quarter of 2018, the Company signed a new loan agreement with local bank for a total amount of USD 70,000,000 to refinance the syndicated loan which the company signed originally on May 31, 2012 with various lenders. On July 29, 2018, the Company received USD 50,000,000 of the loan and fully settled the syndicated loan balance of USD 85,000,000 and recognized the liability from the utilized portion of the loan received from the bank with an amount of USD 50,000,000 on July 29, 2018. The Loan bears an annual variable interest rate, and repayable in quarterly instalments commencing August 1, 2019. The management has fully settled the loan during 2021.

### 11. LEASE LIABILITIES

| | 2021 | 2020 |
|---|---|---|
| **Balance, beginning of the year** | **7,322,458** | 9,196,538 |
| Interest | 429,247 | 458,981 |
| Additions | 2,981,883 | 553,018 |
| Termination of lease contract | (43,929) | (936,815) |
| Principle elements of lease payments | (3,082,837) | (2,217,197) |
| Currency differences | 138,770 | 267,933 |
| **Balance, end of the year** | **7,745,592** | 7,322,458 |
| Current lease liabilities | 2,150,625 | 2,575,368 |
| Non-current lease liabilities | 5,594,967 | 4,747,090 |
| | 7,745,592 | 7,322,458 |

### 12. EMPLOYEES' BENEFIT

The amounts recognized in the statement of financial position and the movements in the provision for employees' end of service benefits over the year is as follows:

| | 2021 | 2020 |
|---|---|---|
| **Balance, beginning of the year** | **6,953,238** | 6,871,235 |
| Additions during the year | 1,282,228 | 1,106,346 |
| Total amount recognized in profit or loss | 1,282,228 | 1,106,346 |
| Benefits paid during the year | (497,644) | (1,024,343) |
| **Balance, end of the year** | **7,737,822** | 6,953,238 |

The end of service benefit is a defined benefit pension plan. The obligation is recognized in the statement of financial position in accordance with the Palestinian Labor Law no 7 of 2000.

The present value of the defined benefit obligation at the end of the reporting period that is determined by discounting the estimated future cash flow using interest rate of government bonds that dominated in the currency in which the benefit will be paid and that have terms approximating to the terms of the related obligations is not materially different from the benefit obligation recognized in the statement of financial position and expenses reported in the statement of profit or loss in accordance with the Palestinian Labor Law no 7 of 2000.

# Wataniya Palestine Mobile Telecommunication - Public Shareholding Company *(Ooredoo Palestine)*

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Notes to the financial statements

## 13. TRADE AND OTHER PAYABLE

| | 2021 | 2020 |
|---|---|---|
| Trade payables | 12,223,670 | 9,090,281 |
| Accrued expenses | 20,765,249 | 18,797,397 |
| Payroll accrued costs | 6,349,903 | 4,068,332 |
| Accrued project cost | 4,666,890 | 2,184,730 |
| Other taxes payables | 761,105 | 852,106 |
| Other payables | 2,890,542 | 2,615,342 |
| | 47,657,359 | 37,608,188 |

## 14. INCOME TAX PAYABLE

The movement on the income tax provision for the years ending December 31, 2021 and 2020 is as follows:

| | 2021 | 2020 |
|---|---|---|
| **Balance, beginning of the year** | 515,593 | - |
| Provision for the year | 1,499,585 | 515,593 |
| **Balance, end of the year** | 2,015,178 | 515,593 |

The income tax (provision)/benefit on the statement of profit or loss represents the following:

| | 2021 | 2020 |
|---|---|---|
| Provision for the year | (1,499,585) | (515,593) |
| Deferred tax asset | 78,454 | 695,328 |
| **Income tax (provision)/benefit for the year** | (1,421,131) | 179,735 |

According to the Palestinian Investment Promotion Agency certificate issued on October 27, 2009, the Company was granted the right to benefit from the Palestinian Law for Encouragement of Investment. Accordingly, the Company is granted full exemption from income tax for a period of five years starting from the year in which the Company commenced its operations. In addition, the Company's taxable income will be subject to 50% of the nominal tax rate until December 31, 2030 (10% instead of 20%). During 2012, the Company agreed at the request of Palestinian Ministry of Finance to voluntary defer the full income tax exemption for the years 2012 and 2013. Therefore, the full income tax exemption is extended until 2016. During 2017, the company has reached a clearance with the Palestinian tax department for the years 2009 to 2016. The company did not reach into a clearance for its business results for the years 2017, 2018, 2019, 2020 and 2021.





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Notes to the financial statements

## 15. REVENUE

| | 2021 | 2020 |
|---|---|---|
| Telecommunication services | 107,176,017 | 94,948,445 |
| Others | 5,002,161 | 4,056,984 |
| | 112,178,178 | 99,005,429 |

## 16. NETWORK, INTERCONNECT AND OTHER OPERATING EXPENSES

| | 2021 | 2020* |
|---|---|---|
| Outpayment and interconnect charges | 14,658,600 | 13,899,344 |
| Regulatory and related fees | 6,379,996 | 5,694,995 |
| Rentals and utilities* * | 6,887,897 | 7,151,230 |
| Network operations and maintenance | 6,498,455 | 6,400,705 |
| Cost of equipment sold and other services | 5,331,850 | 2,859,377 |
| Marketing cost and sponsorship | 2,756,088 | 1,828,085 |
| Commissions of cards | 6,504,656 | 5,908,423 |
| Legal and professional fess | 296,285 | 258,756 |
| Other expenses | 3,055,880 | 2,586,343 |
| | 52,369,707 | 46,587,258 |

* Refer to Note 28 for details regarding certain reclassification

**The company chose not to recognize the right of use assets and lease liabilities that are related to short-term leasing contracts that are 12-month long or less, or the leasing contracts of the low valued assets. The company recognizes the lease payments related to these contracts as an expense over the leasing period using the straight-line method.

## 17. EMPLOYEES' SALARIES AND ASSOCIATED COSTS

| | 2021 | 2020* |
|---|---|---|
| Salaries and allowances | 19,114,318 | 17,264,485 |
| End of service benefit | 1,282,227 | 1,106,346 |
| Training and related costs | 53,037 | 34,129 |
| | 20,449,582 | 18,404,960 |

*Refer to Note 28 for details regarding certain reclassification.

## 18. FINANCE COST

| | 2021 | 2020* |
|---|---|---|
| Loans interests | 502,239 | 1,262,852 |
| Other finance charges | 60,000 | 20,055 |
| Lease contracts interest in accordance with IFRS (16) | 429,247 | 458,981 |
| | 991,486 | 1,741,888 |

*Refer to Note 28 for details regarding certain reclassification

# Wataniya Palestine Mobile Telecommunication - Public Shareholding Company *(Ooredoo Palestine)*

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## Notes to the financial statements

19. OTHER LOSSES - NET

| | 2021 | 2020* |
|---|---|---|
| Foreign currency loss- net | 445,072 | 348,586 |
| Loss on sale of nonfinancial assets | 84,515 | - |
| Miscellaneous gain – net | (800) | (198,541) |
| | 528,787 | 150,045 |

*Refer to Note 28 for details regarding certain reclassification

20. BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the year attributable to the shareholders of the company by the weighted average number of shares outstanding during the year.

There were no potentially dilutive shares outstanding at any time during the year and, therefore, the dilutive earnings per share is equal to the basic earnings per share.

| | 2021 | 2020 |
|---|---|---|
| Profit for the year | 13,423,802 | 7,541,215 |
| Weighted average number of shares | 293,000,000 | 293,000,000 |
| **Basic and diluted earnings per share for the year** | **0.0458** | 0.0257 |

21. COMMITMENTS AND CONTINGENCIES

As of the financial statements date, the Company has outstanding contractual commitments resulting from purchases, services, and construction contracts, as well as operating license of the Company.
A summary of the contractual commitments as under:

| | 2021 | 2020 |
|---|---|---|
| Contracts and purchase orders | 16,854,043 | 12,064,607 |
| Operation license* | 169,128,663 | 169,128,663 |

* As disclosed in (note 5) to the financial statements, The Company entered into a license agreement with MTIT for a total amount of USD 354,000,000. The unpaid portion of the license cost, net of the related non-current liability, of USD 169,128,663 represents the unrecognized liability in the financial statements resulting from MTIT not fulfilling its obligations in relation with granting the Company access to Gaza and 3G frequencies amongst other things.






# Wataniya Palestine Mobile Telecommunication - Public Shareholding Company *(Ooredoo Palestine)*

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## Notes to the financial statements


22. RELATED PARTY TRANSACTIONS

This item represents transactions carried out with related parties which include associated companies, major shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled, or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management.

The balances and transactions with related parties included in the statement of financial position are as follows:

| | Nature of relationship | 2021 | 2020 |
|---|---|---|---|
| Due to related parties | Shareholders and affiliates | 1,302,334 | 1,766,398 |

Transactions with related parties included in the statement of profit or loss were as follows:

| | Nature of relationship | 2021 | 2020 |
|---|---|---|---|
| Company's key management personnel compensation | Key management | 1,994,532 | 1,743,925 |
| Revenue from shareholders | Shareholders | 8,731 | 12,679 |

23. FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities

| | 2021 | | 2020 | |
|---|---|---|---|---|
| | Carrying value | Market value | Carrying value | Market value |
| Financial assets | | | | |
| Trade and other receivable (after excluding prepaid expenses) | 15,514,775 | 15,514,775 | 12,759,576 | 12,759,576 |
| Bank balances and cash | 44,312,395 | 44,312,395 | 30,716,736 | 30,716,736 |
| | 59,827,170 | 59,827,170 | 43,476,312 | 43,476,312 |
| Financial liabilities | | | | |
| Borrowing | - | - | 23,125,000 | 23,125,000 |
| Trade and other payable (after excluding legal obligations that represent due to the VAT department in addition to deduction of employees' salary income tax deductions) | 44,705,175 | 44,705,175 | 35,110,257 | 35,110,257 |
| | 44,705,175 | 44,705,175 | 58,235,257 | 58,235,257 |

Financial assets other than cash on hand and cash at banks consist of trade receivables and some other current assets. Financial liabilities consist of long-term loans, some other current liabilities, accounts payable, and accrued project cost. The fair values of financial assets and financial liabilities approximate their carrying amounts.

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Notes to the financial statements

## 24. RISK MANAGEMENT

### 24.1 Interest rate risk

The Company is exposed to interest rate risk on its interest-bearing assets and liabilities (short term bank deposits and Interest-bearing loan and borrowings). The following table demonstrates the sensitivity of the statement of profit or loss to reasonably possible changes in interest rates, with all other variables held constant. The sensitivity of the statement of profit or loss is the effect of the assumed changes in interest rates on the Company's profit for one year, based on the floating rate financial assets and financial liabilities held at December 31, 2021. There is no direct impact on the Company's equity.

| | Increase/ crease in interest rate % | Impact on the statement of profit or loss for the period USD |
|---|---|---|
| **2021** | | |
| USD | +15 | 61,163 |
| USD | -10 | (40,775) |
| 2020 | | |
| USD | +15 | 7,309 |
| USD | -10 | (4,873) |

### 24.2 Foreign currency risk

The following analysis explains the sensitivity of the statement of profit or loss to the reasonably possible changes in the USD exchange rates against the Israeli Shekel, with all other variables held constant.

| | Increase \ decrease in ILS rate to USD % | Impact on the statement of profit or loss for the period USD |
|---|---|---|
| **2021** | | |
| USD | +5 | 224,881 |
| USD | -5 | (224,881) |
| 2020 | | |
| USD | +5 | (144,808) |
| USD | -5 | 144,808 |





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### 24.3 Credit risk

The credit risk of the Company arises from cash on hand and cash at banks, deposits in banks, and customer receivables.

(I) Risk management

Credit risk may arise from the failure of the other party to the financial instrument to fulfil its obligations to the Company, leading to losses. Most of the Company's customers are customers of prepaid recharge cards. The maximum customer credit risk is the amount of receivables shown in note (7) to the financial statements. With regard to credit risks arising from other financial assets, which include cash on hand and cash at banks, the Company's exposure to credit risk results from the failure of the other party to meet its obligations and at a maximum equal to the book value of these financial assets.

The Company's cash and post-dated deposits are generally deposited with commercial banks and financial entities of a good credit rating, which are considered to have low and acceptable credit risks.

Prepaid scratch cards sales constitute a large proportion of the Company's sales (i.e., paid in cash). As for sales of post-paid customers, the Company takes adequate guarantees that limit the Company's exposure to credit risk.

(ii) Impairment of financial assets

Trade receivables are the only type of financial assets that are subject to the new model of expected credit loss in accordance with IFRS (9). The Company should review its methodology of impairment in accordance with IFRS (9) regarding receivables. While other types of financial assets are also subject to the requirements for impairment in accordance with IFRS (9), the outcome of an impairment loss determined for these financial assets has no material impact on the financial statements.

The Company has applied a simplified approach model to measure expected credit losses. The calculation of expected credit losses depends on the PD, which is calculated according to the credit risk, economic factors and the LGD, which is based on the grouping of receivables based on similar credit risk characteristics and the number of past-due days. Accordingly, the Company adopted a mathematical model based on the above-mentioned principles to calculate expected credit losses in accordance with IFRS (9). As shown below, the expected credit losses were measured as December 31,2021

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Notes to the financial statements

24 RISK MANAGEMENT (CONTINUED)

24.3 Credit risk (continued)

| 31 December 2021 | Checks under collection, deposits against receivables, unbilled receivables, and others – not due | Not due | From 1-30 days | 31 – 60 days | 61 – 90 days | 91-120 days | 121-360 days | Over 360 days | Total |
|---|---|---|---|---|---|---|---|---|---|
| Expected loss rate | 5.94% | 4.82% | 9.26% | 13.62% | 18.85% | 25.59% | 77.92% | 99.80% | |
| Gross carrying amount recorded for outstanding invoices | - | 2,071,471 | 762,190 | 343,413 | 258,041 | 213,773 | 644,630 | 6,077,217 | 10,370,735 |
| Checks under collection and deposits | 1,194,991 | - | - | - | - | - | - | - | 1,194,991 |
| Unbilled receivable | 7,422,030 | - | - | - | - | - | - | - | 7,422,030 |
| Others | 7,600,328 | - | - | - | - | - | - | - | 7,600,328 |
| Provision for impairment of trade receivables | (941,990) | (99,774) | (70,589) | (46,762) | (48,629) | (54,699) | (502,321) | (6,064,869) | (7,829,633) |

| 31 December 2020 | Checks under collection, deposits against receivables, unbilled receivables, and others – not due | Not due | From 1-30 days | 31 – 60 days | 61 – 90 days | 91-120 days | 121-360 days | Over 360 days | Total |
|---|---|---|---|---|---|---|---|---|---|
| Expected loss rate | 4.58% | 3.33% | 9.81% | 16.58% | 23.53% | 32.36% | 50.42% | 99.80% | |
| Gross carrying amount recorded for outstanding invoices | - | 1,917,341 | 566,777 | 343,318 | 262,011 | 225,258 | 1,107,583 | 6,323,785 | 10,746,073 |
| Checks under collection and deposits | 1,261,969 | - | - | - | - | - | - | - | 1,261,969 |
| Unbilled receivable | 4,534,274 | - | - | - | - | - | - | - | 4,534,274 |
| Others | 6,456,631 | - | - | - | - | - | - | - | 6,456,631 |
| Provision for impairment of trade receivables | 527,062 | 63,896 | 55,627 | 56,927 | 61,647 | 72,887 | 558,426 | 6,310,936 | 7,707,408 |





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## 24. RISK MANAGEMENT (CONTINUED)

### 24.3 Credit risk (continued)

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and failure to make contractual payments for a period of greater than 360 days past due.

Expenses of provision for impairment of trade receivables are shown in the statement of profit or loss.

### 24.4 Liquidity risk

The Company manages liquidity risk by ensuring availability of loans and facilities from banks and the necessary financing from shareholders. The tables below summarize the maturities of the Company's financial liabilities (undiscounted) as at December 31, 2021 based on contractual payment dates and current market interest rates. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

| | Less than 3 months | From 3 to 12 Months | Over 1 year | Total contractual cash flow | Carrying amount |
|---|---|---|---|---|---|
| **December 31, 2021** | | | | | |
| Trade and other payable* | 7,279,456 | 36,439,444 | - | 43,718,900 | 43,718,900 |
| Lease liabilities | 380,424 | 1,770,201 | 6,050,236 | 8,200,861 | 7,745,592 |
| **Total liabilities** | **7,659,880** | **38,209,645** | **6,050,236** | **51,919,761** | **51,464,492** |

| | Less than 3 months | From 3 to 12 Months | Over 1 year | Total contractual cash flow | Carrying amount |
|---|---|---|---|---|---|
| **December 31, 2020** | | | | | |
| Loans | 2,314,377 | 7,527,813 | 14,888,047 | 24,730,237 | 23,298,437 |
| Trade and other payable* | 5,413,456 | 28,301,325 | - | 33,714,781 | 33,714,781 |
| Lease liabilities | 665,887 | 1,909,480 | 5,284,507 | 7,859,874 | 7,322,458 |
| **Total liabilities** | **8,393,720** | **37,738,618** | **20,172,554** | **66,304,892** | **64,335,676** |

*Excluding amounts due to VAT and Provision for employees' vacations.

## 25. CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in business conditions. During the second quarter of 2018 the company increased its' capital by additional 35,000,000 share in accordance to the extraordinary meeting of the General Assembly of the Company held on January 23, 2018, in which the shareholders approved increasing the capital of Wataniya Palestine Mobile Telecommunication Limited Company through offering 35,000,000 more shares for public subscription to increase the capital from USD 258,000,000 to USD 293,000,000 with USD 1 par value each. Capital comprises paid-in share capital, share premium and accumulated losses, and is measured at USD as at December 31, 2021USD 117,008,921 (2020: USD 103,585,119).

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## Notes to the financial statements

### 26. CONCENTRATION OF RISK IN GEOGRAPHIC AREA

The Company carries out most of its activities in Palestine. The instability of the political and economic situation in the area increases the risk of carrying out its business and could adversely affect its performance.

### 27. SEGMENT REPORTING

Information regarding the company's reportable segments is set out below in accordance with "IFRS 8 Operating Segments". IFRS 8 requires reportable segments to be identified on the basis of internal reports that are regularly reviewed by the Company Chief Operating Decision Maker ("CODM"), which is the "Board of Directors", and used to allocate resources to the segments and to assess their performance.

The company's business segments are presented according to the nature of the company's activities, as the risks and the rate of return are fundamentally affected by the different services. The company's services consist of telecommunication and others.

The below tables represent the revenues, results of activities and other information for the company's services for the years ending December 31, 2021 and 2020:

| | Telecommunication | Others | Total |
|---|---|---|---|
| **December 31, 2021** | | | |
| Revenues | 107,176,017 | 5,002,161 | 112,178,178 |
| **Results of activities** | | | |
| Profit for the year | 12,528,883 | 894,919 | 13,423,802 |
| **Other information** | | | |
| Depreciation and amortization | 21,988,977 | 2,185,272 | 24,174,249 |
| Capital expenditures | 7,370,713 | 318,461 | 7,689,174 |

| | Telecommunication | Others | Total |
|---|---|---|---|
| **December 31, 2020** | | | |
| Revenues | 94,948,445 | 4,056,984 | 99,005,429 |
| **Results of activities** | | | |
| Profit for the year | 7,115,635 | 425,580 | 7,541,215 |
| **Other information** | | | |
| Depreciation and amortization | 23,705,844 | 1,013,421 | 24,719,265 |
| Capital expenditures | 10,918,069 | 955,431 | 11,873,500 |



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## Notes to the financial statements

### 28. COMPARATIVE FIGURES

During the year, the company performed an exercise to determine if the presentation of the financial statements is in accordance with IAS 1 "Presentation of financial statements". This exercise resulted in reclassification of certain line items in the financial statements. The comparative figures have been reclassified in order to conform with the presentation for the current period. Such reclassifications have been made by the company to improve the quality of information presented and did not have any impact on the previously reported equity and profits.

Below is a summary of significant reclassifications made during the year:

**For the year ended 31 December**

**Statement of profit or loss for the year ended 31 December**

| | Previous | Reclassification | Current | Notes |
|---|---|---|---|---|
| Cost of sale | (43,575,019) | 43,575,019 | - | General and administrative expenses have been split out further into the financial statement line items alongside; to comply with presenting the income statement appropriately by nature |
| General and administrative expenses | (24,156,423) | 24,156,423 | - | |
| Network, interconnect, and other operating expenses | - | (49,077,345) | (49,077,345) | |
| Employee salaries and associated cost | - | (18,509,962) | (18,509,962) | |
| Other (losses)/ gains – net | (5,900) | 144,135 | (150,035) | Reclassified from the general and administrative expenses to the other (losses)/gains-net. |

# Wataniya Palestine Mobile Telecommunication - Public Shareholding Company *(Ooredoo Palestine)*

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Notes to the financial statements

## 28. COMPARATIVE FIGURES (CONTINUED)

**For the year ended 31 December**

**Statement of financial position**

| | Previous | Reclassification | Current | Notes |
|---|---|---|---|---|
| Other current liabilities | 26,600,299 | (26,600,299) | - | Reclassified the accrued interest payable from the other current liabilities line item to the loans and borrowings line item to comply with the requirements of IFRS 9 "Financial instruments". The accrued project cost and other current liabilities were merged with the trade and other payable line item |
| Accrued project cost | 3,487,064 | (3,487,064) | - | |
| Trade and other payables | 7,904,294 | 30,087,363 | (37,608,188) | |
| Borrowings | 8,750,000 | 173,437 | 8,923,437 | |
| Trade and other receivables | 12,116,523 | 2,425,386 | 14,541,909 | Reclassified other current assets line item to the "Trade and other receivables" line item and the current portion of the restricted cash was reclassified from the other current assets line item to the "Bank balances and cash" in order to comply with the requirements of IAS1 "Presentation of financial statements". |
| Other current assets | 3,439,355 | (3,439,355) | - | |
| Bank balances and cash | 30,662,429 | 749,630 | 30,716,736 | |

The effects of the reclassifications in the tables above have accordingly been mirrored in the comparative period's statement of cash flows





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## 29. IMPACT OF COVID-19

The COVID-19 pandemic has developed rapidly in 2020, with a significant number of cases. Measures taken by various governments to contain the virus have affected economic activity. We have taken several measures to monitor and mitigate the effects of COVID-19, such as safety and health measures for our people (such as social distancing and working from home). At this stage, the impact on our business and results has been minimal. The impact of COVID-19 on the telecommunication industry is insignificant compared to other industries like manufacturing and tourism sectors, as it's one of the necessary services for the people. We will continue to follow the various government policies and advice and, in parallel, we will do our utmost to continue our operations in the best and safest way possible without jeopardizing the health of our people.

For the non-financial assets, the Company has assessed the impact of the recent novel coronavirus (COVID-19) outbreak. Capital expenditure is expected to be broadly stable versus 2020. Up to the date of this Report, the outbreak has not had a material impact on the performance of the Company. However, the company will continue to monitor the situation closely, including the potential impacts on performance.

Due to the value of the telecom services, the telecommunication sector has been generally considered one of the least influenced sectors when it comes to the impact of COVID-19-related restrictions, such as stay-at-home orders and quarantine requirements, as it is recognized as an essential service. Also, the lockdown has not affected distributors, since distributors and points of sales (supermarkets) have not been shut down during the lockdown besides bakeries and pharmacies as they are considered essential to live, and therefore, the prepaid stream of revenue has not been significantly impacted by Covid-19. Because customers generally prioritize telecom services over other expenses, there was no decline in revenue, on the contrary, the revenue has increased.

### Impact on Expected Credit Losses

The Company has considered the relevant impact of COVID-19 on the qualitative and quantitative factors when determining the significant increase in credit risk and assessing the indicators of impairment for the exposures in potentially affected sectors. Considering all relevant factors in applying the ECL resulted in a change in the provision as detailed in note 7 to the financial statements.

### Liquidity management

The Company is not facing issues with collections from business since majority of its sales are prepaid. This does not create the need for additional working capital. Also, the Company limits its liquidity risk by securing bank facilities. It is worth mentioning that the company has higher operating cash flows for the year ended December 31, 2021 compared to the year ended December 31, 2020, and the company has positive cash projections.