

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

Unaudited Condensed Interim Financial Information  
For the Nine Months Ended September 30, 2022

**And Report on Review of the Unaudited Condensed Interim  
Financial Information**

# WATANIYA PALESTINE MOBILE TELECOMMUNICATION PUBLIC SHAREHOLDING COMPANY (Ooredoo Palestine)

Unaudited condensed interim financial information for the nine months ended  
September 30, 2022

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## **Report on review of interim financial information**

**To the Chairman and Board of Directors of Wataniya Palestine Mobile Telecommunication Public Shareholding Company**

### **Introduction**

We have reviewed the accompanying condensed interim statement of financial position of Wataniya Palestine Mobile Telecommunication Public Shareholding Company "Ooredoo Palestine" (hereinafter the "Company") as of September 30, 2022 and the related condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the three-months and nine-months periods then ended, and condensed interim statement of changes in equity and condensed interim statement of cash flows for the nine-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Accounting Standard (34), 'Interim financial reporting' as issued by the International Accounting Standard Board (IASB). Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

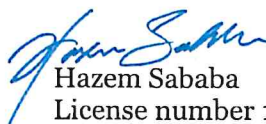
### **Scope of review**

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of interim financial information performed by the independent auditor of the entity'. A review of the interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard (34), 'Interim financial reporting'.

For and on behalf of PricewaterhouseCoopers Limited – Palestine

  
Hazem Sababa  
License number 115/2003

October 24, 2022  
Place: Ramallah, Palestine

# WATANIYA PALESTINE MOBILE TELECOMMUNICATION PUBLIC SHAREHOLDING COMPANY (Ooredoo Palestine)

Unaudited condensed interim financial information for the nine months ended  
September 30, 2022

(All amounts expressed in US Dollar unless otherwise stated)


## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

		As at September 30, 2022 (Unaudited)	As at December 31, 2021 (Audited)
	Note		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	(3)	59,946,422	64,701,372
Right of use assets	(4)	11,046,834	6,780,655
Intangible assets	(5)	91,695,707	96,292,647
Deferred tax asset		784,061	773,782
<b>Total non-current assets</b>		<b>163,473,024</b>	<b>168,548,456</b>
<b>Current assets</b>			
Inventories		1,627,494	1,998,216
Trade and other receivables	(6)	20,809,787	18,926,822
Bank balances and cash	(7)	64,659,441	44,144,024
<b>Total current assets</b>		<b>87,096,722</b>	<b>65,069,062</b>
<b>Total assets</b>		<b>250,569,746</b>	<b>233,617,518</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		293,000,000	293,000,000
Share premium		11,610,000	11,610,000
Accumulated losses		(174,678,652)	(187,601,079)
<b>Total equity</b>		<b>129,931,348</b>	<b>117,008,921</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Lease liabilities	(8)	7,044,696	5,594,967
Employees' benefit		7,840,606	7,737,822
Provision		44,871,337	44,871,337
<b>Total non-current liabilities</b>		<b>59,756,639</b>	<b>58,204,126</b>
<b>Current liabilities</b>			
Trade and other payables	(9)	49,637,027	47,657,359
Deferred income		4,231,008	6,581,309
Income tax payable	(10)	3,454,707	2,015,178
Lease liabilities	(8)	3,559,017	2,150,625
<b>Total current liabilities</b>		<b>60,881,759</b>	<b>58,404,471</b>
<b>Total liabilities</b>		<b>120,638,398</b>	<b>116,608,597</b>
<b>Total equity and liabilities</b>		<b>250,569,746</b>	<b>233,617,518</b>

- The above condensed interim financial information should be read in conjunction with the accompanying notes on pages 8 to 20.

The financial information on pages 3 to 20 were approved and authorized for issuance by the Board of Directors on October 19, 2022, and were signed on its behalf by:

  
Chief Executive Officer

  
Finance Director



# WATANIYA PALESTINE MOBILE TELECOMMUNICATION PUBLIC SHAREHOLDING COMPANY (Ooredoo Palestine)

Unaudited condensed interim financial information for the nine months ended September 30, 2022  
(All amounts expressed in US Dollar unless otherwise stated)

## CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS

	Note	For the three months period ended September 30,		For the nine months period ended September 30,	
		2022 (Unaudited)	2021* (Unaudited)	2022 (Unaudited)	2021* (Unaudited)
Revenue	(11)	29,777,830	29,206,550	87,307,956	82,713,494
Network, interconnect, and other operating expenses	(12)	(12,134,893)	(12,982,586)	(39,317,672)	(38,166,929)
Employees' salaries and associated costs	(3,4,5)	(5,327,236)	(5,054,290)	(16,352,724)	(14,764,349)
Depreciation and amortization	(13)	(6,037,898)	(6,337,442)	(17,424,146)	(18,502,931)
Finance costs		(168,559)	(212,084)	(508,567)	(845,786)
Finance income		430,762	245,445	1,024,855	789,243
Recovery for impairment of trade receivables	(6)	-	-	-	220,000
Other losses – net		(164,029)	(139,778)	(378,026)	(241,135)
<b>Profit before income tax expense</b>		<b>6,375,977</b>	<b>4,725,815</b>	<b>14,351,676</b>	<b>11,201,607</b>
Income tax expense	(10)	(620,209)	(531,467)	(1,429,249)	(1,261,494)
<b>Profit for the period</b>		<b>5,755,768</b>	<b>4,194,348</b>	<b>12,922,427</b>	<b>9,940,113</b>
<b>Basic and diluted earnings per share from the period's profit</b>	(14)	<b>0.0196</b>	<b>0.0143</b>	<b>0.0441</b>	<b>0.0339</b>

\*Refer to Note 18 for details regarding certain reclassification.

- The above condensed interim financial information should be read in conjunction with the accompanying notes on pages 8 to 20.

**WATANIYA PALESTINE MOBILE TELECOMMUNICATION  
PUBLIC SHAREHOLDING COMPANY (Ooredoo Palestine)**  
Unaudited condensed interim financial information for the nine months ended  
September 30, 2022  
*(All amounts expressed in US Dollar unless otherwise stated)*

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME**

	For the three months period ended September 30,		For the nine months period ended September 30,	
	2022 (Unaudited)	2021 (Unaudited)	2022 (Unaudited)	2021 (Unaudited)
<b>Profit for the period</b>	<b>5,755,768</b>	<b>4,194,348</b>	<b>12,922,427</b>	<b>9,940,113</b>
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>5,755,768</b>	<b>4,194,348</b>	<b>12,922,427</b>	<b>9,940,113</b>

- The above condensed interim financial information should be read in conjunction with the accompanying notes on pages 8 to 20.

**WATANIYA PALESTINE MOBILE TELECOMMUNICATION  
PUBLIC SHAREHOLDING COMPANY (Ooredoo Palestine)**  
Unaudited condensed interim financial information for the nine months ended  
September 30, 2022  
*(All amounts expressed in US Dollar unless otherwise stated)*

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**  
**For the nine months period ended September 30**

	Share capital	Share premium	Accumulated losses	Total Equity
Balance at January 1, 2021	293,000,000	11,610,000	(201,024,881)	103,585,119
Profit for the period	-	-	9,940,113	9,940,113
<b>Balance at September 30, 2021</b>	<b>293,000,000</b>	<b>11,610,000</b>	<b>(191,084,768)</b>	<b>113,525,232</b>
<b>Balance at January 1, 2022</b>	<b>293,000,000</b>	<b>11,610,000</b>	<b>(187,601,079)</b>	<b>117,008,921</b>
Profit for the period	-	-	12,922,427	12,922,427
<b>Balance at September 30, 2022</b>	<b>293,000,000</b>	<b>11,610,000</b>	<b>(174,678,652)</b>	<b>129,931,348</b>

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# WATANIYA PALESTINE MOBILE TELECOMMUNICATION PUBLIC SHAREHOLDING COMPANY (Ooredoo Palestine)

Unaudited condensed interim financial information for the nine months ended  
September 30, 2022

(All amounts expressed in US Dollar unless otherwise stated)

## CONDENSED INTERIM STATEMENT OF CASH FLOWS For the nine months period ended September 30, 2022

	Note	2022 (Unaudited)	2021* (Unaudited)
<b>Cash flow from operating activities</b>			
Profit for the period before tax		14,351,676	11,201,607
<b>Adjustments for:</b>			
Depreciation of property and equipment	(3)	9,199,613	9,202,020
Depreciation of right of use assets	(4)	2,625,218	2,016,520
Amortizations	(5)	5,599,315	7,284,390
(Recovery) for impairment of trade receivable	(6)	-	(220,000)
Provision for employees' benefits		1,129,635	1,008,513
Loans interests	(13)	19,101	479,845
Lease contracts interest in accordance with IFRS (16)	(13)	444,945	321,063
Interest income		(1,024,855)	(789,243)
Non-monetary items		(2,378,311)	105,260
Gain from termination of lease contracts		-	(800)
Loss of assets classified as held for disposal	(3)	226,169	128,141
(Gain)/Loss on disposal of property and equipment		(22,207)	76,687
		<b>30,170,299</b>	<b>30,814,003</b>
<b>Change in working capital:</b>			
Inventories		370,722	58,327
Trade and other receivables	(6)	(793,339)	(2,842,986)
Trade and other payable	(9)	2,968,544	1,198,569
Deferred income		(2,350,301)	891,113
<b>Net cash flows provided by operating activities before payments of employees' benefits</b>		<b>30,365,925</b>	<b>30,119,026</b>
Payments of employees' benefits		(1,026,851)	(414,881)
<b>Net cash flows provided by operating activities</b>		<b>29,339,074</b>	<b>29,704,145</b>
<b>Cash flow from investing activities</b>			
Payments for property and equipment	(3)	(5,364,978)	(1,776,327)
Payments for intangible assets	(5)	(319,458)	(726,610)
Proceeds from sale of property and equipment	(3)	33,436	(11,892)
Net movement in restricted cash	(7)	496,584	(767,388)
Net movement in short-term deposits	(7)	(4,495,338)	(6,877,215)
Interest income received		828,573	667,433
<b>Net cash (used in) investing activities</b>		<b>(8,821,181)</b>	<b>(9,491,999)</b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings		-	(18,125,000)
Credit facilities		-	(77,812)
Principal elements of lease payments	(8)	(3,942,129)	(2,488,145)
Interests paid		(59,101)	(565,324)
<b>Net cash (used in) financing activities</b>		<b>(4,001,230)</b>	<b>(21,256,281)</b>
<b>Net increase/(decrease) in cash on hand and at banks</b>	(7)	<b>16,516,663</b>	<b>(1,044,135)</b>
Bank balances and cash, beginning of the period	(7)	37,671,160	30,416,348
<b>Bank balances and cash, end of the period</b>	(7)	<b>54,187,823</b>	<b>29,372,213</b>

\*Refer to note 18 for details regarding certain reclassification

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# WATANIYA PALESTINE MOBILE TELECOMMUNICATION PUBLIC SHAREHOLDING COMPANY (Ooredoo Palestine)

Unaudited condensed interim financial information for the nine months ended  
September 30, 2022

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

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## Notes to the unaudited condensed interim financial information

### 1. GENERAL

Wataniya Palestine Mobile Telecommunication Company “Ooredoo Palestine” (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 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 unaudited condensed interim financial information of the Company as of September 30, 2022 was authorized for issue in accordance with the Board of Directors resolution on October 19, 2022

The accompanying condensed interim financial information was reviewed and not audited.

# WATANIYA PALESTINE MOBILE TELECOMMUNICATION PUBLIC SHAREHOLDING COMPANY (Ooredoo Palestine)

Unaudited condensed interim financial information for the nine months ended  
September 30, 2022  
(All amounts expressed in US Dollar unless otherwise stated)

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## Notes to the unaudited condensed interim financial information

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of preparation

The condensed interim financial information of the Company for the nine months ended September 30, 2022 has been prepared in accordance with the International Accounting Standard 34, "Interim financial reporting".

The condensed interim financial information has been prepared under the historical cost basis.

The condensed interim financial information is presented in United States Dollar, which is the functional currency of the Company.

The condensed interim financial information has not included all information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements as at December 31, 2021. The results for the period ended September 30, 2022 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2022.

#### 2.2 Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards as set out below.

##### *New and amended standards adopted by the Company:*

A number of new or amended standards became applicable for the current reporting period. The company did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards

New and amended standards and interpretations must be adopted in the first interim financial information issued after their effective date or date of early adoption. There are a number of amendments to accounting standards that become applicable for annual reporting periods commencing on or after January 1, 2022 and entities will need to consider whether any of these amendments could affect their existing accounting policies for their 2022 interim financial information:

- a) Property, Plant and Equipment: proceeds before intended use – Amendments to IAS 16
- b) Reference to the conceptual framework – Amendments to IFRS 3
- c) Onerous contracts –cost of fulfilling a contract, amendments to IAS 37
- d) Annual Improvements to IFRS Standards 2018–2020

#### 2.3 Use of estimates

The preparation of financial statements in conformity with IFRS requires the use of accounting estimates and assumptions that affect the amounts of financial assets and liabilities and to disclose potential liabilities. Also, these estimates and judgments affect revenues, expenses and provisions, and in particular require the company's management to issue important judgments and judgments to estimate the amounts and times of future cash flows. The aforementioned estimates (and in line with the company's annual financial information as of December 31, 2021, which were prepared in accordance with international accounting standards) are necessarily based on multiple assumptions and factors that have varying degrees of estimation and uncertainty, and that the actual results may differ from the estimates as a result of changes resulting from the conditions of and conditions for those estimates in the future.



# WATANIYA PALESTINE MOBILE TELECOMMUNICATION PUBLIC SHAREHOLDING COMPANY (Ooredoo Palestine)

Unaudited condensed interim financial information for the nine months ended  
September 30, 2022

(All amounts expressed in US Dollar unless otherwise stated)

## Notes to the unaudited condensed interim financial information

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

#### 2.3 Use of estimates (continued)

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

##### *Useful life of tangible and intangible assets:*

The Company's management reassesses the useful lives of tangible and intangible assets, and adjusts if applicable, at each financial year-end.

##### *Provision for impairment of trade and other 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).

#### 2.4 Risk management

The Company manages various risks through a strategy that identifies those risks and the procedures to mitigate them by applying a reporting system aiming to review and adopt appropriate risk mitigating procedures. In addition, the business units are responsible for identifying risks associated with their operations and to apply and monitor appropriate control procedures. The overall responsibility of managing and monitoring the risks of the Company rests with the Board of Directors. The condensed interim financial information has not include all information and disclosures required in the annual financial statements under risk management and should be read in conjunction with the Company's annual financial statements as at December 31, 2021 which were prepared under the international financial reporting standards.

#### 2.5 Fair value of financial instruments

The table below presents a comparison between the book values and the fair values of the financial instruments as classified on September 30, 2022 and December 31, 2021:

	Carrying Value		Market Value	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
<b>Financial Assets</b>				
Trade and other receivables (after excluding prepaid expenses)	17,052,594	15,514,775	17,052,594	15,514,775
Bank balances and cash	64,659,441	44,144,024	64,659,441	44,144,024
	<b>81,712,035</b>	<b>59,658,799</b>	<b>81,712,035</b>	<b>59,658,799</b>
<b>Financial Liabilities</b>				
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)	46,199,784	44,705,175	46,199,784	44,705,175
	<b>46,199,784</b>	<b>44,705,175</b>	<b>46,199,784</b>	<b>44,705,175</b>

# WATANIYA PALESTINE MOBILE TELECOMMUNICATION PUBLIC SHAREHOLDING COMPANY (Ooredoo Palestine)

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## Notes to the unaudited condensed interim financial information

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

#### 2.5 Fair value of financial instruments (Continued)

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

- The fair values of trade and other receivable, bank balances and cash, trade and other payables, largely approximate their carrying amounts due to the short-term maturities of these instruments.
- The fair value of other current assets was calculated after excluding prepaid expenses.
- The fair value of other current liabilities was calculated after excluding the due to VAT and employees' vacations provision.

#### 2.6 Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of its financial instruments:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).



# WATANIYA PALESTINE MOBILE TELECOMMUNICATION PUBLIC SHAREHOLDING COMPANY (Ooredoo Palestine)

Unaudited condensed interim financial information for the nine months ended September 30, 2022

(All amounts expressed in US Dollar unless otherwise stated)

Notes to the unaudited condensed interim financial information

## 3. PROPERTY AND EQUIPMENT

Details:

2022 Cost	Network and infrastructure	Building	Land	Computers and office equipment	Furniture and fixtures	Decorations and leasehold improvements	Others	Work in progress	Total
<b>Balance as of January 1, 2022</b>	<b>122,812,077</b>	<b>2,241,082</b>	<b>1,662,552</b>	<b>17,804,192</b>	<b>2,829,027</b>	<b>9,199,709</b>	<b>142,300</b>	<b>5,342,160</b>	<b>162,033,099</b>
Transfers from projects in progress	2,764,362	-	-	750,780	27,793	246,365	89,364	(4,561,581)	(682,917)
Additions	2,472,020	-	-	93,789	95,962	117,246	47,285	2,538,676	5,364,978
Disposals	(24,878)	-	-	(1,508,074)	(32,465)	(41,528)	-	-	(1,606,945)
Assets classified as held for disposal	(178,563)	-	-	(49,238)	1,632	-	-	-	(226,169)
<b>Balance as of September 30, 2022</b>	<b>127,845,018</b>	<b>2,241,082</b>	<b>1,662,552</b>	<b>17,091,449</b>	<b>2,921,949</b>	<b>9,521,792</b>	<b>278,949</b>	<b>3,319,255</b>	<b>164,882,046</b>
<b>Accumulated depreciation:</b>									
<b>Balance as of January 1, 2022</b>	<b>70,768,779</b>	<b>112,054</b>	-	<b>15,699,412</b>	<b>2,425,217</b>	<b>8,270,618</b>	<b>55,647</b>	-	<b>97,331,727</b>
Depreciation for the period	7,601,774	42,020	-	989,150	138,526	408,682	19,461	-	9,199,613
Disposals	(17,112)	-	-	(1,507,580)	(30,695)	(40,329)	-	-	(1,595,716)
<b>Balance as of September 30, 2022</b>	<b>78,353,441</b>	<b>154,074</b>	-	<b>15,180,982</b>	<b>2,533,048</b>	<b>8,638,971</b>	<b>75,108</b>	-	<b>104,935,624</b>
<b>Net book value:</b>									
<b>As at September 30, 2022</b>	<b>49,491,577</b>	<b>2,087,008</b>	<b>1,662,552</b>	<b>1,910,467</b>	<b>388,901</b>	<b>882,821</b>	<b>203,841</b>	<b>3,319,255</b>	<b>59,946,422</b>
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

**WATANIYA PALESTINE MOBILE TELECOMMUNICATION  
PUBLIC SHAREHOLDING COMPANY (Ooredoo Palestine)**  
Unaudited condensed interim financial information for the nine months ended  
September 30, 2022  
(All amounts expressed in US Dollar unless otherwise stated)

Notes to the unaudited condensed interim financial information

**4. RIGHT OF USE ASSETS**

Details:

	September 30, 2022	December 31, 2021
<b>Balance, beginning of the period</b>	<b>6,780,655</b>	6,536,704
Additions	6,891,397	2,981,883
Depreciation	(2,625,218)	(2,694,803)
Termination of lease contract	-	(43,129)
<b>Balance, end of the period</b>	<b>11,046,834</b>	6,780,655

**5. INTANGIBLE ASSETS**

Details:

	License	Software	Total
<b>Cost</b>			
<b>Balance as of January 1, 2022</b>	<b>184,871,337</b>	<b>35,099,724</b>	<b>219,971,061</b>
Transfers from projects in progress	-	682,917	682,917
Additions	-	319,458	319,458
<b>Balance as of September 30, 2022</b>	<b>184,871,337</b>	<b>36,102,099</b>	<b>220,973,436</b>
<b>Accumulated Amortization</b>			
<b>Balance as of January 1, 2022</b>	<b>93,500,253</b>	<b>30,178,161</b>	<b>123,678,414</b>
Amortization for the period	4,519,199	1,080,116	5,599,315
<b>Balance as of September 30, 2022</b>	<b>98,019,452</b>	<b>31,258,277</b>	<b>129,277,729</b>
<b>Net Book Value</b>			
<b>As at September 30, 2022</b>	<b>86,851,885</b>	<b>4,843,822</b>	<b>91,695,707</b>
As at December 31, 2021	91,371,084	4,921,563	96,292,647



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### 6. TRADE AND OTHER RECEIVABLES

Details:

	September 30, 2022	December 31, 2021
Trade receivables	9,827,147	11,811,789
Unbilled	8,140,603	7,422,030
Advances and prepayments	1,735,455	951,629
Others	8,042,871	6,571,007
	<b>27,746,076</b>	<b>26,756,455</b>
Provision for impairment of trade receivables	(6,936,289)	(7,829,633)
	<b>20,809,787</b>	<b>18,926,822</b>

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

	September 30, 2022	December 31, 2021
Balance, beginning of the period	7,829,633	7,707,408
(Recovery) for impairment of trade receivables	-	(123,674)
Currency differences	(893,344)	245,899
Balance, end of the period	<b>6,936,289</b>	<b>7,829,633</b>

### 7. BANK BALANCES AND CASH

Details:

For the purpose of the condensed interim statement of cash flows, bank balances and cash comprise the following items

	September 30, 2022	September 30, 2021
Bank balances, short term deposits and cash in hand	64,244,187	36,344,148
Restricted cash	415,254	821,695
	<b>64,659,441</b>	<b>37,165,843</b>
Less:		
Deposits with maturity of more than three months (i)	(10,056,364)	(6,971,935)
Restricted deposits (ii)	(415,254)	(821,695)
Bank balances and cash as per statement of cash flows	<b>54,187,823</b>	<b>29,372,213</b>

- (i) As of September 30, 2022, the Company had deposits amounting to USD 62,504,875 (September 30, 2021: 34,641,614 USD) at local banks.
- (ii) The balance pertains restricted cash deposits with banks related to issuance of bank guarantees, and letters of credit.

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**8. LEASE LIABILITIES**

Details:

	September 30, 2022	December 31, 2021
<b>Balance, beginning of the period</b>	<b>7,745,592</b>	7,322,458
Interest	444,945	429,247
Additions	6,891,401	2,981,883
Termination of lease contract	-	(43,929)
Principle elements of lease payments	(3,942,129)	(3,082,837)
Currency differences	(536,096)	138,770
<b>Balance, end of the period</b>	<b>10,603,713</b>	7,745,592

	September 30, 2022	December 31, 2021
Non-current lease liability	7,044,696	5,594,967
Current lease liability	3,559,017	2,150,625
<b>Balance, end of the period</b>	<b>10,603,713</b>	7,745,592

**9. TRADE AND OTHER PAYABLES**

Details:

	September 30, 2022	December 31, 2021
Trade payables	10,793,282	12,223,670
Accrued expenses	23,459,061	20,765,249
Payroll accrued costs	7,570,420	6,349,903
Accrued project cost	4,597,107	4,666,890
Other taxes payables	554,765	761,105
Other payables	2,662,392	2,890,542
	<b>49,637,027</b>	47,657,359

**10. INCOME TAX PAYABLE**

Details:

The movement on the income tax provision is as follows:

	September 30, 2022	December 31, 2021
<b>Balance, beginning of the period</b>	<b>2,015,178</b>	515,593
Provision for the period	1,439,529	1,499,585
<b>Balance, end of the period</b>	<b>3,454,707</b>	2,015,178

The income tax expense on the statement of profit or loss represents the following:

	September 30, 2022	September 30, 2021
Provision for the period	1,439,529	1,320,341
Deferred tax asset	(10,280)	(58,847)
<b>Income tax expense for the period</b>	<b>1,429,249</b>	1,261,494



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### 10. INCOME TAX PAYABLE (CONTINUED)

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 voluntarily 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.

### 11. REVENUE

Details:

	September 30, 2022	September 30, 2021
Telecommunication services	80,380,477	79,769,605
Others	6,927,479	2,943,889
	<b>87,307,956</b>	<b>82,713,494</b>

### 12. NETWORK, INTERCONNECT AND OTHER OPERATING EXPENSES

Details:

	September 30, 2022	September 30, 2021*
Outpayment and interconnect charges	9,623,605	9,094,689
Regulatory and related fees	4,737,059	4,715,050
Rentals and utilities**	4,708,401	5,150,792
Network operations and maintenance	6,548,707	6,406,415
Cost of equipment sold and other services	4,448,685	3,825,887
Marketing cost and sponsorship	2,472,120	2,026,236
Commissions of cards	4,221,156	4,852,796
Legal and professional fees	261,323	213,238
Other expenses	2,296,616	1,881,826
	<b>39,317,672</b>	<b>38,166,929</b>

\*Refer to Note 18 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.

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### 13. FINANCE COSTS

Details:

	September 30, 2022	September 30, 2021*
Loans interests	19,101	479,845
Other finance charges	44,521	44,878
Lease contracts interest in accordance with IFRS (16)	444,945	321,063
	<b>508,567</b>	<b>845,786</b>

\*Refer to Note 18 for details regarding certain reclassification

### 14. BASIC AND DILUTED EARNINGS PER SHARE

Details:

	September 30, 2022	September 30, 2021
Profit for the period	<b>12,922,427</b>	9,940,113
Weighted average number of shares	<b>293,000,000</b>	293,000,000
Basic and diluted earnings per share for the period	<b>0.0441</b>	0.0339

### 15. COMMITMENTS AND CONTINGENCIES

As at condensed interim financial information date, the Company has outstanding contractual commitments resulting from purchases, services and construction contracts as well as its license.

Following is a summary of the outstanding commitments:

	September 30, 2022	December 31, 2021
Contracts and purchase orders	<b>16,114,028</b>	16,854,043
License*	<b>169,128,663</b>	169,128,663

\* 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 condensed interim financial information resulting from MTIT not fulfilling its obligations in relation with granting the Company access to Gaza and 3G frequencies amongst other things.



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### 16. RELATED PARTY TRANSACTIONS

Related parties represent associated companies, 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.

Balances with related parties included in the condensed interim statement of financial position were as follows:

	Nature of relationship	September 30, 2022	December 31, 2021
Due to related parties	Shareholders and affiliates	1,369,743	1,302,334

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

	Nature of relationship	September 30, 2022	September 30, 2021
Company's key management personnel compensation	Key management	1,377,797	1,356,751
Revenue from shareholders	Shareholders	9,120	5,871

### 17. SEGMENT REPORTING

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.

	Telecommunication	Others	Total
<b>September 30, 2022</b>			
Revenues	80,380,477	6,927,479	87,307,956
<b>Results of activities</b>			
Profit for the period	10,100,552	2,821,875	12,922,427
<b>Other information</b>			
Depreciation and amortization	15,826,310	1,597,836	17,424,146
Capital expenditures	5,377,439	306,998	5,684,437
	<b>Telecommunication</b>	<b>Others</b>	<b>Total</b>
<b>September 30, 2021</b>			
Revenues	79,769,605	2,943,889	82,713,494
<b>Results of activities</b>			
Profit for the period	9,487,263	452,850	9,940,113
<b>Other information</b>			
Depreciation and amortization	17,668,939	833,992	18,502,931
Capital expenditures	2,410,159	115,043	2,525,202

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## Notes to the unaudited condensed interim financial information

### 18. COMPARATIVE FIGURES

During the period, 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 period:

#### For the nine months period ended 30 September

#### Statement of profit or loss for the period ended 30 September

	Previous	Reclassification	Current	Notes
Cost of sale	(36,185,987)	36,185,987	-	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	(18,915,724)	18,915,724	-	
Network, interconnect, and other operating expenses	-	(38,166,929)	(38,166,929)	
Employee salaries and associated cost	-	(14,764,349)	(14,764,349)	



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Notes to the unaudited condensed interim financial information

**18. COMPARATIVE FIGURES (CONTINUED)**

**For the three months period ended 30 September**

**Statement of profit or loss for the period ended 30 September**

	<b>Previous</b>	<b>Reclassification</b>	<b>Current</b>	<b>Notes</b>
Cost of sale	(12,402,492)	12,402,492	-	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	(6,361,832)	6,361,832	-	
Network, interconnect, and other operating expenses	-	(12,982,586)	(12,982,586)	
Employee salaries and associated cost	-	(5,054,290)	(5,054,290)	

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