

Wataniya Palestine Mobile Telecommunication Public Shareholding Company (Ooredoo Palestine)

Unaudited Condensed Interim Financial Information
For the Nine Months Ended September 30, 2021

And Report on Review of 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, 2021

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Report on review of the condensed 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, 2021 and the related condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the three and nine months ended September 30, 2021, and condensed interim statement of changes in equity and condensed interim statement of cash flows for the nine month period then ended and the notes, comprising significant accounting policies and other 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 condensed 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

Yacoub Alloun

License number 106/2012

October 28, 2021

Place: Ramallah, Palestine

WATANIYA PALESTINE MOBILE

TELECOMMUNICATION, Public Shareholding Company (Ooredoo Palestine)

Unaudited condensed interim financial information for the nine months ended September 30, 2021

(All amounts expressed in US Dollar unless otherwise stated)

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

| | | As at | |
|--|------|-----------------------------------|--------------------------------|
| | Note | September 30, 2021 (Unaudited) | December 31, 2020 (Audited) |
| ASSETS | | | |
| Non-current assets | | | |
| Property and equipment | (3) | 61,655,779 | 68,525,533 |
| Projects in progress | | 1,311,755 | 2,643,960 |
| Right of use assets | (4) | 6,959,883 | 6,536,704 |
| Intangible assets | (5) | 97,861,067 | 103,835,517 |
| Deferred tax asset | | 754,175 | 695,328 |
| Total non-current assets | | 168,542,659 | 182,237,042 |
| Current assets | | | |
| Inventories | | 1,491,479 | 1,549,806 |
| Other current assets | | 4,739,419 | 3,439,355 |
| Trade receivable | (6) | 14,729,642 | 12,116,523 |
| Cash on hand and at banks | (7) | 36,454,197 | 30,662,429 |
| Total current assets | | 57,414,737 | 47,768,113 |
| Total assets | | 225,957,396 | 230,005,155 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Paid-in capital | | 293,000,000 | 293,000,000 |
| Share premium | | 11,610,000 | 11,610,000 |
| Accumulated losses | | (191,084,768) | (201,024,881) |
| Total equity | | 113,525,232 | 103,585,119 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Long-term loans | (8) | - | 14,375,000 |
| Lease Liability | (9) | 5,393,863 | 4,747,090 |
| Provision for employees' benefits | | 7,546,870 | 6,953,238 |
| Other provision | | 44,871,337 | 44,871,337 |
| Total non-current liabilities | | 57,812,070 | 70,946,665 |
| Current liabilities | | | |
| Other current liabilities | (10) | 28,660,748 | 26,600,299 |
| Accounts payable | | 7,497,489 | 7,904,294 |
| Accrued project costs | | 2,896,083 | 3,487,064 |
| Deferred revenues | | 6,531,866 | 5,640,753 |
| Income tax provision | | 1,835,934 | 515,593 |
| Credit facilities and current portion of long-term loans | | 5,005,699 | 8,750,000 |
| Lease Liability | (9) | 2,192,275 | 2,575,368 |
| Total current liabilities | | 54,620,094 | 55,473,371 |
| Total liabilities | | 112,432,164 | 126,420,036 |
| Total equity and liabilities | | 225,957,396 | 230,005,155 |

- The above condensed interim financial information should be read in conjunction with the accompanying notes on pages 8 to 17.

WATANIYA PALESTINE MOBILE

TELECOMMUNICATION, Public Shareholding Company (Ooredoo Palestine)

Unaudited condensed interim financial information for the nine months ended September 30, 2021

(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, | |
|--|------|---|---------------------|--|---------------------|
| | | 2021 (Unaudited) | 2020 (Unaudited) | 2021 (Unaudited) | 2020 (Unaudited) |
| Revenue | (11) | 29,926,281 | 26,131,212 | 84,807,237 | 75,210,937 |
| Cost of service | | (12,402,492) | (10,993,803) | (36,185,987) | (32,229,752) |
| Gross Profit | | 17,523,789 | 15,137,409 | 48,621,250 | 42,981,185 |
| General and administrative expenses | | (6,361,832) | (5,870,991) | (18,915,724) | (17,439,908) |
| Depreciation and amortization | | (6,337,442) | (6,285,136) | (18,502,931) | (18,403,193) |
| Recovery /(provision) for impairment of trade receivables | | - | - | 220,000 | (766,914) |
| Other (losses)/ income, net | | (132,061) | 7,675 | (164,445) | 382,533 |
| Operating profit | | 4,692,454 | 2,988,957 | 11,258,150 | 6,753,703 |
| Finance cost | (12) | (212,084) | (410,925) | (845,786) | (1,325,912) |
| Finance income | | 245,445 | 196,778 | 789,243 | 489,313 |
| Profit for the period before tax | | 4,725,815 | 2,774,810 | 11,201,607 | 5,917,104 |
| Income tax expense | | (531,467) | - | (1,261,494) | - |
| Profit for the period | | 4,194,348 | 2,774,810 | 9,940,113 | 5,917,104 |
| Basic and diluted earnings per share for the period | (13) | 0.0143 | 0.0095 | 0.0339 | 0.0202 |

The above condensed interim financial information should be read in conjunction with the accompanying notes on pages 8 to 17.

WATANIYA PALESTINE MOBILE

TELECOMMUNICATION, Public Shareholding Company (Ooredoo Palestine)

Unaudited condensed interim financial information for the nine months ended September 30, 2021

(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, | |
|--|--|---------------------|---|---------------------|
| | 2021 (Unaudited) | 2020 (Unaudited) | 2021 (Unaudited) | 2020 (Unaudited) |
| Profit for the period | 4,194,348 | 2,774,810 | 9,940,113 | 5,917,104 |
| Other comprehensive income for the period | - | - | - | - |
| Total comprehensive income the period | 4,194,348 | 2,774,810 | 9,940,113 | 5,917,104 |

The above condensed interim financial information should be read in conjunction with the accompanying notes on pages 8 to 17.

WATANIYA PALESTINE MOBILE

TELECOMMUNICATION, Public Shareholding Company (Ooredoo Palestine)

Unaudited condensed interim financial information for the nine months ended September 30, 2021

(All amounts expressed in US Dollar unless otherwise stated)

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

| | Paid-in share capital | Share premium | Accumulated losses | Total Equity |
|--------------------------------------|----------------------------------|--------------------------|-------------------------------|-------------------------|
| Balance at January 1, 2020 | 293,000,000 | 11,610,000 | (208,566,096) | 96,043,904 |
| Profit for the period | - | - | 5,917,104 | 5,917,104 |
| Balance at September 30, 2020 | 293,000,000 | 11,610,000 | (202,648,992) | 101,961,008 |
| 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 |
| Balance at September 30, 2021 | 293,000,000 | 11,610,000 | (191,084,768) | 113,525,232 |

The above condensed interim financial information should be read in conjunction with the accompanying notes on pages 8 to 17.

WATANIYA PALESTINE MOBILE

TELECOMMUNICATION, Public Shareholding Company (Ooredoo Palestine)

Unaudited condensed interim financial information for the nine months ended September 30, 2021

(All amounts expressed in US Dollar unless otherwise stated)

CONDENSED INTERIM STATEMENT OF CASH FLOWS

| | | For the nine months ended September 30 | |
|---|------|---|---------------------|
| | Note | 2021 (Unaudited) | 2020 (Unaudited) |
| Operating activities | | | |
| Profit for the period before tax | | 11,201,607 | 5,917,104 |
| Adjustments: | | | |
| Property and equipment depreciation | (3) | 9,202,020 | 9,302,154 |
| Right of use assets depreciation | (4) | 2,016,520 | 1,559,240 |
| Amortization | (5) | 7,284,390 | 7,541,802 |
| (Recovery)/ provision for trade receivable impairment | | (220,000) | 766,914 |
| Provision for employees' indemnity | | 1,008,513 | 851,653 |
| Interest on loans and borrowings | (12) | 524,723 | 980,642 |
| Lease contracts interest in accordance IFRS 16 | (12) | 321,063 | 345,270 |
| Finance income | | (789,243) | (489,313) |
| Non-cash items | | 105,260 | (328,791) |
| Gain from termination of lease contracts | | (800) | - |
| Loss/gain of disposal of property and equipment | | 76,687 | (366) |
| Loss of assets classified as held for disposal | | 128,141 | 86,354 |
| | | 30,858,881 | 26,532,663 |
| Changes in operating assets and liabilities: | | | |
| Inventories | | 58,327 | 267,744 |
| Other current assets | | (1,178,254) | (228,019) |
| Trade receivable | | (2,392,187) | (3,342,642) |
| Other current liabilities | (10) | 1,986,721 | 555,969 |
| Accounts payable | | (406,805) | 4,270,913 |
| Deferred revenues | | 891,113 | (566,163) |
| Net cash flows provided by operating activities before payments of employees' benefits | | 29,817,796 | 27,490,465 |
| Payments of employees' benefits | | (414,881) | (956,675) |
| Net cash flows provided by operating activities | | 29,402,915 | 26,533,790 |
| Investing activities | | | |
| Purchase of property and equipment | (3) | (641,107) | (3,902,334) |
| Sale of property and equipment | (3) | (11,892) | 31,588 |
| Purchase of intangible assets | (5) | (726,610) | - |
| Projects in progress | | (1,726,201) | (4,461,783) |
| Finance income received | | 667,433 | 500,381 |
| Net cash flows (used in) investing activities | | (2,438,377) | (7,832,148) |
| Financing activities | | | |
| Repayment of loans | | (18,125,000) | (15,000,000) |
| Credit facilities | | 5,699 | 236,550 |
| Principal elements of lease payments | (9) | (2,488,145) | (1,778,816) |
| Interest paid | | (565,324) | (1,136,260) |
| Net cash flows (used in) financing activities | | (21,172,770) | (17,678,526) |
| Net increase in cash on hand and at banks | | 5,791,768 | 1,023,116 |
| Cash on hand and at banks, beginning of the period | | 30,662,429 | 25,222,593 |
| Cash on hand and at banks, end of the period | (7) | 36,454,197 | 26,245,709 |

The above condensed interim financial information should be read in conjunction with the accompanying notes on pages 8 to 17.

WATANIYA PALESTINE MOBILE

TELECOMMUNICATION, Public Shareholding Company (Ooredoo Palestine)

Unaudited condensed interim financial information for the nine months ended September 30, 2021

(All amounts expressed in US Dollar unless otherwise stated)

Notes to the condensed interim financial information

1. GENERAL

Wataniya Palestine Mobile Telecommunication Company “Ooredoo Palestine” (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 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 condensed interim financial information of the Company as of September 30, 2021 were authorized for issue in accordance with the Board of Directors resolution on October 18, 2021.

The accompanying condensed interim financial information were 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, 2021

(All amounts expressed in US Dollar unless otherwise stated)

Notes to the condensed interim financial information

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The condensed interim financial information of the Company for the nine months ended September 30, 2021 have 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 does not include 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, 2020 which was prepared in accordance with the International Financial Reporting Standards. The results for the nine months ended September 30, 2021 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2021.

2.1 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 1 January 2020 and entities will need to consider whether any of these amendments could affect their existing accounting policies for their 2021 interim financial information:

- a) Definition of Material – amendments to IAS 1 and IAS 8
- b) Definition of a Business – amendments to IFRS 3
- c) Revised Conceptual Framework for Financial Reporting
- d) Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16
- e) COVID-19-related Rent Concessions – Amendments to IFRS 16

2.2 Use of estimates

The preparation of the condensed interim financial information in conformity with IFRS requires the use of accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The Company's management continually evaluates its estimates, assumptions and judgements based on available information and experience. As the use of estimates is inherent in financial reporting, actual results could differ from these estimates.

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.

**WATANIYA PALESTINE MOBILE
TELECOMMUNICATION, Public Shareholding Company (Ooredoo Palestine)**
Unaudited condensed interim financial information for the nine months ended
September 30, 2021
(All amounts expressed in US Dollar unless otherwise stated)

Notes to the condensed interim financial information

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Provision for impairment of trade receivable:

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 to calculate expected credit losses in accordance with IFRS (9).

2.3 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 does 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, 2020 which were prepared under the International Financial Reporting Standards.

2.4 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, 2021 and December 31, 2020:

| | Carrying Value | | Market Value | |
|---|--------------------|-------------------|--------------------|-------------------|
| | September 30, 2021 | December 31, 2020 | September 30, 2021 | December 31, 2020 |
| Financial Assets | | | | |
| Other current assets (after excluding prepaid expenses) | 1,375,038 | 951,204 | 1,375,038 | 951,204 |
| Trade receivable | 14,729,642 | 12,116,523 | 14,729,642 | 12,116,523 |
| Cash on hand and at banks | 36,454,197 | 30,662,429 | 36,454,197 | 30,662,429 |
| | 52,558,877 | 43,730,156 | 52,558,877 | 43,730,156 |
| Financial Liabilities | | | | |
| long-term loans and credit facilities | 5,005,699 | 23,125,000 | 5,005,699 | 23,125,000 |
| Other current liabilities | 26,321,553 | 24,098,935 | 26,321,553 | 24,098,935 |
| Accounts payable | 7,497,489 | 7,904,294 | 7,497,489 | 7,904,294 |
| Accrued project cost | 2,283,633 | 3,487,064 | 2,283,633 | 3,487,064 |
| | 41,108,374 | 58,615,293 | 41,108,374 | 58,615,293 |

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 receivable, other current assets, cash on hand and at banks, accounts payable, accrued project costs, credit facilities and long-term loans and other current liabilities 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 and amounts due from VAT department.
- The fair value of other current liabilities was calculated after excluding the due to VAT and employees' vacations provision in addition to employees' salary income tax deductions.
- The fair value of interest-bearing loans and borrowings and non-current liabilities is estimated by discounting future cash flows using rates currently available for debt.

WATANIYA PALESTINE MOBILE

TELECOMMUNICATION, Public Shareholding Company (Ooredoo Palestine)

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(All amounts expressed in US Dollar unless otherwise stated)

Notes to the condensed interim financial information

2.5 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, 2021

(All amounts expressed in US Dollar unless otherwise stated)

Notes to the condensed interim financial information

3. PROPERTY AND EQUIPMENT

Details:

| | Network and infrastructure | Land | Building | Computers and office equipment | Furniture and fixtures | Decorations and leasehold improvements | Others | Total |
|---|-------------------------------|------------------|------------------|--------------------------------------|---------------------------|--|----------------|--------------------|
| 2021 | | | | | | | | |
| Cost | | | | | | | | |
| Balance as of January 1, 2021 | 120,599,314 | 1,662,552 | 2,241,082 | 17,424,595 | 2,868,907 | 9,240,799 | 101,784 | 154,139,033 |
| Transfers from projects in progress | 1,581,583 | - | - | 284,751 | 1,423 | 16,338 | - | 1,884,095 |
| Additions | 515,670 | - | - | 103,460 | 14,215 | 7,762 | - | 641,107 |
| Disposals | (244,679) | - | - | (16,354) | - | (47,094) | - | (308,127) |
| Assets classified as held for disposal | (128,141) | - | - | - | - | - | - | (128,141) |
| Balance as of September 30, 2021 | 122,323,747 | 1,662,552 | 2,241,082 | 17,796,452 | 2,884,545 | 9,217,805 | 101,784 | 156,227,967 |
| Accumulated depreciation: | | | | | | | | |
| Balance as of January 1, 2021 | 61,104,119 | - | - | 14,353,866 | 2,244,637 | 7,803,775 | 51,076 | 85,613,500 |
| Depreciation for the period | 7,523,850 | - | 42,020 | 1,050,420 | 152,537 | 425,286 | 7,907 | 9,202,020 |
| Disposals | (179,895) | - | - | (16,343) | - | (47,094) | - | (243,332) |
| Balance as of September 30, 2021 | 68,448,074 | - | 98,047 | 15,387,943 | 2,397,174 | 8,181,967 | 58,983 | 94,572,188 |
| Net book value: | | | | | | | | |
| As at September 30, 2021 | 53,875,673 | 1,662,552 | 2,143,035 | 2,408,509 | 487,371 | 1,035,838 | 42,801 | 61,655,779 |
| As at December 31, 2020 | 59,495,195 | 1,662,552 | 2,185,055 | 3,070,729 | 624,270 | 1,437,024 | 50,708 | 68,525,533 |

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TELECOMMUNICATION, Public Shareholding Company (Ooredoo Palestine)

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(All amounts expressed in US Dollar unless otherwise stated)

Notes to the condensed interim financial information

4. RIGHT OF USE ASSETS

Details:

| | September 30, 2021 | December 31, 2020 |
|---|--------------------|-------------------|
| Balance, beginning of the period | 6,536,704 | 8,736,392 |
| Additions | 2,482,828 | 553,018 |
| Termination of lease contract | (43,129) | (594,295) |
| Depreciation | (2,016,520) | (2,158,411) |
| Balance, end of the period | 6,959,883 | 6,536,704 |

5. INTANGIBLE ASSETS

Details:

| | License | Software | Total |
|---|--------------------|-------------------|--------------------|
| Cost | | | |
| Balance as of January 1, 2021 | 184,871,337 | 33,378,312 | 218,249,649 |
| Transfers from projects in progress | - | 583,330 | 583,330 |
| Additions | - | 726,610 | 726,610 |
| Balance as of September 30, 2021 | 184,871,337 | 34,688,252 | 219,559,589 |
| Accumulated Amortization | | | |
| Balance as of January 1, 2021 | 87,458,100 | 26,956,032 | 114,414,132 |
| Amortization for the period | 4,519,199 | 2,765,191 | 7,284,390 |
| Balance as of September 30, 2021 | 91,977,299 | 29,721,223 | 121,698,522 |
| Net Book Value | | | |
| As at September 30, 2021 | 92,894,038 | 4,967,029 | 97,861,067 |
| As at December 31, 2020 | 97,413,237 | 6,422,280 | 103,835,517 |

6. TRADE RECEIVABLE

Details:

| | September 30, 2021 | December 31, 2020 |
|---|--------------------|-------------------|
| Trade receivables | 11,903,477 | 12,303,642 |
| Unbilled | 6,524,315 | 4,534,274 |
| Others | 3,788,326 | 2,986,015 |
| | 22,216,118 | 19,823,931 |
| Provision for impairment of trade receivables | (7,486,476) | (7,707,408) |
| | 14,729,642 | 12,116,523 |

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

| | September 30, 2021 | December 31, 2020 |
|---|--------------------|-------------------|
| Balance, beginning of the period | 7,707,408 | 6,387,206 |
| Provision/(recovery) | (220,000) | 766,914 |
| Currency differences | (932) | 553,288 |
| Balance, end of the period | 7,486,476 | 7,707,408 |

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Unaudited condensed interim financial information for the nine months ended September 30, 2021

(All amounts expressed in US Dollar unless otherwise stated)

Notes to the condensed interim financial information

7. CASH ON HAND AND AT BANKS

Details:

| | September 30, 2021 | December 31, 2020 |
|---------------------------------------|--------------------|-------------------|
| Cash on hand | 184,271 | 238,540 |
| Cash at banks and short-term deposits | 36,269,926 | 30,423,889 |
| | 36,454,197 | 30,662,429 |

As of September 30, 2021, the Company had thirty-nine deposits amounting to USD 34,641,614 (2020: USD 27,997,731) at local banks.

8. CREDIT FACILITIES AND LONG-TERM LOANS

Details:

| | September 30, 2021 | December 31, 2020 |
|-------------------------|--------------------|-------------------|
| Long term | - | 14,375,000 |
| Payable within one year | 5,000,000 | 8,750,000 |
| Credit facilities | 5,699 | - |
| | 5,005,699 | 23,125,000 |

During the second quarter of 2018, the Company signed a new loan agreement with a local bank for a total amount of USD 70,000,000 to refinance a syndicated loan. 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 and ending November 2021.

9. LEASE LIABILITY

Details:

| | September 30, 2021 | December 31, 2020 |
|---|--------------------|-------------------|
| Balance, beginning of the period | 7,322,458 | 9,196,538 |
| Interest | 321,063 | 458,981 |
| Additions | 2,482,828 | 553,018 |
| Termination of lease contract | (43,929) | (936,815) |
| Principle elements of lease payments | (2,488,145) | (2,217,197) |
| Currency differences | (8,137) | 267,933 |
| Balance, end of the period | 7,586,138 | 7,322,458 |

10. OTHER CURRENT LIABILITIES

Details:

| | September 30, 2021 | December 31, 2020 |
|--|--------------------|-------------------|
| Accrued expenses | 4,313,511 | 4,957,144 |
| Payroll accrued cost and others | 4,312,753 | 3,690,839 |
| Accrued sales commission and marketing costs | 2,973,243 | 2,755,523 |
| Due to VAT | 862,330 | 852,104 |
| Due to Ooredoo | 486,403 | 464,063 |
| Accrued utilities expense | 215,473 | 460,212 |
| Provision for employees' vacations | 323,189 | 278,258 |
| Others | 15,173,846 | 13,142,156 |
| | 28,660,748 | 26,600,299 |

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11. REVENUE

Details:

| | September 30, 2021 | September 30, 2020 |
|----------------------------|--------------------|--------------------|
| Telecommunication Services | 81,863,348 | 72,018,807 |
| Others | 2,943,889 | 3,192,130 |
| | 84,807,237 | 75,210,937 |

12. FINANCE COST

Details:

| | September 30, 2021 | September 30, 2020 |
|--|--------------------|--------------------|
| Interest on loans and borrowings | 524,723 | 980,642 |
| Lease contracts interest in accordance IFRS 16 | 321,063 | 345,270 |
| | 845,786 | 1,325,912 |

13. BASIC AND DILUTED EARNINGS PER SHARE FOR THE PERIOD

Details:

| | September 30, 2021 | September 30, 2020 |
|--|--------------------|--------------------|
| Profit for the period | 9,940,113 | 5,917,104 |
| Weighted average number of shares | 293,000,000 | 293,000,000 |
| Basic and diluted earnings per share for the period | 0.0339 | 0.0202 |

14. COMMITMENTS AND CONTINGENCIES

As at condensed interim financial 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, 2021 | December 31, 2020 |
|-------------------------------|--------------------|--------------------|
| Contracts and purchase orders | 9,201,432 | 12,064,607 |
| License * | 169,128,663 | 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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15. 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 transaction | Nature of relationship | September 30, 2021 | December 31, 2020 |
|------------------------|-----------------------|-----------------------------|--------------------|-------------------|
| Due to related parties | Accrued balances | Shareholders and affiliates | 1,788,737 | 1,766,398 |

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

| | September 30, 2021 | September 30, 2020 |
|---|--------------------|--------------------|
| Company's key management personnel compensation | 1,356,751 | 1,303,826 |
| Revenue from shareholders | 5,871 | 8,976 |

16. 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 |
|-------------------------------|-------------------|-----------|------------|
| September 30, 2021 | | | |
| Revenues | 81,863,348 | 2,943,889 | 84,807,237 |
| Results of activities | | | |
| Profit for the period | 9,487,263 | 452,850 | 9,940,113 |
| Other information | | | |
| Depreciation and amortization | 17,668,939 | 833,992 | 18,502,931 |
| Capital expenditures | 2,410,159 | 115,043 | 2,525,202 |

| | Telecommunication | Others | Total |
|-------------------------------|-------------------|-----------|------------|
| September 30, 2020 | | | |
| Revenues | 72,018,807 | 3,192,130 | 75,210,937 |
| Results of activities | | | |
| Profit for the period | 4,953,213 | 963,891 | 5,917,104 |
| Other information | | | |
| Depreciation and amortization | 17,601,518 | 801,675 | 18,403,193 |
| Capital expenditures | 7,001,708 | 1,362,409 | 8,364,117 |

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17. IMPACT OF COVID-19

During the current period, due to continued uncertainties caused by COVID-19, the company has considered whether any adjustments and changes in judgments, estimates and risk management are required to be considered and reported in the condensed interim financial information. The company's business operations remain unaffected by the current situation.

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.

In sharp contrast to many other industries, the telecommunication sector has been generally exempted from major 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 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 updated the inputs and assumptions used for the determination of expected credit losses ("ECLs") as at September 30 2021. ECLs are estimated based on the relevant forward looking of macroeconomic factors, significant increase in credit risk, and assessing the indicators of impairment for the exposures in potentially affected sectors.

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 loans and funding from shareholders. It is worth mentioning that the company has higher operating cash flows for the nine months ended September 30, 2021 compared to the nine months ended September 30, 2020, and the company has positive cash projections.