ooredoo

GROWTH DESPITE CHALLENGES

2020

ANNUAL REPORT

ANNUAL REPORT 2020

ooredoo

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 2021

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Our Vision

Enriching People's Digital Lives

Our Values

Caring
We always seek to care for the services offered to the subscribers in accordance with the highest criteria and parameters, because we care for 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.

Highlights of Our Achievements in 2020

USD 101.6 million	Revenue
Social Responsibility	Continuous contribution to a deserving society
USD 34.3 million	Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)
USD 7.5 million	Annual Net Profits

Year of Profits, Network Enhancement and Digitization

The steadfast steps that we have taken, guided by a strategic vision to steer the Company towards profitability and leadership of the telecommunications sector, are now blooming and bearing despite the difficulties and challenges experienced over the last years and in 2020 in particular. We have always been believing and stressing: We have set out to be the best option for Palestinian customers.

Mohammad Abu Ramadan
Chairman

Chairman's Message

Dear Investors ..

2020 has been a challenging year for the global economy, and for the Palestinian one in particular. Our national economy has gone through many challenges, not only the political challenges but also those arising from the Covid19- pandemic. However, we have managed to overcome this crisis in the best way, by adopting plans and strategies that ensure our resilience and steadfastness in these circumstances. Thanks to the continuous support by our founding investor, Palestine Investment Fund, and our largest investor, Ooredoo Group, we have been able to overcome the repercussions of the pandemic with minimal damage.

We went through 2020, diligently following the plans of past years, which seemed to have a positive impact on the overall performance of the Company, thus encouraging us to continue the same approach over the forthcoming period, taking advantage of the accelerating technological development. In 2020, the Company witnessed a growth in financial performance despite the adverse conditions in the Palestinian market. In light of this, we worked on developing and expanding our network to make it stronger and more robust, and to continue to lead the telecommunications sector in Palestine.

In 2020, we succeeded in achieving positive profits of USD 7.5 million, a turning point in the history of the Company. These results were the outcome of years of sustained efforts and passion for further growth. We aspire to drive the Company towards better financial and business performance day after day. To that end, we seek to implement a number of plans that we bet on its success.

Despite all the restrictions beyond our control in the Palestinian market, not to mention the illegal competition by Israeli operators, we continue to provide the best services to our subscribers in both parts of the country. Moreover, the mobile number portability service recently launched by the Ministry of Telecommunications and Information Technology is seen by us as a new initiative to support the foundations of professional competition in the Palestinian market. To maintain our leading position in this sector, we have never ceased to invest in Ooredoo Palestine’s network and infrastructure to remain the first choice for Palestinian subscribers, providing them with the best services, taking advantage of the latest technologies, implementing the most appropriate campaigns, and delivering the most competitive offers.

The year 2020, with its adverse circumstances, did not stop us from remaining united and from caring about the needs of our Palestinian society. We provided various community contributions to many sectors during the difficult circumstances experienced by our national economy. In this context, we extended our support to the government Waqfet Izz Fund to minimize the repercussions of COVID19-, along with other different sectors, including youth, education, charities, technological initiatives, and many others.

A Look into the Future

We all hope that 2021 will see the beginning of the end of the pandemic and the economic crisis that the Palestinian market has experienced. Benefiting from the support and expertise of our investors, Ooredoo Group and Palestine Investment Fund, we will relentlessly continue to pursue superior financial and business performance and remain committed to providing the best services to our subscribers, through the implementation of our plans and strategies, which we believe are successful.

Muhammad Abu Ramadan
Chairman of the Board

2020 is a Year of Success despite Challenges

The future needs more advanced services and a robust network with more coverage. It also requires us to keep up with all that is new and live up to the expectations of both investors and subscribers. In 2020, we devoted ourselves to achieving that end, and we succeeded in that, as demonstrated by the financial and business performance results. We will continue on this course in the future.

Dr. Durgham Maraee
CEO

CEO's Message

Development is an ongoing process of earnest and tireless work with inevitable results. To keep reaping the remarkable results that we aspire for, we have never stopped developing all our operations in Ooredoo Palestine, setting our eyes on the future—the future we always strive to make it better and more developed, more equitable to our investors, and more favorable to our subscribers, and to take it to higher levels at the hands of our Palestinian cadres and based on global experience we have never ceased to transfer to the community to which we belong and wish to provide with the best services.

The Best Network in Palestine

We have made 2020 the year of evolution and network expansion with the aim of maintaining our advanced position, not only at the national level, but at the regional level as well, according to a specialist study by one of the world's leading telecom companies. We have invested in expanding the network over the past years to provide the best telecommunications experience in Palestine, and to be the best choice for Palestinian subscribers. This investment has proved to be successful with improved quality of service and competitive prices in the market. Today, we are moving towards new horizons of success, building on the strongest network in Palestine and challenging the Israeli companies that have expanded significantly and illegally in the West Bank recently.

We Master the Language of the Time

As part of our development policies, we have moved forward to digitalize our services in a manner that is more effective and customer-friendly, and much easier for our partners in success, our staff, and our sales channels. To that end, we have introduced new digital solutions that save time, effort and expenses, and are more direct in terms of sales and service delivery. One of the most important steps taken on this path in 2020 was the launch of "Fawri Express". It was developed to be used by our sales channels with a view to streamlining sales process, enhancing efficiency, reducing time, and enabling agents to better introduce our products and services to subscribers, which was positively reflected in our sales. Not only that, but we also developed the "Hisabi" application for smart phones, enabling subscribers to directly purchase services according to the best standards, and offering them a variety of our distinct modern services.
The various departments in the Company have also made an almost complete shift to the digital space, in line with a set of principles that ensure the protection of data and information, and take into account the sensitivity of the services we offer as a provider of telecommunications and internet services. In this respect, we have considered the highest global standards and parameters, with a view to enabling the Company to be a leading force in the digital market internally just as much as it is one of the major service providers. This will positively reflect on the overall performance of the Company in all areas.

Unfettered Contribution

Ooredoo Palestine did not hesitate to provide community contributions under the adverse circumstances that the Palestinian market experienced in 2020. The Company remained committed to its community by extending many contributions in various areas, notably those made to the government Waqfet Izz Fund to face the repercussions of the COVID-19 pandemic. Education and youth entrepreneurship were among the sectors that we paid attention to in 2020. We collaborated with INJAZ Palestine and motivated school and university students to present start-ups in various fields. Not only this, but we also extended our support, for the fourth year in a row, to the General Union of Palestinian Teachers, due to the fact that teachers faced a major challenge this year and had to switch to distance education. Besides, we sponsored the Palestine Information and Communications Technology Incubator (PICTI) with the aim of promoting Palestinian production in the digital and technological worlds. We also did not lose sight of the sports sector, which we supported through the Palestine Air Sports Federation. Over and above, we provided other humanitarian sponsorships to a number of foundations and societies operating in Palestine.

Strategic Plans with Positive Financial Results

We proudly achieved very positive financial results in 2020. The Company saw a growth in revenues by 2% to reach USD 101.6 million, compared to USD 99.4 million last year. The Company's Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) increased by 14% to USD 34.3 million, indicating an improvement in operational performance compared to 2019. Our net profit increased to USD 7.5 million, compared to a net profit of USD 1.1 million at the end of 2019.

Launch of Mobile Number Portability Service

This year marked the launch of the mobile number portability service by the Palestinian Ministry of Telecommunications and Information Technology (MTIT). This service would enable subscribers to keep their number and choose the operator they wish to subscribe to. We have seriously invested in our infrastructure to be ready to receive new subscribers from the very first moment of launching this service. We look forward to providing our subscribers with the services they deserve through the best and strongest Palestinian network and at the best prices. We will continue to work with the MTIT to improve the quality of this service, which is a basic right of all subscribers.

A Year of Challenges and Achievements

The aforementioned achievements and steps towards taking Ooredoo Palestine to higher levels in 2020 were far from easy or common, not because of the major themes we had to work on, but simply because it was an exceptional year. Palestine went through difficult political and economic conditions, not to mention the tangible repercussions and effects of the COVID-19 epidemic on several sectors in Palestine. But right from the very first moment of the outbreak of the epidemic, we managed to prepare special operational plans that enabled us to continue all our operations without interruption and to keep our services fully functional for all our subscribers. Remote work systems were set up, allowing staff to easily access the main servers in the Company in line with the highest digital security standards. We developed a high degree of coordination with the competent authorities to allow our technical staff free movement in times of lockdown, to ensure continuity of operation of our stations and towers. We also developed digital solutions to enable subscribers to purchase services electronically from the convenience of their home. Additionally, we operationalized other electronic services at our distributors and points of sale, enabling them to purchase credit to distribute it to subscribers easily and electronically, thus ensuring the continuation of the sales process without interruption.

The Future is for Those Who Prepare for It

We at Ooredoo Palestine keep our eyes fixed on the future. This is why we aspire to progress more towards services that meet the new needs of subscribers, and look forward to always benefiting from all new technologies in the global telecommunications sector and making them available to our subscribers.
We are fully confident that we will continue to work towards achieving financial stability and greater financial robustness for the Company, overcoming any potential challenges and moving towards a clear goal, namely to serve Palestinian subscribers first and achieve the aspirations and goals of our investors. To that end, we adopt a solid strategy aimed to enrich people's digital lives.

Dr. Durgham Maraee
CEO

Persistent Growth Despite Challenges

Key Milestones for Ooredoo Palestine in 2020

The Palestinian market experienced several difficulties in 2020, some of which were due to the political conditions that greatly affected business and people's purchasing power, and others were caused by the repercussions and consequences of COVID-19 pandemic, as was the case in other markets worldwide. Things were not easy for Ooredoo Palestine, much like the rest of the Palestinian institutions and companies. The Company, however, was determined to be up to the challenge and make 2020 a year of growth and success, as well as continue to achieve its vision of providing subscribers with the best services and investors with better performance results.

Wheel of Digitization Never Stops

Immediately following its rebranding, Ooredoo Palestine worked with the parent company, Ooredoo Group, to implement digital transformation strategies. In a few years' time, it could achieve remarkable progress in digitizing services and transactions. In 2020 Ooredoo Palestine continued on the same path and the wheel of digital transformation never stopped. In fact, this was an important reason for the Company to adapt to the difficult circumstances imposed by the COVID-19 pandemic in Palestine.

Digital transformation processes were integrated within all the Company's operations, from sales and marketing, procurement, resources management, to internal transactions, correspondence and requests. Being ready for this transformation was a major factor in the success of the Company's business continuity during the COVID-19 pandemic, when employees were forced to work from their homes to maintain public safety in compliance with the decisions of the competent authorities. This did not affect, in any way, the quality of service delivery and subscribers were able to access all the services they needed with the same quality and without interruption.

The main focus of digitization is to serve subscribers and realize the Company's vision to enrich people's digital lives. The Company, therefore, sought to develop customer services, apply the highest international standards in its customer care center, and allow subscribers to communicate with customer care employees through the Digital Services Center from various platforms, such as Facebook, Facebook Messenger, Instagram, WhatsApp, and others. Moreover, Hisabi (My Account) application was extensively upgraded to keep customers informed of all new services, and facilitate their subscribing to any of the services provided, from the convenience of their home.

It is indisputable that the digitization of services and processes strengthened the Company's financial position. Simply put, smart spending practices and adoption of profit-driven approaches had a great impact on the financial performance of the Company. In addition, the digital tools supporting the marketing operations in the Company gave a closer and clearer picture of customer needs, and in return, enabled the Company to design campaigns and offers commensurate with those needs. Digitization is viewed as a new engine that would promote the Company's brand positioning efforts in the Palestinian market.

Furthermore, the Company concluded many agreements with a number of electronic wallets operating in Palestine to provide its customers with the latest digital financial services, including buying, selling and paying financial obligations in all their forms via these channels.

The Company devised new digital solutions to manage a number of areas. It upgraded the Customer Relationship Management (CRM) platform and implemented new systems for cloud storage, iCloud. The Company also designed modern technological methods in response to the COVID-19 pandemic to allow it to remotely manage all operations, securely access the Company's servers, and flexibly implement all necessary actions. This allowed the Company to better manage the crisis and helped it maintain an outstanding performance with the highest standards of information security.

With a view to supporting the sales operations in the Company and reducing effort and cost, Ooredoo Palestine developed a new mechanism for managing sales channels. It launched "Fawry Express," a smart phone application developed with the aim of accelerating sales, registering SIM cards and saving time, thus allowing agents more time to explain to customers the benefits of the services provided by Ooredoo.

Best Network

Ooredoo Palestine maintained its strategic competitive advantage in the Palestinian market, being the best Palestinian cellular telecommunications network. The Company stood out for its cutting-edge network, high-quality voice services, and 3G Internet services since the first day of its launch in the West Bank. Thanks to its advanced network, Ooredoo ranked in 2020 among the top 5 cellular telecom networks in Palestine and neighboring countries, according to a scientific study conducted by a leading international telecom and networks company. This result is a testament that the Company's strategy puts customers first, and that the continuous investment in developing the network is aimed to meet the needs of our customers and fulfill the ambition of our investors that Ooredoo Palestine remains the leading provider in the cellular telecommunications and Internet sector in Palestine.

In 2020, the Company had to work under exceptional circumstances as a result of the lockdowns and movement restrictions imposed for several months by the competent authorities to prevent the spread of COVID-19. However, following a premeditated plan, being fully prepared with the highest standards of safety and prevention and in coordination with the competent authorities, the Company was able to develop, expand and improve the efficiency of the network's infrastructure, to expand in size in 2020 by about 20%, compared to the previous year. This development would increase the network's capacity to accommodate the rise in the number of subscribers and improve the quality of services for current subscribers.

Getting the network and systems ready for the mobile number portability service launched by the Palestinian Ministry of Telecommunications and Information Technology in late 2020 took a lot of hard work. This service would enable subscribers to keep their number when moving from one cellular telecom operator to another in Palestine. The Company succeeded in getting its network and systems fully prepared for this service, which would positively increase the Company's market share.

On top of that, the Company updated the digital security features of data and information transmitted through its network internally and externally. This would also increase the security of the Company's information in accordance with the best international standards, giving more confidence to customers to choose Ooredoo Palestine as their preferred cellular telecom and Internet service provider.

About Ooredoo Palestine

Ooredoo Palestine was established in 2007, through a partnership between the National-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.

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 09/01/2011, the Company was listed on Palestine Exchange, and 15% of its shares were publicly offered. 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 2018, the Company successfully launched 3G services in the West Bank. In November of the same year, it rebranded to the parent company, Ooredoo Group, which boosted its leading position at the forefront of the Palestinian telecom sector as one of the international Ooredoo 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 towards leadership of the telecommunications market and enrichment of digital life.

Customers 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.

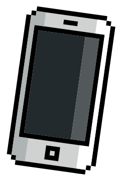
Rapid Growth

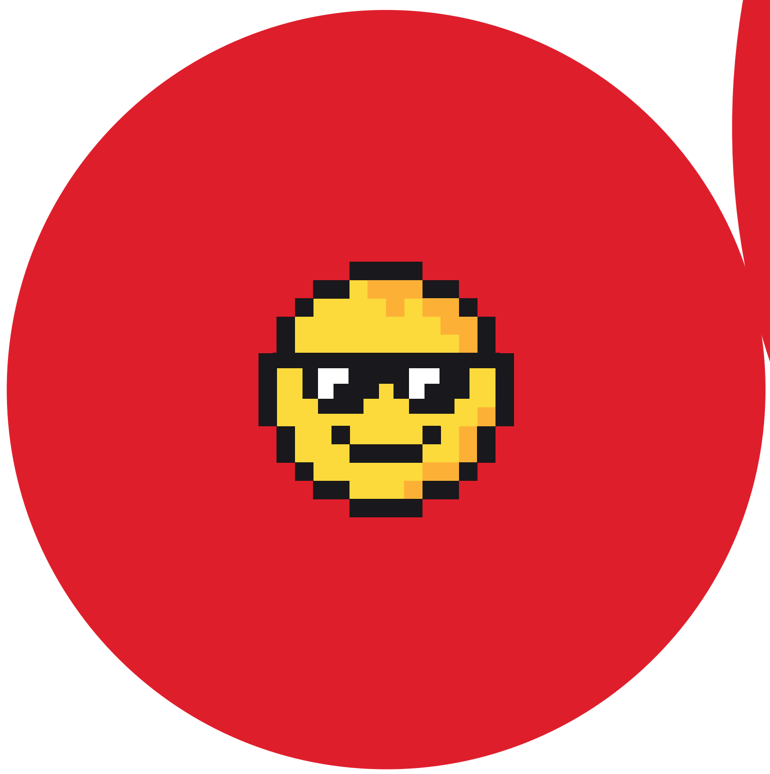
We build on our previous financial and commercial successes to go forward towards achieving an increase in revenues and expanding the customer base and increasing profits to achieve a good return for investors.

Future Aspirations

In 2021, Ooredoo is looking forward to continuing its success, progress and growth. To that end, it seeks to expand and raise the efficiency of its network and develop its services, to remain at the forefront in providing cutting-edge telecom and internet services in Palestine. The Company aims to achieve this by adopting a strategic plan centered around digital transformation in line with Ooredoo Group's vision as well as the global visions of the telecom sector.

The Company also seeks to provide all of its products and services electronically, so that subscribers can access and purchase these services easily through a distinct and unique digital experience from the moment of choosing and buying the service to the moment of accessing it. Over and above, the Company seeks to keep pace with the global digital transformation, and works on preparing to launch the 4G services, when allowed. We will be ready as we were before for the launch of the 3G services. As in the area of information and communication technology, the Company will invest in telecommunications and information services to serve the business sector, which would increase customer loyalty and boost the Company's revenue. The year 2021 will mark the launch and expansion of those solutions and services. The Company is fully confident of its ability to deliver continuous growth and move forward on its path towards achieving digital transformation and maintaining its leading position.





Management & Operational Report

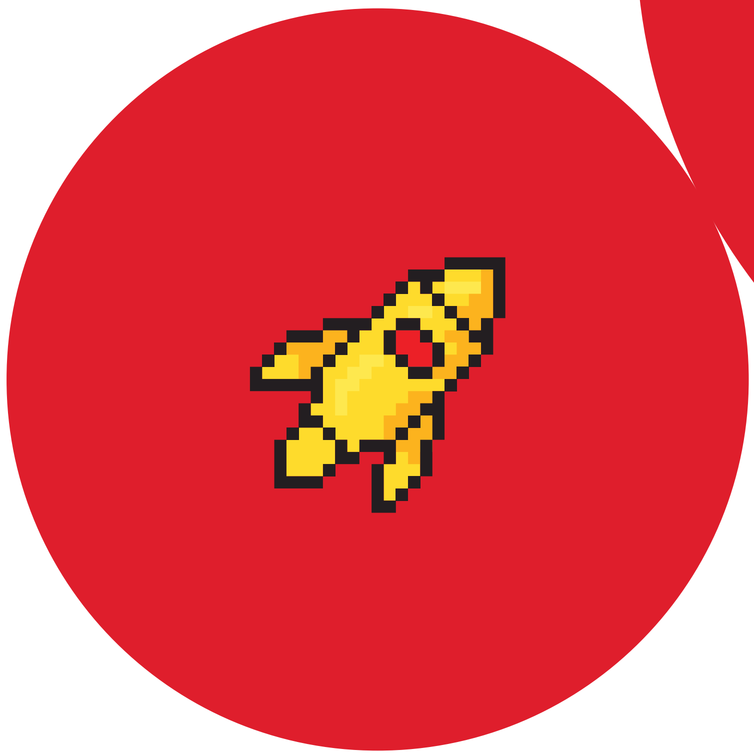
In accordance with International Financial Reporting Standards (IFRS), we present to our investors and the public this information about Ooredoo Palestine's business activities completed during the year ending 31 December 2020. We recommend reading this part of the annual report together with the part related to the Company's audited financial statements and their notes.

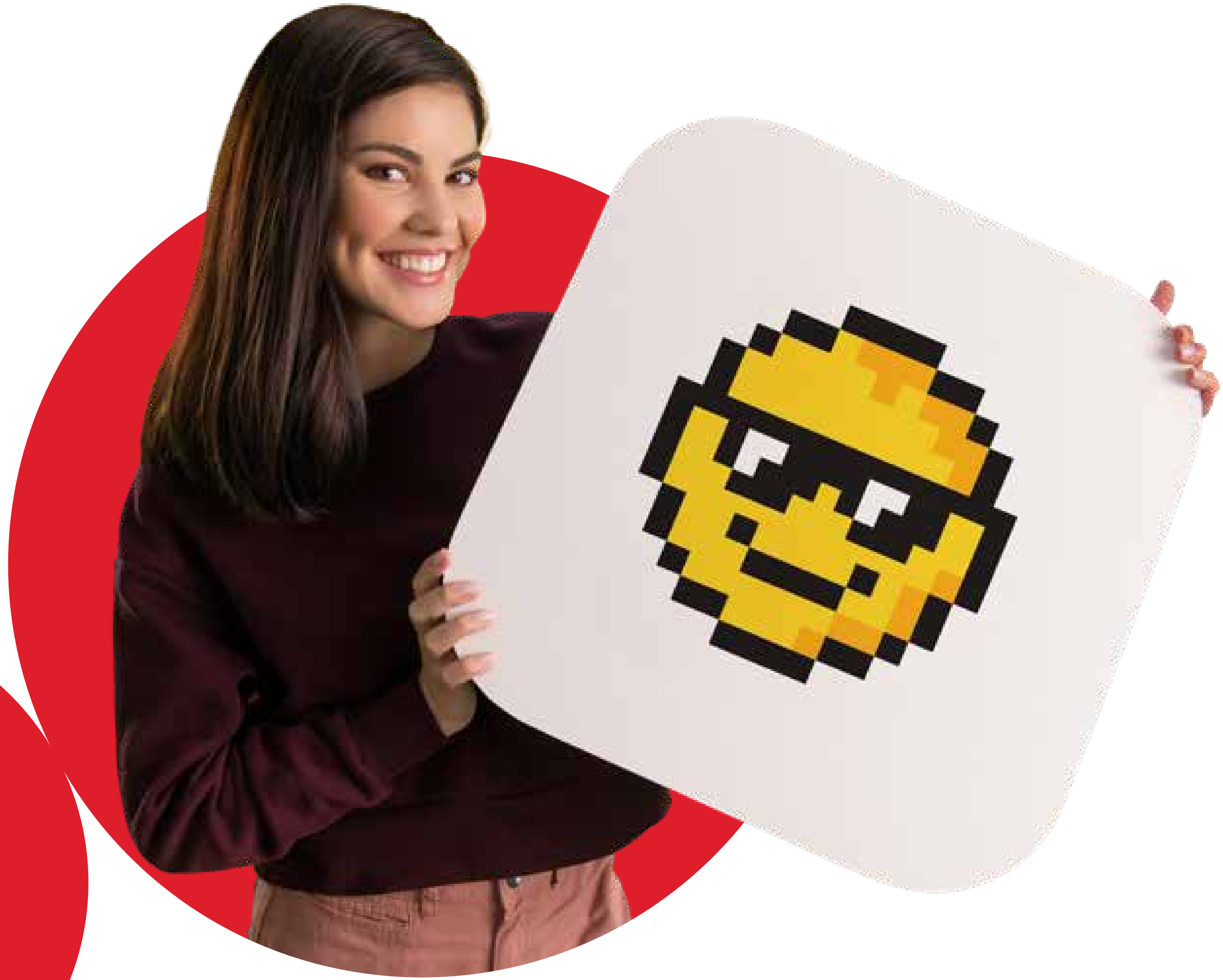
Competitive Edge

To maintain its competitive position, Ooredoo Palestine continued to invest in its network infrastructure, and succeeded in expanding its 3G services considerably and qualitatively, thereby providing its customers with the opportunity to enjoy internet services with better quality, higher speed and wider coverage even in remote areas. This year saw the launch of the mobile number portability service, which strengthened the Company's competitive position, and allowed customers to keep their original numbers when moving from other operators to our most advanced, robust and economical network.

The progress achieved by the Company so far is reflected in its ability to maintain a significant market share of 31% of the mobile telecommunications market at the end of 2020, reach 25% of Palestinian citizens, and provide services to more than 1.3 million customers in the West Bank and Gaza Strip. The Company succeeded in doing this by adopting competitive and advanced commercial strategies to attract new customers, retain existing customers, and meet customer needs in the best way.

In addition, one of Ooredoo Palestine's greatest competitive advantages is being one of the international Ooredoo Group companies, which have long experience in the telecom services sector around the world. Accordingly, the Company is provided with the highest standards of mobile phone services and the best international agreements in this field through the exchange of expertise with Ooredoo Group companies. This, in turn, benefits customers, offering them the best local and international prices, as well as the highest quality standards of services.



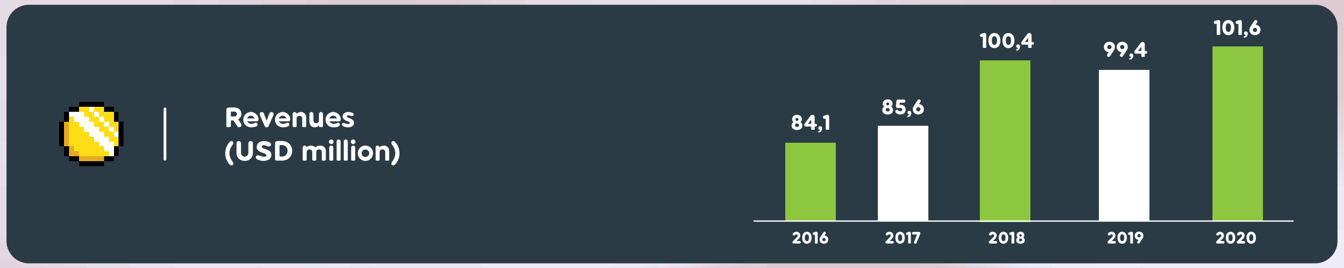


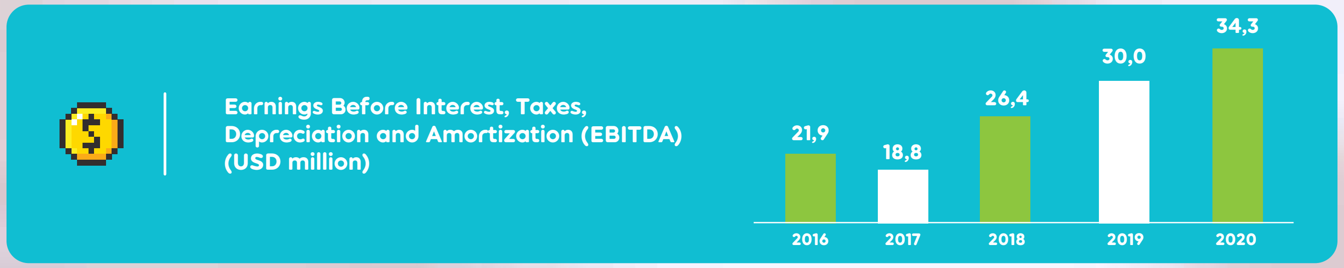
Key Financial and Operational Indicators for 2020:

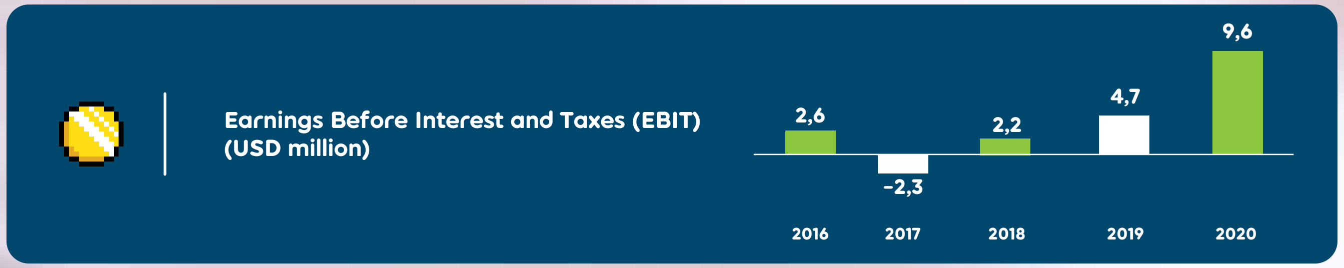
"Ooredoo Palestine achieved net profits of USD 7.5 million."

Ooredoo Palestine achieved remarkable growth in the financial and operational indicators for 2020 compared to 2019. It succeeded in accomplishing this despite the challenges faced by the telecom sector in Palestine and around the world, especially with the suspension of one of the most important services in the telecom sector, the roaming service, as a result of the halt of tourism and travel activities throughout the world. Following a smart and successful cost rationalization policy, maintaining a balance between cost rationalization and quality of services, and providing the best offers and campaigns, Ooredoo Palestine managed to achieve the desired results and maintain sustainable profitability regardless of all the challenges it faced during the year.

The following charts demonstrate the positive development in the Company's performance for the years (2016-2020):







Key Business Indicators

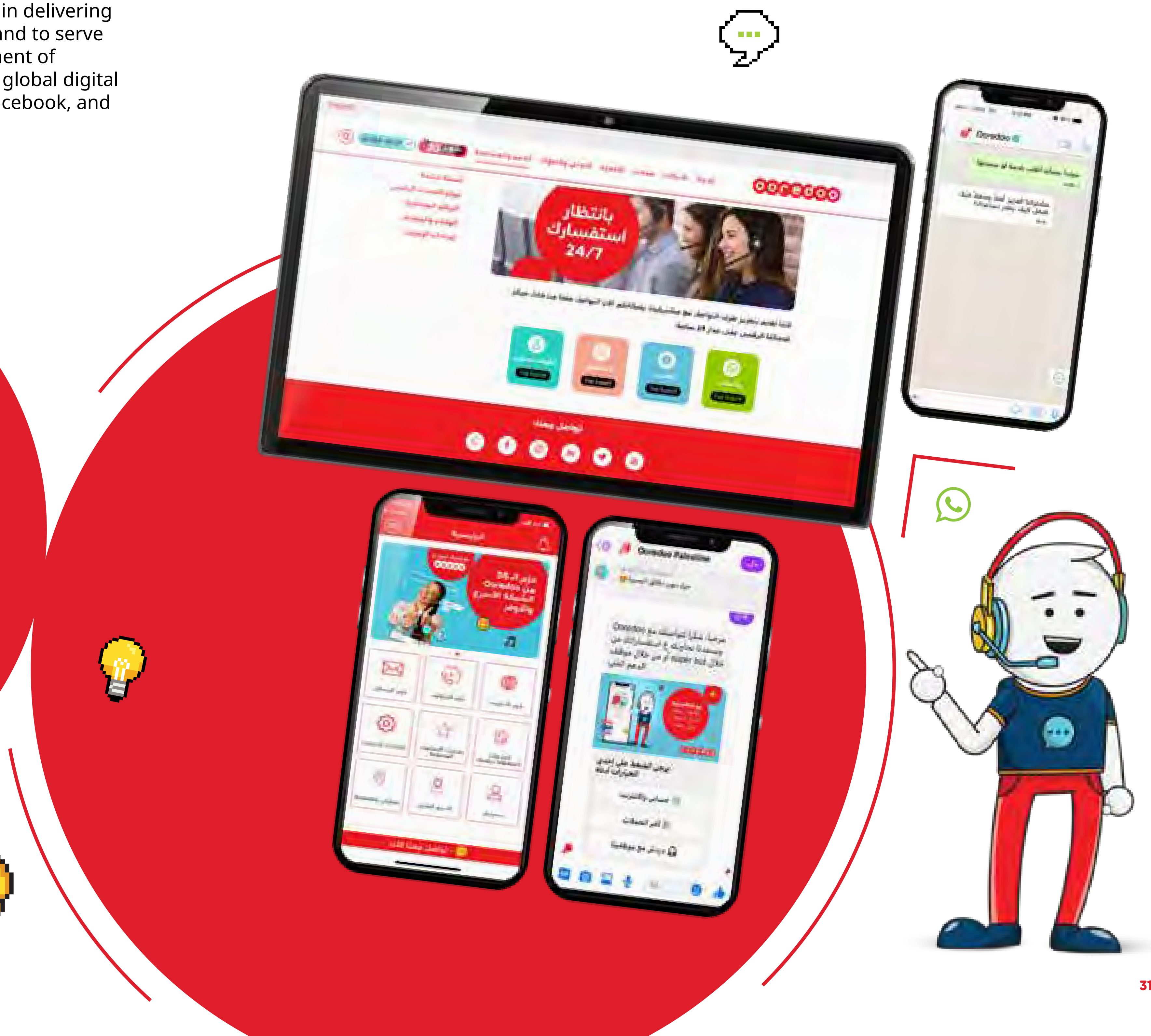
Putting customers first is Ooredoo Palestine's number one priority, especially under exceptional circumstances. Crisis management plans were developed and implemented to mitigate the impact of the COVID-19 pandemic on customer experience. In practical terms, these plans proved effective and achieved a notable success.

Ooredoo Palestine adopted a round-the-clock emergency plan to implement digital transformation in services and transactions, and was able to achieve significant business performance, through the delivery of attractive offers and campaigns and the launch of useful and modern services. The Company succeeded in providing prime services to its customers through the Digital Care Center, which contributed to achieving a better business and financial performance.

Among the reasons for the remarkable business performance this year were: the use of modern and direct marketing communication tools; redirection of marketing expenses towards the most successful communication tools in delivering ideas and utilizing the global brand to serve the local market; and establishment of various partnerships with major global digital companies, including Google, Facebook, and others.

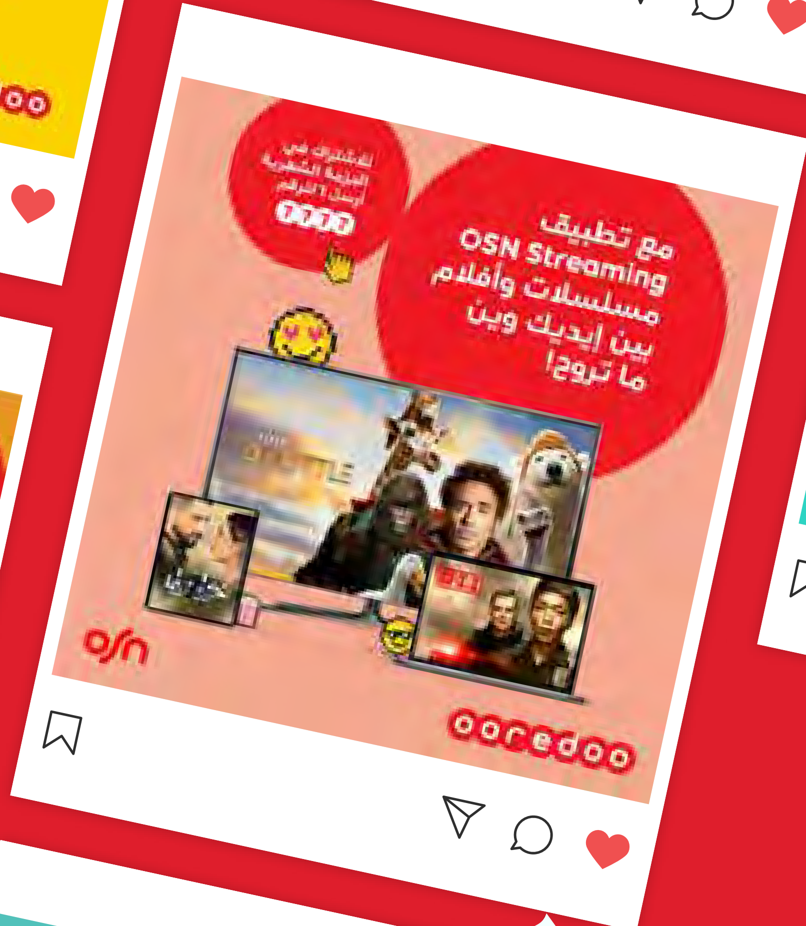
Digital Care Center

Ooredoo provided its customers with an excellent and unique user experience in Palestine through the Digital Care Center by employing various digital services to save time and effort and meet customer needs diligently and promptly. The Company also upgraded the Hisabi (My Account) application, allowing customers to manage their accounts, activate services and control their programs, through a modern, user-friendly interface. Besides, the Company launched electronic purchase services for SIM cards and devices with delivery to customers everywhere. This is one of the great services that the Company developed to serve customers in light of the limited mobility due to the COVID-19 pandemic.



Campaigns and Services

In 2020, Ooredoo Palestine continued to meet the needs of its customers through its various programs and services, especially in light of the COVID-19 pandemic. It was keen to provide customers with competitive offers and campaigns, and make subscription processes much easier for them through the digital channels redesigned by the Company to be more efficient in light of the unprecedented circumstances and impacts of the COVID-19 pandemic. In doing this the Company took into account the most important needs of customers during that period, with due regard for the diversity of customer segments.



The most attractive offers, campaigns and services designed by the Company in 2020

Sales Channels

In 2020, Ooredoo succeeded in building a larger customer base through a wide network of distributors, agents, points of sale, and showrooms across Palestine, as part of the Company's policy and strategy of delivering its services to all citizens in the Palestinian market, everywhere and at any time. The Company also developed new digital tools with the aim of streamlining sales channels and organizing their operating mechanisms, thus saving a lot of time and effort:

Ooredoo Showrooms	**17**
Distributors	**3**
Network of Authorized Agents	**207**
Network of Points of Sale	**2008**
Network of Pre-paid SIM Recharge Points	**+10,000 electronic recharge points in the West Bank and the Gaza Strip**

Electronic Sales Channels

Fawri Express

In line with the digital transformation approach adopted by Ooredoo to achieve more progress and deliver time- and labor-saving, high quality modern services, it launched the Fawri Express application. Fawri Express is an electronic sales channel used by Ooredoo's agents and points of sale to process sales more quickly, with minimal effort and cost. It allows conducting post-sales operations related to the registration and activation of SIM cards without the need to print and archive files, thus allowing agents more time to introduce customers to Ooredoo's services and products.

Ooredoo Palestine won an award from the Ooredoo Group for the Fawri Express app, as the best e-sale application among the Group's companies operating in 12 countries around the world.

Social Responsibility and Sustainable Development

Ooredoo Palestine worked under incredibly difficult circumstances to live up to its social responsibility towards the Palestinian society. In keeping with its commitment to achieve the sustainable development and growth of society at all levels, Ooredoo sought, as always, to closely consider and consequently respond to the needs of society within a well-thought-out vision and program. It also continued to target areas worthy of investment, such as the sectors of youth, education, sports, innovation, leadership and many more.

Because 2020 was not an ordinary year, the Company made every effort to be a partner to the people and stand by them through the challenging times arising from the COVID-19 pandemic. Right from the beginning of the pandemic, the Company played a part by communicating the advice and measures issued by the Palestinian Ministry of Health and other competent authorities, through its various platforms in a smooth and simple way to promote the culture of public safety among the Palestinian society.

In addition, Ooredoo took the initiative to contribute to the Waqfet Izz Fund, which was launched by the Palestinian government to provide urgent aid and support for those affected by the pandemic. The Company took upon itself to be among the first contributors to this Fund when the government allowed the Palestinian private sector to make contributions to it.

The Company had an important role in easing the burden on employees and those affected by the government salary crisis and the repercussions of the pandemic. In this context, the Company did not cut its services from postpaid line (bill) subscribers, but rather offered easy payment mechanisms for small and medium enterprises that suffered financial setbacks. It also increased the size of bundles and packages offered to the competent authorities that were working in the field during lockdowns, as a thank you for their efforts during that period. Despite all those extremely difficult conditions, the Company fulfilled its duty towards various sectors, including education, being one of the vital sectors that contribute to shaping the future of the Palestinian State and promoting the development of the Palestinian market. The Company, therefore, sponsored this year's annual conference of the INJAZ Palestine, which brought with it competitions among students in schools and universities. Each team presented an idea for a startup and worked on it for a whole year, under the supervision of specialists, which contributed to the development of students' skills and opened more horizons for them to join the world of business.

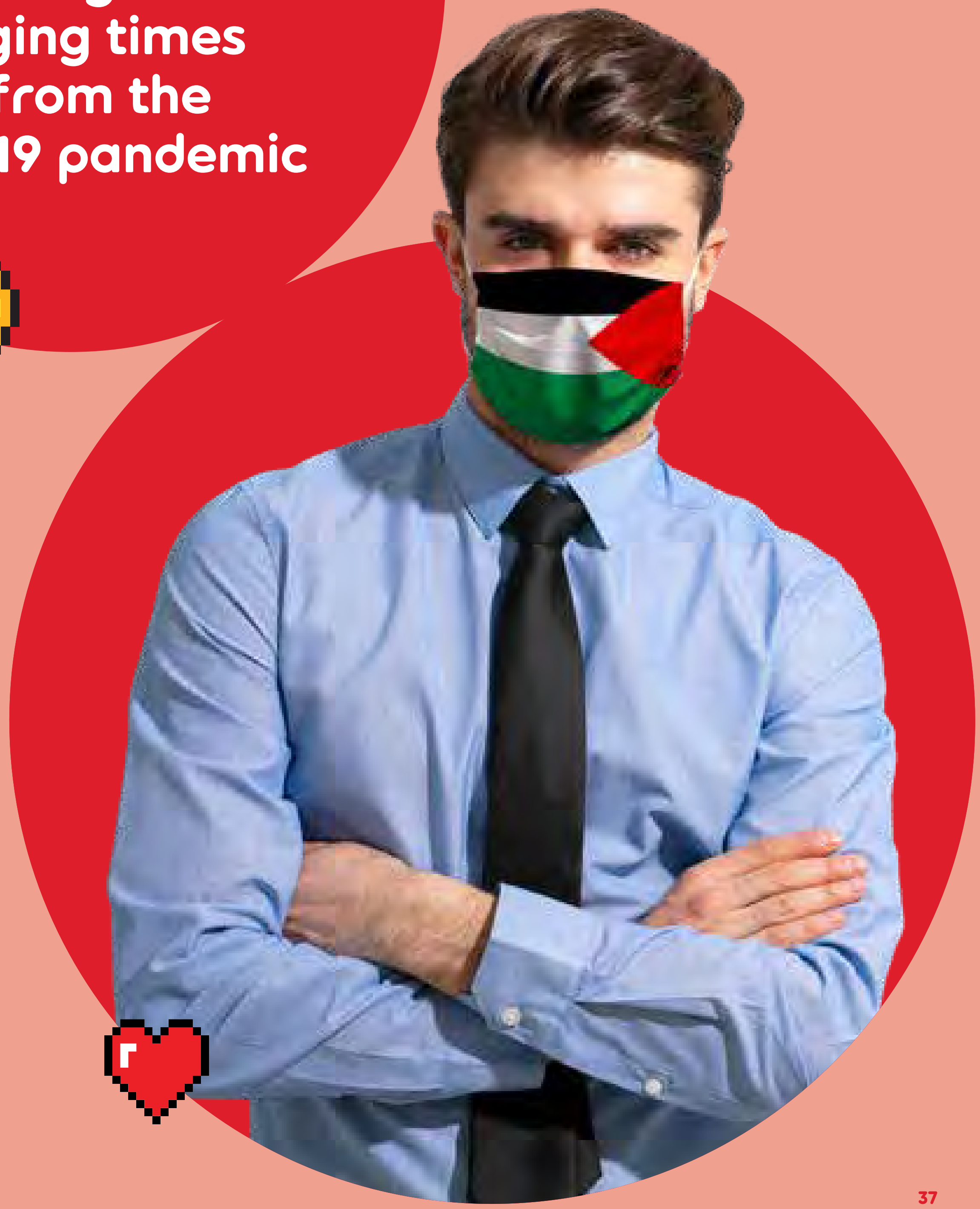
In the same context, the Company provided its sponsorship to the General Union of Palestinian Teachers, for the fourth year in a row, to organize a welcome ceremony for new teachers. This year's welcome ceremony was very important to provide teachers with the best ways to conduct distance education and apply safety and prevention measures.

Not only that but the Company worked to encourage innovations in the telecommunications world by sponsoring the Palestine Information and Communications Technology Incubator (PICTI), within the context of implementing many activities that would promote innovation in this field given its vital importance to our lives and its being linked to all aspects of life.

As for sports activities, the Company sponsored this year various activities of the Palestine Air Sports Federation, to represent Palestine in various international events.

In appreciation of various media, several sponsorships were provided throughout the year for radio and television programs and websites.

The Company made every effort to the people and stand by them through the challenging times arising from the COVID-19 pandemic



شباط 2020، فعالية ترقية الموظفين

Ooredoo Palestine Family

Over the years of its operation, Ooredoo Palestine has committed itself to using the highest levels of professionalism when dealing with its employees. Thanks to its strategy, Ooredoo has attracted and retained the best talents, focused on their career development and invested in their expertise.

The number of employees in Ooredoo Palestine reached 619 by the end of 2020.

Very early at the onset of the COVID-19 pandemic, the Company had developed a premeditated plan and raised the level of its readiness to deal with the resulting exceptional emergency situation. All departments were ready to work remotely to ensure safety for everyone and guarantee that the vital services provided by the Company would not be interrupted and their quality would not be compromised. Staff were provided with the necessary software, tools and devices to work from home.

Despite these circumstances, the Company maintained its policy of developing its cadres, and worked through a partnership with LinkedIn to train a number of employees and develop their practical skills through the digital space. Additionally, the employee promotion programs encouraged them to continue their career development. In this regard, communication with staff to complete their development plans was conducted through digital tools.

The Health and Safety of Our Employees Come First

This year the Company had to work under exceptional circumstances. However, in keeping with its values and policies, the Company was keen to safeguard the rights of its employees in terms of job security and make their safety a top priority. Consequently, a healthy and safe working environment was provided in the Company by adopting several approaches. In this respect, the Company continued to raise awareness among employees on the necessity of observing all public health and safety measures inside and outside the Company's headquarters. In addition, the necessary protective tools, including sterilizers, gloves, masks, and others, were provided in the Company's facilities. Besides, the Company granted its employees facilities to conduct COVID-19 checks throughout the year to ensure their safety and the safety of their families, and help prevent further infections among employees.

Organizational Health Index

To gain a deeper understanding of the work environment and culture in the Company as an essential part of building its future strategy, the Company launched McKinsey's Organizational Health Index (OHI) for the first time. The OHI results formed the basis for defining the changes that the Company should develop and update to improve the work environment. This indicated the Company's interest in listening to employees' opinions and reflecting them on future plans.

The Company's results were remarkable, scoring 12 points higher than the Middle East average. This was a testament to the readiness of human resources plans, which were based on many programs, including internal communication, development, employee engagement promotion and other indicators. All that was aimed to maintain the Company's position within the best work environment in Palestine and to remain the first choice for job seekers.

Governance

Corporate Governance Report

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 work rules and mechanisms, monitors and controls performance, and manages and identifies risks with a view to achieving the desired goals.

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.
Changes in the composition of the Board in 2020:

- Departure of Mr. Khaled Al Mahmoud and appointment of Mr. Najib Khan
- Departure of Mr. Shadi Al-Khatib and appointment of Mr. Hussein Al-Araj

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 2020, 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 02/03/2020. 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, 2019; discharge the members of the Board of Directors from liability for the fiscal year ending December 31, 2019; and elect the Company's auditor for the fiscal year 2020. PricewaterhouseCoopers - Palestine Limited was elected to undertake the auditing of the Company's accounts for the fiscal year 2020.

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
- **Mr. Najib Khan** | Member
- **Mr. Ahmed Al-Mohannadi** | Member
- **Mr. Rami Al-Barghouthi** | Committee Secretary

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.

Audit Committee

- **Mr. Bassam Al-Ibrahim** | Chairman
- **Mr. Faisal Al-Shawwa** | Member
- **Mr. Eisa Al-Mohannadi** | Member
- **Mahmoud Othman** | Committee Secretary

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.

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 is 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. Mr. Al-Shawwa is also the Vice Cairman of the Board of Directors of the Middle East Pharmaceutical Company, the Vice Chairman of the Board of Directors of Al-Amal Asphalt Company. In addition, he is a Board member of the Bank of Palestine, a Board member of the Palestine Electric Company (PEC), and the Vice Chairman of the Board of the Palestinian Trade Center (PalTrade). 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.

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.

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.

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.

Members of the Executive Management

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 general, and in Gaza Strip in particular. 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.

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. 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. 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. Shadi Qawasma

Sales Director

Mr. Shadi Qawasmi assumed his current position as Sales Director at Ooredoo Palestine in October 2018. Mr. Qawasmi first joined the Company in February 2015 and served in various management positions, notably the position of Marketing Communications and Public Relations Director.

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.

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. Rami Al-Barghouthi

Legal Counsel - BoD Secretary

Mr. Rami Barghouthi assumed his position as a Legal Counsel for Ooredoo Palestine in August 2013. 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 several legal advisory services locally and internationally. 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.

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.

Communication with Shareholders

Ooredoo Palestine has a wide range of shareholders, as it is one of the largest companies listed on the Palestine Exchange (PEX) in terms of the number of shareholders. This has urged it to 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, inter alia, providing several communication channels with shareholders and promptly responding to their inquiries. These channels include 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.

How We Communicate with Shareholders

Shareholders can contact Investor Relations using the following:

Tel.: +970 (0) 56 800 3000
Fax: +970 (0) 56 800 2999
Email: ir@ooredoo.ps
Website: www.ooredoo.ps

Copies of Ooredoo's annual reports and any other information concerning investors are available on our website – Investor Relations section

Share Performance Indicators

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 2020 by approximately 7%. Ooredoo also contributed 79.5% of the total trading sessions on PEX in 2020.

Shareholders Structure

Total shareholders of Ooredoo Palestine reached 9,914 at the end of 2020. The following are the shareholders owning 5% or more as at 31/12/2020:

Shareholder's 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

Note: As at 31/12/2020, there were no shareholders owning more than 5% among free float shareholders (the public).

Summary of Ooredoo's share trading activity and ranking on PEX in 2020

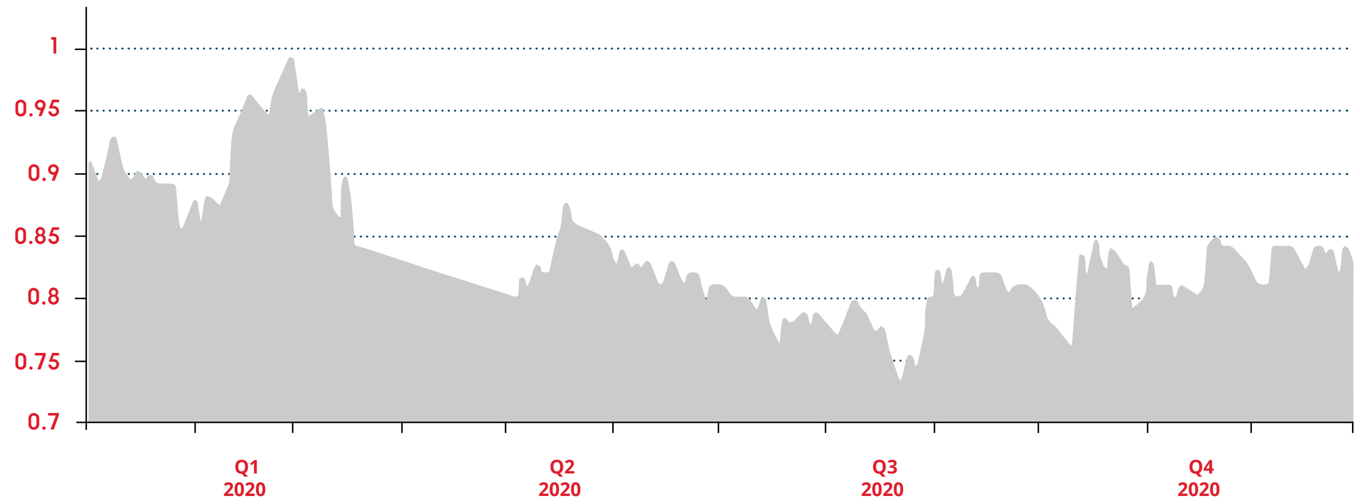
#11	Number of traded shares	1,062,187
#17	Value of traded shares (USD)	895,085
#8	Number of executed trades	942
#8	Number of trading sessions in which the Company's share was traded	175
#4	The market value of the company at year-end (USD)	243,190,000
#3	Number of shareholders	9,914

Highest and lowest prices of Ooredoo's share per quarter in 2019 and 2020:

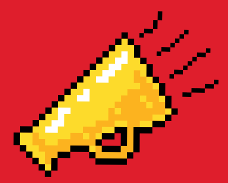
(USD) 2020	Q1	Q2	Q3	Q4
Highest price	0.99	0.88	0.84	0.85
Lowest price	0.82	0.77	0.73	0.76
Closing price	0.84	0.81	0.81	0.83

(USD) 2019	Q1	Q2	Q3	Q4
Highest price	0.88	1.00	1.05	1.01
Lowest price	0.80	0.88	0.92	0.91
Closing price	0.88	0.93	0.99	0.94

The following is Ooredoo's share trading movement in 2020:



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 2020.

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 2020.

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.

Major Deals That the Company Concluded with Related Parties

A deal was approved for the purchase of the Company's current headquarters in the Sateh Marhaba in Bireh, which is owned by the Sama Real Estate Company, a subsidiary of Amaar Group. No related parties have received loans from Ooredoo nor benefited from any guarantee of a value exceeding JD5,000, or equivalent thereof in other currencies in circulation, since the beginning of the 2020 fiscal year.

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 2020. Ooredoo, however, covers all travel expenses of Board members to attend Board meetings. It should be noted that Board members received no reimbursements for such travel expenses or any benefits in kind in 2020.

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:

الوطنية موبايل

ooredoo

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 430,547 in 2020.

Other Disclosures

Disclosure Regulation - Article 18-2: Ooredoo submitted its unaudited final financial statements for 2020 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 (21) of the audited financial statements for 2020.

Disclosure Regulation - Article 31-2: Financial transactions processed during 2020 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 2020 to the US dollar according to the Israeli Shekel - US dollar exchange rate of 3.22. 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 2020.

2. Sources of capital were referred to in Notes (1) and (11) of the audited financial statements of 2020. 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, 2020
And independent auditor's report

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

Financial statements for the year ended 31 December 2020

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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, 2020 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, 2020;
- 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 a summary of 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 • 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
<u>**Accuracy of revenue recognition:**</u> As disclosed in note (18) to the accompanying financial statements, the Company's total revenue for the year ended December 31, 2020 amounted to USD 101,600,508. Telecommunication services are the largest contributor to this amount with revenue of USD 97,543,524. 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. Refer to notes 2.4 and 18	We audited the telecommunications services revenues through a combination of controls testing, risk analytics and other substantive audit procedures, as stated below: • We understood and evaluated the significant revenue processes and identified the relevant controls (including IT systems, interconnection and reporting systems); • 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; • 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; • We performed tests of automated and manual controls, and substantive tests to assess the accuracy of the revenues reported; • We examined the reconciliations of revenue prepared by management between the billing systems and the accounting system and; • 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 (9), trade receivables amounted to USD 19,823,931 as at 31 December 2020. 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 7,707,408 as of December 31, 2020. 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). Refer to notes 2.11, 9 and 25.3	We carried out the following procedures to evaluate management's computation of the Company's expected impairment of trade receivables: • We examined and tested the relevant internal control procedures adopted by management in developing provisions for trade receivables; • 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; • 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; • We checked that the data used in the model to underlying sources; and • 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 2020 (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
Ramallah, Palestine

February 14, 2021

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

Financial statements for the year ended 31 December 2020
(All amounts expressed in US Dollar unless otherwise stated)

STATEMENT OF FINANCIAL POSITION
As at 31 December

	Note	2020	2019
ASSETS			
Non-current assets			
Property and equipment	(3)	68,525,533	69,381,072
Projects in progress	(4)	2,643,960	6,063,468
Right of use assets	(5)	6,536,704	8,736,392
Intangible assets	(6)	103,835,517	111,946,255
Deferred tax asset	(17)	695,328	-
Total non-current assets		182,237,042	196,127,187
Current assets			
Inventories	(7)	1,549,806	2,211,100
Other current assets	(8)	3,439,355	3,657,029
Trade receivables	(9)	12,116,523	11,015,796
Cash on hand and at banks	(10)	30,662,429	24,895,021
Total current assets		47,768,113	41,778,946
Total assets		230,005,155	237,906,133
EQUITY AND LIABILITIES			
EQUITY			
Paid-in capital	(11)	293,000,000	293,000,000
Share premium		11,610,000	11,610,000
Accumulated losses		(201,024,881)	(208,566,096)
Total equity		103,585,119	96,043,904
LIABILITIES			
Non-Current liabilities			
Long-term loans	(12)	14,375,000	31,875,000
Lease liabilities	(13)	4,747,090	5,481,682
Provision for employees' benefits	(14)	6,953,238	6,871,235
Other provision	(6)	44,871,337	44,871,337
Total non-current liabilities		70,946,665	89,099,254
Current liabilities			
Other current liabilities	(15)	26,600,299	24,789,730
Accounts payable		7,904,294	8,069,532
Accrued project cost	(16)	3,487,064	4,850,409
Deferred revenues		5,640,753	5,088,448
Income tax provision	(17)	515,593	-
Current portion of long-term loans	(12)	8,750,000	6,250,000
Lease liabilities	(13)	2,575,368	3,714,856
Total current liabilities		55,473,371	52,762,975
Total liabilities		126,420,036	141,862,229
Total equity and liabilities		230,005,155	237,906,133

- The accompanying notes from page 12 to 35 form an integral part of these financial statements.
- The financial statements on pages 7 to 35 were approved and authorized for issuance by the Board of Directors on February 3, 2021.

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

Financial statements for the year ended 31 December 2020
(All amounts expressed in US Dollar unless otherwise stated)

STATEMENT OF PROFIT OR LOSS
For the years ended 31 December

	Note	2020	2019
Revenues	(18)	101,600,508	99,415,166
Cost of services		(43,575,019)	(45,135,245)
Gross profit		58,025,489	54,279,921
General and administrative expenses	(19)	(24,156,423)	(25,763,734)
Depreciations and amortizations	(3,5,6)	(24,719,265)	(25,321,551)
(Provision)/recovery for impairment of trade receivables	(9)	(766,914)	150,852
Other net (losses)/gains		(5,900)	126,597
		8,376,987	3,472,085
Finance cost	(20)	(1,741,888)	(2,887,435)
Interest income		726,381	538,467
Profit for the period before tax		7,361,480	1,123,117
Income tax benefit	(17)	179,735	-
Profit for the period		7,541,215	1,123,117
Basic and diluted earnings per share	(21)	0.0257	0.0038

The accompanying notes from page 12 to 35 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 2020
(All amounts expressed in US Dollar unless otherwise stated)

STATEMENT OF COMPREHENSIVE INCOME
For the years ended 31 December

	2020	2019
Profit for the period	7,541,215	1,123,117
Other comprehensive income items	-	-
Total comprehensive income for the period	7,541,215	1,123,117

The accompanying notes from page 12 to 35 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 2020

(All amounts expressed in US Dollar unless otherwise stated)

STATEMENT OF CHANGES IN EQUITY

For the years ended 31 December

	Paid-in capital	Share premium	Accumulated losses	Total equity
Balance as at 1 January 2019	293,000,000	11,610,000	(208,470,697)	96,139,303
Change in accounting policy (note 29)	-	-	(1,218,516)	(1,218,516)
Restated total equity as at 1 January 2019	**293,000,000**	**11,610,000**	**(209,689,213)**	**94,920,787**
Profit for the period	-	-	1,123,117	1,123,117
Balance as at 31 December 2019	**293,000,000**	**11,610,000**	**(208,566,096)**	**96,043,904**
Balance as at 1 January 2020	**293,000,000**	**11,610,000**	**(208,566,096)**	**96,043,904**
Profit for the period	-	-	7,541,215	7,541,215
Balance as at 31 December 2020	**293,000,000**	**11,610,000**	**(201,024,881)**	**103,585,119**

The accompanying notes from page 12 to 35 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 2020

(All amounts expressed in US Dollar unless otherwise stated)

STATEMENT OF CASH FLOWS

For the years ended 31 December

	Note	2020	2019
Operating activities			
Profit for the period before tax		7,361,480	1,123,117
Adjustments for:			
Depreciation of property and equipment	(3)	12,460,096	12,867,381
Depreciation of right of use assets	(5)	2,158,411	2,297,297
Amortizations	(6)	10,100,758	10,156,873
Provision/(recovery) of provision for impairment of trade receivables	(9)	766,914	(150,852)
Provision for employees' benefits	(14)	1,106,346	1,653,383
Loans interests	(20)	1,282,907	2,312,741
Lease contracts interest in accordance with IFRS (16)	(20)	458,981	574,694
Interest income		(726,381)	(538,467)
Non-monetary Items		1,498,560	737,985
(Gain) from termination of lease contracts	(5,13)	(342,520)	-
Loss of assets classified as held for disposal	(3)	-	267,463
(Gain) on sale of property and equipment and intangible assets	(3,6)	-	(47,278)
		36,125,552	31,254,337
Change in working capital:			
Inventories	(7)	661,294	477,838
Other current assets	(8)	263,468	(1,267,606)
Trade receivables	(9)	(2,420,929)	1,760,590
Other current liabilities	(15)	1,288,170	7,300,758
Accounts payable		(165,238)	(13,120,118)
Deferred revenues		552,305	496,788
Net cash flows provided by operating activities before payments of employees' benefits		36,304,622	26,902,587
Payments of employees' benefits	(14)	(1,024,343)	(1,562,060)
Net cash flows provided by operating activities		35,280,279	25,340,527
Investing activities			
Purchases of property and equipment	(3)	(3,902,334)	(886,048)
Proceeds from sale of property and equipment and intangible assets	(3,6)	268,943	47,278
Increase in projects in progress	(4,3,6,16)	(7,905,023)	(13,202,819)
Interest income received		680,587	538,467
Net cash used in investing activities		(10,857,827)	(13,503,122)
Financing activities			
Repayment of long-term loans		(15,000,000)	(11,875,000)
Principal elements of lease payments	(13)	(2,217,197)	(2,952,789)
Interests paid		(1,437,847)	(2,312,741)
Net cash used in financing activities		(18,655,044)	(17,140,530)
Net increase/(decrease) in cash on hand and at banks		5,767,408	(5,303,125)
Cash on hand and at banks, beginning of the period		24,895,021	30,198,146
Cash on hand and at banks, end of the period	(10)	30,662,429	24,895,021

The accompanying notes from page 12 to 35 form an integral part of these financial statements.

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 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, 2020 were authorized for issue in accordance with the Board of Directors resolution on February 3, 2021.

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 of the Company 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 2020
(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, 2019 except for the adoption of new standards and amendments to existing standards as mentioned 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 statements 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 2020 financial statements:

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 – amendments to IFRS (9), IAS (39) and IFRS (7).

The interpretation had no material impact on the financial statements. The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 25 "credit risk".

2.4 Revenue recognition

Revenue is recognized when a customer obtains control of the goods or service. Determining the timing of transfer of control at the point in time or over time requires judgement. The following specific recognition criteria must also be met before revenue is recognized:

Telecommunication services
Includes communication services, data and messaging services for post-paid subscribers and prepaid subscribers. Revenues from telecommunication services are recognized when the services are rendered (i.e., when used by the subscribers).

Connection fees
The Company has determined that connection fee 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).

Revenue from transit services
The Company has determined that it will be acting as principle on these types of arrangements and revenue is therefore accounted for on a gross basis.

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 Group's right on consideration for services and goods provided but not billed at the reporting date.

Wataniya Palestine Mobile Telecommunication - Public Shareholding Company *(Ooredoo Palestine)*
Financial statements for the year ended 31 December 2020
(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. 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 labor, 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.

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 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.

- 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.

- 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.

(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.

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.

Wataniya Palestine Mobile Telecommunication - Public Shareholding Company *(Ooredoo Palestine)*
Financial statements for the year ended 31 December 2020
(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)

(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 current and non-current 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.

(ii) 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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Loans and 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.

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.

(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.

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3. PROPERTY AND EQUIPMENT

	Network and infrastructure	Buildings	Lands	Computers and office equipment	Furniture and fixtures	Decorations and leasehold improvements	Others	Total
2020								
Cost								
As at January 1, 2020	114,237,546	-	-	17,783,400	2,885,050	9,158,750	85,965	144,150,711
Transfers from projects in progress	7,070,697	1,300	-	620,322	32,740	230,288	15,819	7,971,166
Additions	-	2,239,782	1,662,552	-	-	-	-	3,902,334
Disposals	(708,929)	-	-	(979,127)	(48,883)	(148,239)	-	(1,885,178)
As at December 31, 2020	120,599,314	2,241,082	1,662,552	17,424,595	2,868,907	9,240,799	101,784	154,139,033
Accumulated depreciation								
As at January 1, 2020	51,603,073	-	-	13,741,641	2,058,817	7,325,830	40,278	74,769,639
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	61,104,119	56,027	-	14,353,866	2,244,637	7,803,775	51,076	85,613,500
Net carrying amount								
As at December 31, 2020	59,495,195	2,185,055	1,662,552	3,070,729	624,270	1,437,024	50,708	68,525,533

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Notes to the financial statements

3. PROPERTY AND EQUIPMENT (continued)

	Network and infrastructure	Computers and office equipment	Furniture and fixtures	Decorations and leasehold improvements	Others	Total
2019						
Cost						
As at 1 January 2019	112,960,587	16,308,844	2,734,291	8,820,610	50,910	140,875,242
Transfers from projects in progress	2,028,685	1,474,021	149,058	336,844	35,055	4,023,963
Additions	881,719	535	2,498	1,296	-	886,048
Disposals	(1,367,079)	-	-	-	-	(1,367,079)
Assets classified as held for disposal	(266,666)	-	(797)	-	-	(267,463)
As at 31 December 2019	114,237,546	17,783,400	2,885,050	9,158,750	85,965	144,150,711
Accumulated depreciation						
As at 1 January 2019	42,996,654	11,733,696	1,826,539	6,676,728	35,720	63,269,337
Depreciation for the year	9,973,498	2,007,945	232,278	649,102	4,558	12,867,381
Disposals	(1,367,079)	-	-	-	-	(1,367,079)
As at 31 December 2019	51,603,073	13,741,641	2,058,817	7,325,830	40,278	74,769,639
Net carrying amount						
As at 31 December 2019	62,634,473	4,041,759	826,233	1,832,920	45,687	69,381,072

The company's management conducted a technical study during 2019 that resulted in adjusting the useful lives of some categories in property and equipment. This adjustment resulted in a decrease in the depreciation expense for the year by USD 824,419.

Notes to the financial statements

4. PROJECTS IN PROGRESS

	2020	2019
Network equipment and infrastructure	1,822,853	4,567,979
IT programs	759,022	831,639
Others	62,085	663,850
	2,643,960	6,063,468

The movement on projects in progress is as follows:

	2020	2019
Balance, beginning of the period	6,063,468	3,659,553
Additions	6,541,678	7,348,166
Transferred to property and equipment	(7,971,166)	(4,023,963)
Transferred to intangible assets	(1,990,020)	(913,962)
Adjustments	-	(6,326)
Balance, end of the period	2,643,960	6,063,468

The estimated cost to complete the above projects as of December 31, 2020 is USD 1,147,186 (2019: USD 4,102,585).

5. RIGHT OF USE ASSETS

	2020	2019
Balance, beginning of the period	8,736,392	-
Impact of IFRS (16) (refer to note 29)	-	10,085,306
Adjusted beginning of the year	8,736,392	10,085,306
Additions	553,018	948,383
Depreciation	(2,158,411)	(2,297,297)
Termination of lease contract	(594,295)	-
Balance, end of the period	6,536,704	8,736,392

6. INTANGIBLE ASSETS

The movement of the intangible assets is as follows:

	License*	Software	Total
Cost			
As at January 1, 2020	184,871,337	31,388,292	216,259,629
Transfers from projects in progress	-	1,990,020	1,990,020
As at December 31, 2020	184,871,337	33,378,312	218,249,649
Accumulated amortization			
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

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Notes to the financial statements

6. INTANGIBLE ASSETS (continued)

	License*	Software	Total
Cost			
As at January 1, 2019	184,871,337	30,474,330	215,345,667
Transfers from projects in progress	-	913,962	913,962
As at December 31, 2019	184,871,337	31,388,292	216,259,629
Accumulated amortisation			
As at January 1, 2019	75,357,240	18,799,261	94,156,501
Amortization during the year	6,042,154	4,114,719	10,156,873
As at December 31, 2019	81,399,394	22,913,980	104,313,374
Net carrying amount			
As at December 31, 2019	103,471,943	8,474,312	111,946,255

* 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 U.S $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 U.S $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 U.S $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.

7. INVENTORIES

	2020	2019
Spare parts	102,018	521,822
Sale products	886,712	1,249,201
Others	561,076	440,077
	1,549,806	2,211,100

Notes to the financial statements

8. OTHER CURRENT ASSETS

	2020	2019
Prepaid rent	843,893	934,139
Prepaid warranty expenses	1,170,743	1,369,300
Prepayments to suppliers	389,307	777,825
Cash margins	803,937	327,572
Others	231,475	248,193
	3,439,355	3,657,029

9. TRADE RECEIVABLES

	2020	2019
Trade receivables	12,303,642	11,089,518
Unbilled	4,534,274	3,284,168
Others	2,986,015	3,029,316
	19,823,931	17,403,002
Provision for impairment of trade receivables (note 25.3)	(7,707,408)	(6,387,206)
	12,116,523	11,015,796

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

	2020	2019
Balance, beginning of the year	6,387,206	6,010,892
Provision/(recovery)	766,914	(150,852)
Currency differences	553,288	527,166
Balance, end of the year	7,707,408	6,387,206

10. CASH ON HAND AND AT BANKS

	2020	2019
Cash in hand	238,540	174,040
Bank balances and short-term deposits	30,423,889	24,720,981
	30,662,429	24,895,021

As of December 31, 2020, the Company had short-term deposits amounting to USD 27,997,731 (2019: USD 22,777,672) at local banks.

11. PAID-IN CAPITAL

	2020	2019
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

Notes to the financial statements

12. LONG-TERM LOANS

	2020	2019
Long-term	14,375,000	31,875,000
Payable within one year	8,750,000	6,250,000
	23,125,000	38,125,000

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 and ending February 1, 2023.

The instalments of the new loan principal are distributed as follows:

Matures during 2021	8,750,000
2022	11,250,000
2023	3,125,000
	23,125,000

13. LEASE LIABILITIES

	2020	2019
Balance, beginning of the period	9,196,538	-
Impact of IFRS (16) (refer to note 29)	-	10,626,250
Adjusted balance, beginning of the period	9,196,538	10,626,250
Interest	458,981	574,694
Additions	553,018	948,383
Termination of lease contract	(936,815)	-
Principle elements of lease payments	(2,217,197)	(2,952,789)
Currency differences	267,933	-
Balance, end of the period	7,322,458	9,196,538

	2020	2019
Current lease liabilities	2,575,368	3,714,856
Non-current lease liabilities	4,747,090	5,481,682
	7,322,458	9,196,538

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14. PROVISION FOR EMPLOYEES' BENEFITS

	2020	2019
Balance, beginning of the year	6,871,235	6,569,093
Additions during the year	1,106,346	1,653,383
Payments during the year	(1,024,343)	(1,562,060)
Currency differences	-	210,819
Balance, end of the year	6,953,238	6,871,235

15. OTHER CURRENT LIABILITIES

	2020	2019
Accrued expenses	4,957,144	3,279,435
Payroll accrued cost and others	3,690,839	6,652,283
Accrued sales commission and marketing costs	2,755,523	3,195,856
Due to VAT	852,104	937,454
Due to Ooredoo	464,063	254,391
Accrued utilities expense	460,212	930,061
Provision for employees' vacations	278,258	344,830
Others*	13,142,156	9,195,420
	26,600,299	24,789,730

16. ACCRUED PROJECT COST

This item represents the accrued cost for the projects in progress (note 4).

17. INCOME TAX PROVISION

The movement on the income tax provision for the years ending December 31, 2020 and 2019 is as follows:

	2020	2019
Balance, beginning of the period	-	-
Provision for the period	515,593	-
Balance, end of the period	515,593	-

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

	2020	2019
Provision for the period	(515,593)	-
Deferred tax asset	695,328	-
Income tax benefit for the period	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 and 2020.

Notes to the financial statements

18. Revenues

	2020	2019
Telecommunication services	97,543,524	96,229,521
Others	4,056,984	3,185,645
	101,600,508	99,415,166

19. General and administrative expenses

	2020	2019
Salaries, wages and other benefits	14,654,951	14,949,970
Maintenance	3,027,102	2,690,197
Marketing expenses	1,588,825	2,316,104
Rents *	736,578	877,933
Water, electricity and fuel	450,838	508,537
Accommodation, travel and transportation	426,717	626,538
Insurances	314,407	238,189
Professional fees and consulting	262,358	378,558
Software license	214,939	178,229
Guard and security expenses	161,440	427,633
Subscriptions	125,617	77,970
Storage and services expenses	73,541	419,550
Postage, fax and telephone	37,876	34,502
Stationery and supplies	11,696	13,327
Others	2,069,538	2,026,497
	24,156,423	25,763,734

*The company chose not to recognize the right to 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.

20. Finance cost

	2020	2019
Loans interests	1,282,907	2,312,741
Lease contracts interest in accordance with IFRS (16)	458,981	574,694
	1,741,888	2,887,435

21. Basic and diluted earnings per share

	2020	2019
Profit for the period (USD)	7,541,215	1,123,117
Weighted average number of shares (share)	293,000,000	293,000,000
Basic and diluted earnings per share (USD)	0.0257	0.0038

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22. 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:

	2020	2019
Contracts and purchase orders	12,064,607	1,544,643
Operation license*	169,128,663	169,128,663

(*) As disclosed in (note 6) 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.

23. 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	2020	2019
Due to related parties	Shareholders and affiliates	1,766,398	254,391

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

	Nature of relationship	2020	2019
Company's key management personnel compensation	Key management	1,743,925	1,763,491
Revenue from shareholders	Shareholders	12,679	21,896

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24. FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities

	2020		2019	
	Carrying value	Market value	Carrying value	Market value
Financial assets				
Other current assets (after excluding prepaid expenses)	951,204	951,204	575,765	575,765
Trade receivables	12,116,523	12,116,523	11,015,796	11,015,796
Cash on hand and at banks	30,662,429	30,662,429	24,895,021	24,895,021
	43,730,156	43,730,156	36,486,582	36,486,582
Financial liabilities				
long-term loans	23,125,000	23,125,000	38,125,000	38,125,000
Other current liabilities (after excluding legal obligations that represent due to the VAT department in addition to deduction of employees' salary income tax deductions)	24,098,935	24,098,935	27,439,512	27,439,512
Accounts payable	7,904,294	7,904,294	8,069,532	8,069,532
Accrued project cost	3,487,064	3,487,064	4,850,409	4,850,409
	58,615,293	58,615,293	78,484,453	78,484,453

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.

25. RISK MANAGEMENT

25.1 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, 2020. There is no direct impact on the Company's equity.

	Increase/ decrease in interest rate %	Impact on the statement of profit or loss for the period USD
2020		
USD	+15	7,309
USD	-10	(4,873)
2019		
USD	+15	(23,021)
USD	-10	15,347

25 RISK MANAGEMENT (CONTINUED)

25.2 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
2020		
USD	+5	(144,808)
USD	-5	144,808
2019		
USD	+5	(261,722)
USD	-5	261,722

25.3 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 (9) 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, 2019 and December 31, 2020.

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25. RISK MANAGEMENT (CONTINUED)

25.3 Credit risk (continued)

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	5.81%	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	3,281,615	-	-	-	-	-	-	-	3,281,615
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

31 December 2019	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	1.50%	3.90%	8.43%	12.31%	17.85%	26.05%	37.95%	99.86%	
Gross carrying amount recorded for outstanding invoices	-	1,977,501	706,720	233,637	131,699	109,469	680,943	5,803,061	9,643,030
Checks under collection and deposits	1,182,220	-	-	-	-	-	-	-	1,182,220
Unbilled receivable	3,284,168	-	-	-	-	-	-	-	3,284,168
Others	3,293,584	-	-	-	-	-	-	-	3,293,584
Provision for impairment of trade receivables	116,353	77,136	59,604	28,765	23,503	28,512	258,410	5,794,923	6,387,206

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Notes to the financial statements

25. RISK MANAGEMENT (CONTINUED)

25.3 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.

25.4 Liquidity risk

The Company manages liquidity risk by ensuring availability of loans and facilities from banks and the necessary financing from shareholders. The table below summarizes the maturities of the Company's financial liabilities (undiscounted) as at December 31, 2020 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, 2020					
Loans	2,140,938	7,527,813	14,888,047	**24,556,798**	**23,125,000**
Accounts payable	4,707,912	3,196,382	-	**7,904,294**	**7,904,294**
Other current liabilities*	-	25,469,937	-	**25,469,937**	**25,469,937**
Lease liabilities	665,887	1,909,480	5,284,507	**7,859,874**	**7,322,458**
Total liabilities	**7,514,737**	**38,103,612**	**20,172,554**	**65,790,903**	**63,821,689**

	Less than 3 months	From 3 to 12 Months	Over 1 year	Total contractual cash flow	Carrying amount
December 31, 2019					
Loans	1,685,948	6,307,846	34,477,541	42,471,335	38,125,000
Accounts payable	4,806,330	3,263,202	-	8,069,532	8,069,532
Other current liabilities*	-	23,507,446	-	23,507,446	23,507,446
Lease liabilities	1,171,325	2,652,951	9,772,997	13,597,273	9,196,538
Total liabilities	**7,663,603**	**35,731,445**	**44,250,538**	**87,645,586**	**78,898,516**

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

Notes to the financial statements

26. 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, 2020 USD 103,585,119 (2019: USD 96,043,904).

27. 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.

28. 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.

The below tables represent the revenues, results of activities and other information for the company's services for the years ending December 31, 2020 and 2019:

	Telecommunication	Others	Total
December 31, 2020			
Revenues	97,543,524	4,056,984	101,600,508
Results of activities			
Profit for the period	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

	Telecommunication	Others	Total
December 31, 2019			
Revenues	96,229,521	3,185,645	99,415,166
Results of activities			
Profit for the period	936,724	186,393	1,123,117
Other information			
Depreciation and amortization	21,119,175	4,202,376	25,321,551
Capital expenditures	4,095,143	814,868	4,910,011

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29. Changes in Accounting Policies

This note explains the impact of the adoption of IFRS (16) Leases on the Company's financial statements

Adjustments recognized on the adoption of IFRS (16)

This note explains the effect of the adoption of IFRS (16) "Leases" on the company's financial statement.

The Company has adopted IFRS (16) Leases retrospectively from 1 January 2019 but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. The adjustments arising from the new leasing rules are therefore recognized in the opening balance of accumulated losses starting from 1 January 2019 in the changes in equity statement, as explained in this standard.

On adoption of IFRS (16), the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average incremental borrowing rate of the Company (lessee) applied to the lease liabilities on 1 January 2019 was 5.892%.

Measurement of lease liabilities:

	January 1, 2019
Operating lease commitments disclosed as at 31 December 2018	1,308,220
Discounted using the lessee's incremental borrowing rate of at the date of initial application	1,206,212
Add: finance lease liabilities recognised as at 31 December 2018	9,420,038
Lease liabilities recognised as at 1 January 2019	10,626,250
Of which are:	
Current lease liabilities	1,996,256
Non-current lease liabilities	8,629,994
	10,626,250

The associated right of use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. Other right of use assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right of use assets at the date of initial application.

The recognised right of use assets relate to the following types of assets:

	December 31, 2020	December 31, 2019	January 1, 2019
Cell Sites, offices and showrooms	6,536,704	8,736,392	10,085,306

29. Changes in accounting policies (continued)

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

- Right of use assets – increased by USD 10,085,306
- Prepayments – decreased by USD 677,572
- Lease liabilities – increased by USD 10,626,250

The net impact on retained earnings on 1 January 2019 was a decrease of USD 1,218,516.

In applying IFRS (16) for the first time, the Company has used the following practical expedients permitted by the standard:

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- Reliance on previous assessments on whether leases are onerous
- The accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- The exclusion of initial direct costs for the measurement of the right of use asset at the date of initial application, and
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Company has also elected not to reassess whether a contract is, or contains, a lease at the date of initial application. Instead, for contracts entered into before the transition date the Company relied on its assessment made applying IAS 17 and IFRIC 4 Determining whether an Arrangement contains a Lease.

The Company leases various cell sites, offices and showrooms. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of cell sites, offices and showrooms were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right of use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right of use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable, and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Right of use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability
- Any lease payments made at or before the commencement date less any lease incentives received
- Any initial direct costs, and
- Restoration costs

29. Changes in accounting policies (CONTINUED)

Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

30. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to comply with the financial statements' presentation for the current year. Management believes that the current period presentation provides more meaningful information to the readers of the financial statements.

31. 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 2019. 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 an additional provision as detailed in note 9 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, 2020 compared to the year ended December 31, 2019, and the company has positive cash projections.

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