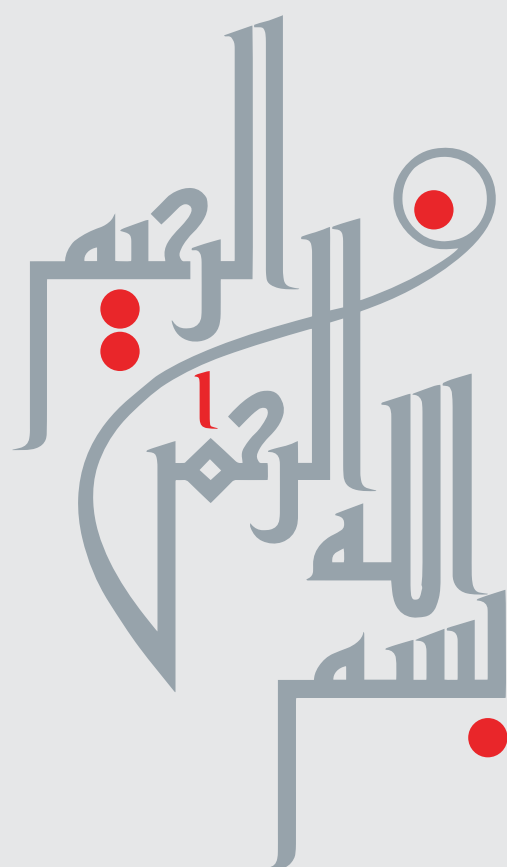


# Annual Report 2020

Building Resilience  
Developing Opportunities







**H.H Sheikh**  
**Mishal Al-Ahmad Al-Jaber Al-Sabah**  
Crown Prince

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**H.H Sheikh**  
**Nawaf Al-Ahmad Al-Jaber Al-Sabah**  
Amir of the State of Kuwait

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digital copy of the report





**IN 2020, WE PROTECTED AND GREW THE TOP LINE, DEVELOPED AGILE OPERATIONS, EMPOWERED OUR PEOPLE, ACCELERATED DATA AND DIGITAL PLATFORMS, ENRICHED OUR CUSTOMERS' DIGITAL EXPERIENCE AND – ABOVE ALL – WE UPHELD THE DIGITAL PATH THAT LED TO BUSINESS RESILIENCE.**

## Customers Base



## Revenue



## Net Profit to NMTC



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# BOARD OF DIRECTORS



**Sheikh Mohammed bin Abdullah Al Thani**  
Chairman



**Mr. Abdullah Ahmed Al-Zaman**  
Vice Chairman





**Dr. Hamad Yahia Al-Nuaimi**  
Board Member



**Mr. Youssef Mohammad Al-Sumait**  
Board Member



**Mr. Nael Abdulla Al-Awadi**  
Board Member



**Dr. Yousuf Mubrak Al-Sellili**  
Board Member



**Mr. Mohammed Sabri Al-Zaidan**  
Board Member

# A Message from the Chairman



## **Our respected shareholders,**

2020 was – unpredictably – an exceptional year; industries have been deeply affected by the pandemic. Economies, businesses and our way of life have been disrupted and the road to recovery is likely to be a long one. I remain highly optimistic, that we will overcome this situation in 2021 and for the years to come; where the world will have to adjust to the new normal.

Our financial performance was impacted by the economic slowdown resulting from this global pandemic, which deteriorated market conditions in some of the countries we operate in. NMTC reported consolidated revenues of KWD 593 million in 2020 down from KWD 633 million in the previous year. Revenues improved sequentially from KWD 148 million in Q3 2020 to KWD 151 million in Q4 2020 indicating the start of a potential recovery. However, due to the uncertainty of the ongoing pandemic we remain cautiously optimistic and prudent in our approach.

The pressure from the top line impacted EBITDA and Net Profit attributable to NMTC, which was KWD 197 million and KWD 3 million, respectively.

In Kuwait, we continued to accelerate our digital strategy to create a seamless user experience and drive the growth of our digital customer base. In Tunisia, revenues increased by 4% to KWD 128 million despite challenging market conditions.

Our results in Algeria were impacted weak macroeconomic conditions, intense price competition and a 5% year on year depreciation of the Algerian Dinar.

In Palestine EBITDA increased 15% to KWD 11 million in 2020 compared to the previous year, driven by our ongoing efficiency and cost optimization initiatives.

In Maldives' our performance was impacted by the dampened tourism industry, which contributes to more than 40% of GDP, due to the COVID-19 pandemic."

Allow me to present to you a summary of the operational performance as follows:

## **Ooredoo Kuwait**

Ooredoo Kuwait Revenues were KWD 209.8 million in 2020, compared to KWD 231.3 million in 2019 and EBITDA was KWD 52.0 million in 2020 compared to KWD 72.4 million in 2019. Ooredoo Kuwait offered special benefits for workers in the ministries and governmental organizations to support their efforts in fighting the pandemic as well as free 5GB data a day and unlimited local calls for all its customers, during the COVID-19 crisis. Ooredoo Kuwait also witnessed a tremendous increase by 90% in its digital user base and digital sales supported by an easy to use Ooredoo App.

### **Ooredoo Tunis**

Ooredoo's customer base in Tunisia decreased to 8.1 million customers in 2020. Revenues increased by 4% to reach KWD 127.7 million in 2020 compared to KWD 123.1 million in 2019. EBITDA decreased to KWD 54.7 million in 2020 compared to KWD 56.9 million in 2019 due to increased billing and collection cost reflecting a slowing economy.

### **Ooredoo Algeria**

Customer base in Algeria decreased by 1% to 12.5 million in 2020 compared to 12.6 million in 2019. Business in Algeria was negatively impacted by the devaluation of the Algerian Dinar, a weak economic environment and intense price competition. Consequently, revenues decreased to KWD 190.0 million in 2020, compared to KWD 208.7 million in 2019. EBITDA was KWD 62.6 million in 2020, down from KWD 72.4 million in 2019. Algerian Dinar depreciated by 5% year on year.

### **Ooredoo Palestine**

Customer base in Palestine stood at 1.3 million customers in 2020. Revenue increased by 3% to KWD 31.2 million in 2020, compared to KWD 30.2 million in 2019. EBITDA was strong, increasing 15% to KWD 10.5 million in 2020, compared to KWD 9.0 million in 2019, driven by operational efficiencies across the business.

### **Ooredoo Maldives**

Ooredoo Maldives reported a 15% decrease in revenues to KWD 34.3 million in 2020, compared to KWD 40.2 million in 2019. EBITDA was KWD 17.0 million in 2020 compared to KWD 22.1 million in 2019. Ooredoo Maldives now serves a total of 349k customers.

### **Looking ahead**

As we look ahead over the next year, we anticipate a tremendous deal of transformation stemming from COVID-19. Consumer behavior will change in numerous ways from demanding more integrated digital experiences, to prioritizing health and safety features across all channels. We will invest to put more efforts towards building smarter, safer, and stronger solutions as well as offering exclusive offers and plans for all our customers. NMTC group will unite efforts to dominate the telecom industry in the coming year and in the post-pandemic era.

I would like to take this opportunity to thank you for your continued trust, confidence and support.

**Mohammed bin Abdullah Al Thani**





# A Message from the CEO

## Dear Shareholders,

It gives me a great pleasure to present to you the Annual Report 2020. While this was a year of extreme economic challenges for the world, a situation aggravated almost beyond measure by the unprecedented pandemic, Ooredoo Kuwait continued to play on its strengths and posted a well-grounded performance.

COVID-19 has shown very clearly the critical role that telecommunications play in our society and economy. While the pandemic has been a profound societal and economic crisis, it has reinforced the importance of connectivity as a critical part of a functioning society and everyday life. The widespread and accelerated shift to virtual models – from the world of work to how we educate the next generations – has driven up demand for connectivity services on an unprecedented scale.

### Digital growth

Today, millions of people depend on the online connection to study and work from home, attend virtual meetings, and shop online. Thus, Ooredoo Kuwait constantly improves its products, services, and offerings to serve the community. Ooredoo Kuwait's digital user base witnessed a significant growth supported by an increase in sales through "MyOoredoo App".

Advanced technologies create constant opportunities for innovation, growth, and value. These technologies allow companies to better engage with their customers, meet their ever-changing demands and desires, and offer customized customer experience. Ooredoo Kuwait never stopped investing in connected technologies with the aim of improving efficiency and leverage customer experiences. Investments in technology and the customer experience enabled Ooredoo Kuwait to maintain a healthy consolidated customer base.

Ooredoo Kuwait continued to accelerate its digital strategy to create a seamless user experience and drive growth of its digital customer base. Ooredoo Kuwait witnessed a tremendous increase in digital user numbers and digital sales revenues by 90%.

### Exclusive new products

Ooredoo Kuwait launched its all-new "Shamel Pro" which was a big step that added to the company's portfolio. "Shamel Pro" was first of its kind tariff plan offering benefits. Ooredoo grew more than 1,000 new "Shamel Pro" customers in the first two days of its launching.

Ooredoo Kuwait has been persistent in developing and providing ProPing plans over its 5G network

Ooredoo also launched ProPing, the first and leading gaming platform plans in the country, which was previously provided by FASTtelco through fiber optics. Ooredoo Kuwait has been persistent in developing and providing ProPing plans over its 5G network, as the plans has become available with guarantees, allowing customers to directly communicate with the largest global gaming systems and websites.

## Achievements & Awards

Ooredoo Kuwait has been honored by several entities and won many prestigious awards including the “Best Loyalty and Rewards Program” award for its “Nojoom” Rewards Program from the Telecom Review Summit in November 2020. Another prestigious recognition as the ‘Best Application’ was from the MENA Digital Awards for the innovative MyOoredoo App. Ooredoo Kuwait was also named the winner of Bronze Stevie Awards in the categories ‘Most Valuable Corporate Response’ and ‘Business & Government’. Ooredoo also won the Best National Day TVC 2020 from the Arab Media Forum.

## B2B

Ooredoo Kuwait launched the e-learning platform in partnership with Eduration.

As Ooredoo Kuwait continues to support the digital transformation with the latest digital services, Ooredoo is bringing e-learning platform Eduration as a new -age, learning environment aiming to provide schools with the opportunity to go digital. Eduration is a provider of a new-age learning environment. It strives to help students to capitalize on teachable moments by giving them instant access to knowledge at all times.

We have also expanded our digital solutions and launched exclusive product & services: E-store for government employees, the 1st B2B e-store across Kuwait, ICT Solutions , Virtual Desktop infrastructure, the Security Operation Center, Web Application Firewall.

Ooredoo supported business continuity and offered resilience solutions since the early days of the pandemic: Thermal Camera, Social Distancing Solution through AI analytics, Occupancy measurement, smart helmet and remote working solutions.

Ooredoo celebrated a 1000 day completion of data center services with zero down time and carried out the successful expansion of BIR operations in all branches to deliver a better customer experience and 24/7 support to customers. HP and ARUBA also certified Ooredoo Business as a gold partner.

## Network Infrastructure

We have continued with the 5G-rollout activity and deployed additional 1000 towers in 2020 to reach more than 1600 towers by end of 2020. A 98% geographical coverage with more than 82% population coverage has been accomplished.

## Hope & Sustainability

COVID-19 has become a part of the equation of our lives, but not the entire equation. In fact, it is merely a signpost that unexpected events happen, but also such crises prove the human's ability to adapt and the corporates' capability to sustain. Sustainability requires struggle, and fulfillment is earned only by taking the right real-time decisions and managing the crisis with high level of professionalism.

Ooredoo Telecom, the first to introduce innovative digital services in Kuwait, has been again an extraordinary performer during the tough times the world went through, and achieved greatness.

“Being “an average” is the standard of failure, while being “an extraordinary” is our culture's standard of success. Today, we mark this year by celebrating everything we have accomplished – from bringing new innovative digital solutions to our customers, to supporting the government and community during the crisis, collaborating with well-established companies, and more.

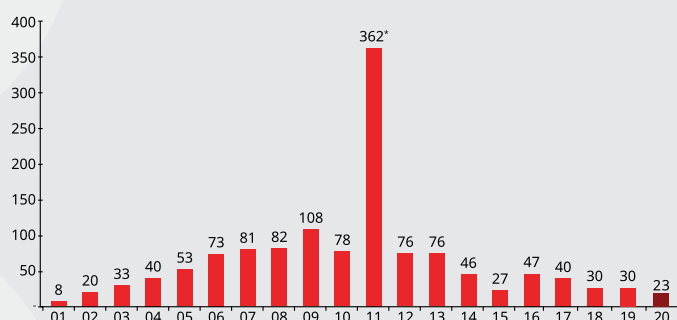
**Abdulaziz Yaqoub Al-Babtain**



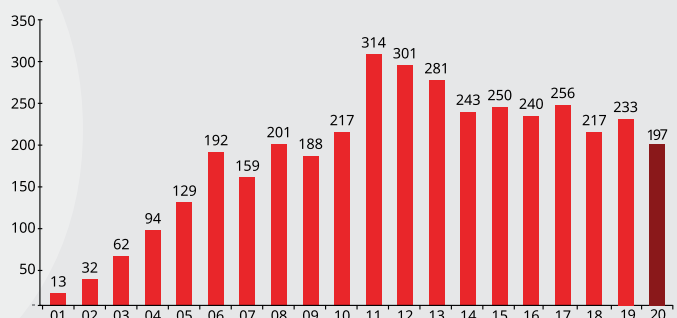
# Financial Highlights

For the year ended December 31, 2020

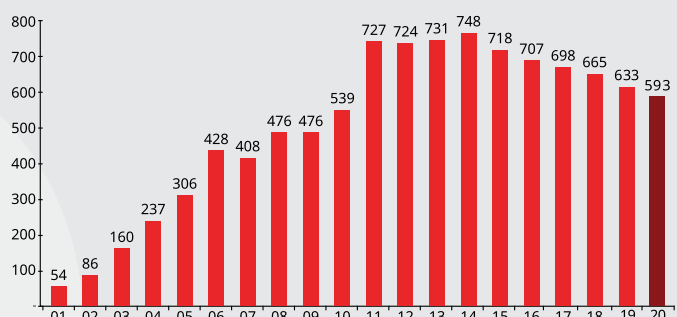
Net Profit to Ooredoo Kuwait  
(KWD million)



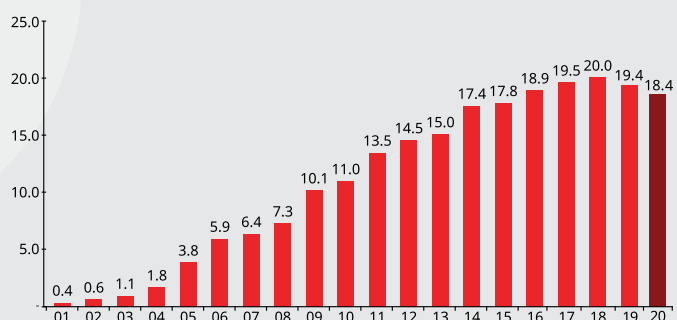
EBITDA  
(KWD million)



Revenue  
(KWD million)



Proportional Subscribers  
(In million)



\* In Q1 2011, a fair value gain (non-cash) of KD 265.3 million was recorded due to a revaluation of the existing held interest in Ooredoo Tunisia (Previously Tunisiana) following the increase in the shareholding from 50% to 75%.

		Year 2020 (in millions)	Year 2019 (in millions)
<b>Ooredoo KUWAIT</b>	Total Subscribers	2.5	2.6
	Revenue	209.8	231.3
	EBITDA	52.0	72.4
	% EBITDA	25%	31%
	Net Profit to OK	(7.5)	13.3
<b>Ooredoo TUNISIA</b>	Total Subscribers	8.1	9.2
	Revenue	127.7	123.1
	EBITDA	54.7	56.9
	% EBITDA	43%	46%
	Net Profit to OK	7.8	9.2
<b>Ooredoo ALGERIA</b>	Total Subscribers	12.5	12.6
	Revenue	190.0	208.7
	EBITDA	62.6	72.4
	% EBITDA	33%	35%
	Net Profit to OK	0.1	2.9
<b>Ooredoo MALDIVES</b>	Total Subscribers	0.3	0.4
	Revenue	34.3	40.2
	EBITDA	17.0	22.1
	% EBITDA	50%	55%
	Net Profit to OK	7.3	10.6
<b>Ooredoo PALESTINE</b>	Total Subscribers	1.3	1.3
	Revenue	31.2	30.2
	EBITDA	10.5	9.1
	% EBITDA	34%	30%
	Net Profit to OK	1.1	0.2
<b>Ooredoo Consolidated</b>	Total Subscribers	24.8	26.1
	Revenue	592.8	633.5
	EBITDA	196.9	232.7
	% EBITDA	33%	37%
	Net Profit to OK	3.4	30.1



NO  
NO

Ooredoo  
Kuwait



**Digital Sales  
90% Increase**



### **VISION**

To empower Kuwait's society by driving digital transformation and enrich people's digital lives



### **MISSION**

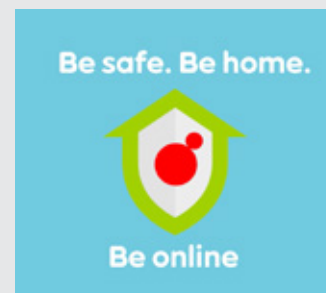
To become the leading integrated communications provider in Kuwait catering to all our customers' needs

Ooredoo Kuwait has reaffirmed its full support of the government and its entities in light of the Coronavirus outbreak in the country beginning of March 2020 and to ensure that customers are staying home as per Government directives. The company reaffirmed its support during a meeting held with the Communication and Information Technology Regulatory Authority (CITRA).

### Be Safe. Be Home. Be Online

During March 2020, which was the beginning of the outbreak, the company reaffirmed its support by collaborating with the Information Technology Regulatory Authority (CITRA) by providing customers with free 5GB internet and free calls for one month. Ooredoo Kuwait also launched its 'Be Safe. Be Home. Be Online' campaign which featured an array of digital offers and services designed to support customers and to ensure they are well connected and informed during the Coronavirus outbreak in the country.

Ooredoo Kuwait also took a serious role in helping businesses thrive through launching exciting offers targeting companies in the country with the aim of helping them run their business smoothly and to stay connected; especially as the country is preparing for Phase-3 of the 'gradual return to normal life'.



### 1000 days Zero DownTime

Ooredoo Kuwait celebrated 1000 days of launching its state of the art data center with zero downtime since its launch in 2017. This comes to further reiterate the company's commitment to being one of the leading companies in information technology solutions, and the company of choice for prospective clients searching for ICT solutions, catering especially for the needs of corporates and businesses. The data center provides a suite of managed hosting services tailor-made to fit corporate and business needs. These services are ideal for corporates and businesses looking to better manage their data, platforms and applications.



### Shamel Pro

More and above, Ooredoo Kuwait launched its all-new "Shamel Pro" on Monday, 19 October 2020, which was a big step that added to the company's portfolio. The hard work of Ooredoo's team has paid off as they have proudly stated that they gained more than 1,000 new "Shamel Pro" customers in the first two days of its launching. Ooredoo Kuwait never ceases to amaze its customers with its constant captivating products and services, and "Shamel Pro" takes Ooredoo's digital customer experience to the next level through its three different plans that were designed and built around the needs and passions of the consumer market be it travelling, gaming or entertainment.

### iPhone12

The company's headquarters opened its doors on Friday, 20 November, 2020 at mid-night amid with adherence to social distancing and safety measures to welcome customers who were keen on the two-day exclusive offer by Ooredoo, iPhone 12 launch offer on Shamel starting from KWD 25 per month. The hard work of the team has paid off, and the successful event was the talk of the town especially with the Drive-Thru System.





### Online Platforms

Ooredoo Kuwait also launched its Education Learning Platform, the provider of a new-age, learning environment. Ooredoo is the first telecommunications company in Kuwait to launch such a platform. Education is a provider of a new-age, learning environment. It strives to help students capitalize on teachable moments by giving them instant access to knowledge at all times. The platform resembles the full classroom experience, with online conferencing and the ability to conduct exams and complete assignments virtually. The Platform also allows educators, students, and parents to communicate easily online.

### Recruiting Kuwaiti Youth

An undeniable fact, the C-19 crisis has imposed unforeseen global challenges and left a lot of human damage. One of the priorities of Ooredoo Kuwait was to provide and preserve jobs for all. Hence, Ooredoo was one of the companies that did not dismiss its employees during the COVID-19, rather, they made distinct efforts to employ young talents, and in December 2020 specifically, the company opened its doors for Kuwaiti youth to join the Ooredoo family.

### Partnerships

Ooredoo Telecom, the first to introduce innovative digital services in Kuwait, is reshaping the age of information and insight through innovative partnerships. The company is launching state-of-the-art IPv6 and 5G/IoT ready for faster mobile data customer experience and evolution of smarter network. The partnership between Ooredoo and Wipro Limited enables the services on Ooredoo's mobile network in Kuwait. Wipro leveraged a dual-stack solution through network devices that translate Internet Protocol (IPv4) and (IPv6) to provide futuristic, reliable, secure, and faster mobile data experience.

Ooredoo represented by Fast Telco has also been recognized as a Gold Partner in the Aruba Partner Ready for Networking Program with Hewlett Packard Enterprise. It has also signed up to be Aruba's first Managed Service Provider (MSP) in Kuwait.

Gold Certified Partners are recognized for having some of the industry's best-trained network engineers and demonstrating the highest level of expertise in planning, designing, implementing, and supporting complex networking, security, and wireless solutions.

Ooredoo have fulfilled Gold level competencies and completed noteworthy projects in the country which has enabled them to reach this level.

Ooredoo has also signed a partnership with Nutanix, Inc. a leader in enterprise cloud computing, to offer Virtual Desktop Infrastructure (VDI)-as-a-Service to businesses in Kuwait. The telecom service provider has implemented Nutanix Enterprise Cloud Platform combined with Citrix Virtual Desktops software in its data center with a view to provide a fully supported solution for desktop virtualization to small and medium businesses (SMBs) and enterprise customers.

Moreover, Ooredoo and Batelco, the leading digital solutions provider in Bahrain, partnered to launch "Global Zone" in Kuwait which will offer an ecosystem platform to further support the enablement of digital transformation in the region.

The company has also partnered with Warba Bank, Kuwait's leading Islamic Bank with the aim of providing innovative digital services, solutions, and products to their customers. This partnership is also the first of its kind in Kuwait which will provide mutual cooperation in providing innovative and smart digital solutions that will satisfy customer needs and provide them with the best and most innovative digital experience.





of Tamdeen Group, Kuwait's leading mixed-use property developer. As per this agreement, Ooredoo will provide innovative services and integrated digital communication solutions supported by the high-speed 5G technology for phase one of Al Khiran project, the "Hybrid Outlet Mall", located in the heart of Sabah Al Ahmad Sea City, and the region's first hybrid outlet, leisure and lifestyle destination. Ooredoo will also support the project with state-of-the-art cyber security technical services with its highest international standards and specifications.

### Supporting Community and CSR

Ooredoo's social responsibility strategy is based on many values including communicating with all segments of the society, caring for them and enriching their digital lives, as well as manage all the challenges that might hinder the progress of the societies

Thus, Ooredoo Kuwait collaborated with the International Organization for Migration (IOM), a related organization of the United Nations (UN), that plays a leading role in the field of migration governance globally. The collaboration allows Nojoom members who are also Ooredoo customers to donate their points to IOM on MyOoredoo Application.



### سيف مجرب

- We have continued with "سيف مجرب" campaign which was a dedication to all frontliners encouraging them and highlighting the fact that they are the real soldiers who will protect us and help us get through the crisis.
- Moreover, the "Free minutes and internet, on us" was activated as part of our efforts to support our customers while the country is going through COVID-19 circumstances. Ooredoo Kuwait offered special free offers to help all customers stay connected at all times with the tagline "Stay safe! Stay home! Stay online!"
- Ooredoo Kuwait offered free 5GB internet per day for all customers

- From another side, we offered our customers exceptional packages at exclusive prices to encourage them to stay at home safely, last but not least, our employees were working safely from their homes, and government officials were given all the support from our side through offering them free SIM cards, internet, and calls to stay connected with their families and friends.
- Proactive, data-driven crisis response has been shaped. We have identified and acknowledged the crisis and delineated COVID-19 response plan from normal business activities.
- Formed a committee to coordinate responses to all stakeholders on a daily basis.
- Took steps to provide continued delivery of critical national infrastructure and fulfill customer priorities around maintenance and confidence. Data usage scored up to 93% nationwide during full lockdown in May 2020
- Telecommunications is a people-intensive industry, with a seasoned workforce that includes teams in offices, on trucks and in retail storefronts. During Covid-19, work-from-home strategy was applied
- The PPE handbook was circulated amongst all employees at OK and all premises were disinfected when working in the office resumed. All offices were labeled with social distancing and health and safety tips signs and stickers.
- Determined which employees can work remotely without compromising productivity.
- Prioritized cyber safe remote technology capabilities to transition workers to remote work while maintaining productivity.
- Assure the safety of employees who need to continue working on-site by continually updating and communicating risk-mitigation guidelines.
- Drafted and updated HR policies to ensure they are appropriate in the current environment.
- Free SIMS distribution and gifts to Quarantine centers in Kuwait. Ooredoo Kuwait gifted all C19 patients under quarantine and the staff treating them at Aqua Marine Resort, Sea Shell Resort, and Khalifa Resort.

### **Awards in 2021**

Ooredoo Kuwait has been honored by several entities and won many prestigious awards including: "Best Loyalty and Rewards Program" award for its "Nojoom" Rewards Program from the Telecom Review in November 2020. Another prestigious recognition as the 'Best Application' was from the MENA Digital Awards for the innovative MyOoredoo App. Ooredoo Kuwait was also named the winner of Bronze Stevie Awards in the categories 'Most Valuable Corporate Response' and 'Business & Government'. Ooredoo also won the Best National Day TVC 2020 from the Arab Media Forum.



# سيف محارب



## Bairaq Al-Ezz

In November 2020, Kuwait was traumatized by the departure of H.H. The Amir, Leader of humanity Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah, whom Kuwait, its people, the Arabs, Islamic nations and the whole world grieved his loss after a profound honorable journey. His Highness devoted his entire life to the service of his homeland and the whole world. His diplomatic, political and humanitarian positions were well honored and established.

The Crown Prince at the time, Sheikh Nawaf Al-Ahmad Al-Jaber Al-Sabah, was called the Amir of the State of Kuwait. Ooredoo was the first to launch a dedicated song to H.H. the Amir with a special song which was entitled "Bairaq Al-Ezz" with the voice of the renowned singer Muhammad Al-Misbah, and the words of Abdulaziz Al-Abkal, composed and supervised by Fahad Al-Nasser, and distributed by the creative Muhammad Hammam.

The song evokes a sincere sense of patriotism and national identity, with its great meanings and deep words that describe the authenticity of the Kuwaiti people, and broadcast the spirit of joy and the principles of sincere belonging and the love for Kuwait. Ooredoo Kuwait was the first telecom company to congratulate His Highness the Amir on his renewed leadership role.

The song expresses national pride and is an essential part of the company's social responsibility towards Al-Sabah family, Kuwait and the people. The song reflects the Amir's true humbleness and his place the hearts of the Kuwaiti people.

The song was proudly displayed on Ooredoo Tower in the heart of Kuwait City; with the image of His Highness the Amir Sheikh Nawaf Al-Ahmad Al-Jaber Al-Sabah, in September 2020.





# بسرَق العز

اللّٰه يحفظك سيدي نواف الأحمد ..  
وحكم الصباح اللّٰه لا يغيّر علينا ..

يا بيرق العز .. بيرق بلدنا ..  
عالي نشوفك من اللّٰه خلقنا ..  
ديرة أهل الخير .. وأبوها الكبير ..  
سيف مجرّب وله الشعب وافين

نشيل العلم ويّاك .. واحنا على يمنّاك ..  
ربنا الكريم يردّاك .. ويسدّد خطّاك ..

اللّٰه يحفظ أبو فيصل ويعينه ..  
ويحفظ لنا مشعل عضيدة ويمنيه ..  
المجد والصيت .. أمير الكويت ..  
سيف مجرّب وله الشعب وافين

نشيل العلم ويّاك .. واحنا على يمنّاك ..  
ربنا الكريم يردّاك .. ويسدّد خطّاك

ooredoo

# Ooredoo Tunis

During 2020, Ooredoo Tunisia solidified its position as the number one telecommunications operator by market share, network speed and customer service, while demonstrating the critical role it plays in the nation's digital infrastructure and social fabric. In the face of unprecedented health and economic conditions resulting from the COVID-19 pandemic, the company retained over 43% of the total Tunisian mobile market.

## 15 strategic programmes

Ooredoo Tunisia's FILAALELI Strategy, launched in early 2020, aims to build on the company's strengths and accelerate growth through 15 strategic programmes in three categories; Drivers, Enablers and Transformation. In particular, it focused on consumer market leadership, distribution excellence, customer centricity, extending 4G leadership and B2B transformation during the year.

In line with this strategic focus, customer-centric initiatives throughout the year sought to improve the customer journey across all channels and enhance customer satisfaction, ultimately fostering deeper customer relationships and increasing Ooredoo's brand equity in Tunisia. In recognition of the company's focus and dedication to customer excellence, it was honoured with the 'Best Customer Service 2021 – Telecommunications Sector' Award.

## Digital Era

Ooredoo continued its network dominance by registering the fastest 4G mobile data speeds in the nation and maintained its commitment to continuous digital transformation with the number of digital consumer touchpoints growing at an accelerated pace throughout the year. Digital channels were optimised, and a range of new digital products and services were introduced to bolster the company's web and mobile proposition.

In the consumer segment, the company ensured continuous access to services, with enhanced digital channels, new data bundles and more fixed connection options for a better home experience. It solidified its leadership in the gaming and Video on Demand (VoD) markets with the exclusive launch of 'Free Fire' and strategic partnerships with BeIN and OSN.

## Response to COVID-19

Ooredoo Tunisia's strategic response to the COVID-19 crisis consisted of six pillars – People, Operations, Media, Digital, Government and CSR – with a range of initiatives within each pillar. A crisis committee was formed, which held regular meetings through year-end to determine the best course of action for all stakeholders.

In line with government guidelines, the company mobilised quickly in the early days of the pandemic, enabling the majority of its employees to work from home, while ensuring they had the necessary technologies and support. These swift actions protected the health and safety of employees and customers, while ensuring business continuity and avoiding service disruptions. With the second wave in September, Ooredoo again wasted no time and protected the health and safety of its employees and customers, by introducing health protocols in all its shops, increasing sanitation procedures and enabling obligatory use of masks and social distancing.

## Financially

The company's proactive response to COVID-19 served to minimise the negative impact of the pandemic on its financial performance. Ooredoo's customer base in Tunisia decreased to 8.1 million customers in 2020. Revenues increased by 4% to reach KWD 127.7 million in 2020 compared to KWD 123.1 million in 2019. EBITDA decreased to KWD 54.7 million in 2020 compared to KWD 56.9 million in 2019 due to increased billing and collection cost reflecting a slowing economy.

## Special donation

As a concerned and responsible corporate citizen, Ooredoo worked closely with the government and other partners throughout the year on a range of new and ongoing CSR initiatives. To help Tunisia in its fight against the spread and impact of COVID-19, Ooredoo supported the Tunisian government, including the Ministries of Health, Education and Telecommunications, with a range of critical response initiatives. It also provided free internet and data access for hospitals, universities and other selected customer segments; issued continuous health and safety awareness messages across a range of communications channels; and donated DT 800,000 to the 1818 Fund to fight the pandemic.

## Future Outlook

Looking ahead, Ooredoo Tunisia will seek to build on its leading market share and customer experience by continuing its digital transformation, introducing new value-added products and services, pushing the limits of network speed and quality and developing new opportunities and partnerships for greater impact and engagement with government, customers and the community.

It will look to achieve leadership in all governorates while enhancing its focus on the youth segment by launching an innovative digital-only brand. By revamping its eCommerce proposition with best-in-class solutions, seamless user experience and convergent offers, Ooredoo Tunisia will take a significant leap towards its ultimate ambition of becoming the first operator in the country to launch a dynamic digital marketplace and establish itself as Tunisia's operator of the future.



# Ooredoo Algeria

Like other countries around the world, Algeria was impacted by the pandemic, subsequent lockdowns and economic slowdown. The pandemic accelerated the country's digital transformation, though, with more people needing more access to data and digital services throughout the country.

## Digital achievements

Ooredoo Algeria prioritised its digital action plan and focused on four specific elements. Firstly, the company launched targeted marketing campaigns to help customers find Ooredoo products and offers online and to facilitate a shopping experience from the safety of their homes. Secondly, the company focused on driving digital sales and launched a new website, where it promoted new SIM card sales online. The third element was digital care, through the upgrade of all self-care and digital channels, with new features on the mobile app facilitating payments and new purchases. The fourth element was new business and partnerships, through which Ooredoo Algeria is well-positioned to capture top line opportunities that are adjacent to the core telco proposition and add new revenue streams.

Simultaneously, the company continued to provide customers with innovative solutions and services, in a very competitive market. In 2020, Ooredoo Algeria launched a new digital offer portfolio, entitled 'Dima Ooredoo', which includes Anaflix and Anazik streaming services for movies and music, featuring Western, Eastern and Algerian content. This has reinforced Ooredoo Algeria's digital leadership and enabled it to better monetise content.

## Upgrading the Network

Another key initiative in 2020 was to give customers more flexibility under the new concept of 'Take control' by using the USSD code \*500# to activate or deactivate, renew and convert monthly plans. This new concept was also deployed for B2B customers through the new offer 'Elite', by providing them with the option to choose and change their packages each month through the USSD code 566. Additionally, through the new 'Data Share Pro' offer, enterprise customers can share a large volume of data (up to 1TB) from a Master SIM to several employee SIMs.

To sustain the increase in data usage, and offer customers the best user experience possible, Ooredoo Algeria continued its investment in network upgrades and modernisation throughout 2020. The company accelerated 4G LTE rollout to 209 sites nationwide and increased transmission capacity by 10% across 20 Wilayas.

Beyond the provision of connectivity services, mobile payment and online shopping remained one of the most important innovations for Algerian customers.

### **Response to COVID-19**

With regard to the company's response to the pandemic, the first priority was to ensure the health and safety of its employees. In March 2020, Ooredoo Algeria set up a teleworking procedure, allowing the majority of employees to work from home, with adequate technical support and assistance to make the switch to remote working as efficiently as possible.

Several measures were taken to minimise impact on customer experience, with the call centre and direct sales team providing continuity of service throughout the crisis period. Health and safety procedures were implemented for all staff operating from the office, in the shops or deployed in the field. Ooredoo's procurement team succeeded in supplying staff with adequate means of protection despite the scarcity of these resources in the market at the onset of the public health crisis.

Corporate Social Responsibility initiatives during 2020 were targeted at communities most impacted by the pandemic. Held in co-operation with Red Crescent, the company helped to distribute hygiene kits, disinfection products, and placed 'Keep your distance' stickers on shop floors and public areas. Additionally, 15 million dinars was donated to the Health Ministry to support quarantine of repatriated Algerians. Ooredoo Algeria also launched a health prevention campaign across TVC and digital channels, and promoted educational content and an e-learning platform.

### **Financially**

Ooredoo Algeria was negatively impacted by the pandemic, especially during the first half of the year. Customer base in Algeria decreased by 1% to 12.5 million in 2020 compared to 12.6 million in 2019. Business in Algeria was negatively impacted by the devaluation of the Algerian Dinar, a weak economic environment and intense price competition. Consequently, revenues decreased to KWD 190.0 million in 2020, compared to KWD 208.7 million in 2019. EBITDA was KWD 62.6 million in 2020, down from KWD 72.4 million in 2019. Algerian Dinar depreciated by 5% year on year. In terms of revenue market share, Ooredoo Algeria occupied second place in the country, with 33.38% revenue market share.

### **Future Outlook**

2020 accelerated Algeria's digital transformation. New behaviours like e-commerce, online learning and teleworking were quickly adopted by all Algerians, and 2021 will likely see a continuation of these trends. Digital services are expected to become an increasingly important source of revenue generation for the company; Ooredoo Algeria is well-placed to capture growth opportunities in the digital ecosystem and will continue to provide customers with innovative services and products, while focusing on data monetisation and sales digitalisation.



# Ooredoo Maldives

Maldives was forced to close its borders in early 2020 due to the pandemic health crisis, thus bringing its flourishing tourism industry to a standstill. With tourism and related industries contributing to 40%+ of GDP, the pandemic created an immediate crisis for industry workers and the thousands of families and small businesses that directly and indirectly rely on tourism for their livelihood.

Access to the internet became a lifeline for the community during the lockdown period, with families relying on it for essential shopping, virtual classes, working from home/remotely and keeping in touch with their loved ones. Ooredoo Maldives' biggest priority was to utilise its technologies, nationwide network and innovative services to help the nation transition to a digital life.

## **FREE GBs & Student Support**

The company provided free data for customers, including free GBs per day during lockdown for home broadband customers and free connectivity for those in quarantine, emergency workers, public health authorities, students, teachers, government employees and more. To further ease the financial difficulties faced by customers, Ooredoo Maldives provided payment plans according to customer capabilities to continue using its services and help them stay connected.

## **Enhance Digital Channels**

To cater to the growth in users across digital channels, and the spike in digital transactions, Ooredoo Maldives invested in scaling its digital infrastructure. The m-Faisaa mobile banking app was upgraded with further functionalities added, such as providing customers with the ability to add money via bank transfer and upgrade their wallet status. The company launched the 'Do it All from App' digital campaign to drive awareness about its features including recharge, bill payments, money transfer, shopping and 24/7 customer care via Live Chat on the Ooredoo App. Additionally, Ooredoo Maldives launched eSIMs through its digital channels, providing a 100% digital contactless journey for customers and catering to a growing market segment, with 28% of eSIM-capable devices in Maldives now using eSIM.

## **"Moolee"**

Ooredoo Maldives' e-commerce platform 'Moolee' provided small businesses with an instantly adoptable digital platform featuring a contactless experience to supply essentials such as water, food and safety items to customers during lockdown. Moolee hosted 45 active merchants selling over 2,000+ items to people

across Maldives throughout lockdown and the ongoing pandemic situation, and Ooredoo offered the platform free of charge to all merchants and provided free shipping on all orders.

Additional digital initiatives included the partnership with oDoc, Sri Lanka's leading telemedicine platform, which connects patients with doctors for online consultations which are universally accessible and affordable to all.

### **Huawei Collaboration**

For enterprise clients, the company collaborated with Huawei to launch Cloud services in the Maldives to provide an easy-to-use computing platform for businesses. The company also launched innovative solutions such as Facebook Flex, Digital Hospitality Suite, Ooredoo Meet and more, which addressed customers' immediate needs at the height of the pandemic and in the weeks and months thereafter.

Despite the adverse impact of the pandemic on business, Ooredoo Maldives continued its investment plans. The successful launch of Maldives Sri Lanka Submarine cable in 2020 permits additional strengthening of the telecommunications infrastructure of the Maldives, while supporting the implementation of innovative and evolving technologies. The company also rolled out Ooredoo 5G services, and expanded its SuperNet Broadband services to new areas, with fast speeds of up to 100Mbps.

### **Social Responsibility**

Ooredoo Maldives remained an active supporter of the community. In 2020, the company prioritised supporting the national pandemic response, including a donation of MVR 2.5 million towards medical equipment and Personal Protective Equipment to the Government of Maldives. With the aim of joining the countrywide efforts in restoring the tourism industry of the Maldives, Ooredoo launched the 'Visit Maldives Now' campaign to promote the country as a safe haven for visitors, targeting over 100 million customers across all of Ooredoo's global markets. Additionally, the company maintained customer engagement nationwide by organising virtual events such as the Eid Music Show and 'Atholhu Dhuvun' — a first of its kind virtual run in the Maldives that was joined by over 5,000 participants from all corners of the country, which showed hopefulness and togetherness of our communities.

### **Financially**

Ooredoo Maldives reported a 15% decrease in revenues to KWD 34.3 million in 2020, compared to KWD 40.2 million in 2019. EBITDA was KWD 17.0 million in 2020 compared to KWD 22.1 million in 2019. Ooredoo Maldives now serves a total of 349k customers.

The pandemic had a negative material impact on the company's financial position, and specifically, on roaming revenues and enterprise revenue, especially from the resort and guesthouse business sector. To mitigate the impact of the pandemic on the company's financial position, Ooredoo Maldives implemented effective cost controls and optimised operational expenditures and capex investments to maintain a good cashflow position. The company's digital offerings and increased digital penetration also helped to further optimise intermediate costs by eliminating recharge and collection commissions charged for non-digital transactions.

### **Awards**

The company received many awards in 2020 in recognition of its outstanding customer services, digital innovations and contribution to the sector. At the Asia Pacific Stevie Awards, Ooredoo Maldives won two gold Stevie awards for Innovation in Apps and Innovation in Customer Service and one Stevie silver award for Innovation in Technology Industries. At the Stevie International Business Awards 2020, Ooredoo Maldives won the Gold Stevie for Company of the Year (Telecommunications — Medium-size); the Silver Stevie for Most Innovative Company of the Year — Up to 2,500 Employees; and two Bronze Stevie for Mobile Site & App Award (Business) and Most Valuable Corporate Response.

Ooredoo Maldives MD & CEO Najib Khan won one of the 2020 Asia-Pacific Stevie Awards for Asia's Most Inspiring Executives; and Dhiyana Afeef, Senior Manager Customer Care, won the Bronze Stevie Award for Female Executive of the Year. Ooredoo Maldives was named the Best Investor Relations Company Maldives 2020 at The Global Banking and Finance Review Awards.

### **Future Outlook**

Ooredoo Maldives is excited for what is next in 2021; leading the 5G evolution in the Maldives and harnessing the power of machine learning and the Internet of Things to cater to the needs and wants of the country's people and businesses. The pandemic accelerated the digital transformation of the country and Ooredoo Maldives' business alike, and this trend is expected to continue into 2021.

# Ooredoo Palestine

During 2020, Ooredoo Palestine increased revenues and profit, and expanded its network coverage, while also supporting the communities in which it operates with targeted activities to alleviate the impact of the pandemic.

Ooredoo Palestine continued to enhance and expand its network during the year, to meet the increase in service demand and provide connectivity to more customers in remote geographical areas. The company expanded the 3G network services in the West Bank, enhancing the quality of service and customer experience. This resulted in an increase in both new customers and 3G data services revenue. Ooredoo Palestine gained market share in comparison to last year, due to its leadership in mobile data, promotions initiatives and successful retention plans, and is now the data leader player in the Palestine mobile market for 2020.

## **"Fawri Express"**

Ooredoo Palestine's digital transformation journey was accelerated by the pandemic, with upgrades and improvements carried out at all levels including digital sales and digital care, in addition to digitising and automating the internal processes to maintain expansion in the market position. One such example is the 'Fawri Express' app, a dedicated mobile application which the company developed in 2020 to optimise and simplify SIM activation and personalisation processes, to digitise top-up and bundle activations. Through the app, Ooredoo Palestine can monitor sales transactions in real time, which helps evaluate channel performance and sales quality.

## **Digital Transformation**

Internally, the company continued its digitalisation strategy, with one key highlight for the year being the automation of its purchasing cycle, with end-to-end solutions. Ooredoo Palestine also implemented new information security solutions (Privilege Access Management, Migration to Microsoft 365) to assure robust security management and minimise information security risks.

Ooredoo Palestine reinforced its brand presence across social and digital platforms, aiming to increase its digital presence and marketing effectiveness. In addition, a dedicated offering was launched through the 'My Account' application aiming to redirect customers toward digital channels. During the pandemic lockdown, the company heavily promoted the digital care centre to provide 24/7 support.

## Response to COVID-19

Ooredoo Palestine responded quickly and efficiently to the pandemic outbreak and lockdowns. Contingency plans covering all functions were fully activated to ensure business continuity. Significantly, 95% of the workforce worked from home during the lockdown, with some departments such as Customer Care operating fully from home. The company implemented strict protocols for employees whose work required their presence in offices or out in the field, in accordance with public health and safety standards, and social distancing regulations.

To ensure continuity in employee development programmes during the pandemic, the company provided employees with access to the LinkedIn Learning platform and continued its leadership development programme for select employees.

To support its customers during the pandemic, Ooredoo Palestine provided data bundles and free minutes, as well as extensions on payments for all government customers. To support the education system, Ooredoo Palestine introduced free E-learning services across the country and continued to sponsor Injaz Palestine, an annual event where students compete in the fields of innovation and entrepreneurship. The company and its employees also contributed to the governmental 'Waqfet Izz' fund to help ease the impact of COVID-19 on those most affected.

The Ministry of Communication and Information Technology announced the launch of the mobile number portability service at the end of September 2020, which enables customers to switch telecom provider while keeping the same phone number. This is a positive development for the company, with the potential to boost Ooredoo Palestine's market position and market share in the future.

## Financially

Ooredoo Palestine reported Customer base in Palestine stood at 1.3 million customers in 2020. Revenue increased by 3% to KWD 31.2 million in 2020, compared to KWD 30.2 million in 2019. EBITDA was strong, increasing 15% to KWD 10.5 million in 2020, compared to KWD 9.0 million in 2019, driven by operational efficiencies across the business.

## Future Outlook

Looking ahead to 2021, Ooredoo Palestine sees an opportunity to further increase its market position in the West Bank and Gaza Strip, capitalising on the high demand for telecoms services in the area and the launch of the mobile number portability by the regulator. Additionally, the focus remains on data monetisation, with new plans and bundles ready to launch according to customer trends.

NO  
NO

# Corporate Governance Report 2020

## **(Acknowledgement and Undertaking)**

### **The Accuracy & Soundness of The Financial Statements for 2020**

I, the Chairman together with the members of the Board of Directors of National Mobile Telecommunications Company "Ooredoo Kuwait" (NMTC), acknowledge and undertake the accuracy and soundness of the financial data provided to the external auditor. We also, assure that all the Financial Statements and Reports of the company have been prepared and presented in a fair and sound manner, in accordance with Accredited Accounting Standards applied in the State of Kuwait by the Capital Markets Authority (CMA) and that the same reflects the Financial Position of the company as of 31 December 2020 based on the information and reports provided by the Executive Management and auditors with diligence after applying best practices to verify the accuracy and soundness of the Financial Reports.



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## Rule 1:

### Construct a Balanced Board Composition

The Board of Directors forms of 7 members; elected through the secret voting by the General Assembly of the Shareholders, while the Chairman and the Vice Chairman are both elected by the Board Members following Article (183) - Companies Law and in accordance with article (16) of The Company Article of Association, amended on the 30<sup>th</sup> of December 2012, During the Annual General Assembly, which took place on March 14<sup>th</sup>, 2019 the members of the Board were re-elected. The current Board Members are:

Name	Title	Role	Educational Background	Election/ Appointment date	Resignation Date
Saud bin Nasser Al Thani	Chairman of the Board	Non-Executive	Bachelor Degree, Business Management	March 14, 2019	October 27, 2020
Abdullah Ahmed Al-Zaman	Vice Chairman	Non-Executive	Master Degree, Business Management and Financial Sciences	March 14, 2019	-
Fahad Othman Al-Saeed	Member of the Board	Independent	Master Degree, Military Sciences	March 14, 2019	October 27, 2020
Yousef Mohammad Al-Sumait	Member of the Board	Independent	Master Degree, Geography	March 14, 2019	-
Bader Nasser Al-Humaidi	Member of the Board	Independent	Bachelor Degree, Aviation Sciences Diploma, Business Management	March 14, 2019	October 27, 2020
Fatima Sultan Al-Kawari	Member of the Board	Non-Executive	Master Degree, Business Management	March 14, 2019	October 27, 2020
Falih bin Ali Al Thani	Member of the Board	Non-Executive	Bachelor Degree, Business Management	March 14, 2019	October 27, 2020
Fatena Abdel Al Ahmad	Board Secretary	-	PhD, Law	March 14, 2019	-

On October 27th 2020, some of the board members (companies' representatives) resigned and presented official correspondences to change their board representatives. Two elected members resigned and the substitute members have been called. The board conducted a meeting afterwards; where the Chairman, Vice Chairman were elected and committees were formed. Below is the new Board of Directors:

Name	Title	Role	Educational Background	Election/ Appointment date
Mohammed bin Abdullah Al Thani	Chairman of the Board	Non-Executive	Master Degree, Finance and Accounting	October 27, 2020
Abdullah Ahmed Al-Zaman	Vice Chairman	Non-Executive	Master Degree, Business Management and Financial Sciences	March 14, 2019
Dr. Hamad Yahia Al-Nuaimi	Member of the Board	Non-Executive	PhD, Marketing and Development	October 27, 2020
Youssef Mohammad Al-Sumait	Member of the Board	Independent	Master Degree, Geography	March 14, 2019
Dr. Yousuf Mubrak Al-Sellili	Member of the Board	Executive	PhD, Law	October 27, 2020
Mohammed Sabri Al-Zaidan	Member of the Board	Non-Executive	Master Degree, Business Management	October 27, 2020
Nael Abdulla Al-Awadi	Member of the Board	Non-Executive	Bachelor Degree, Business Management	October 27, 2020
Fatena Abdel Al Ahmad	Board Secretary	-	PhD, Law	October 27, 2020

The company is following the separation of duties' principle and implementing well-respected governance rules to assure that the CEO executes his role impeccably while maintaining the generic role of the Chairman of the Board. Sh. Mohammed bin Abdullah Al Thani is the Chairman of the Board of directors and the CEO Abdulaziz Yaqoub Al-Babtain.

## Board of Directors' meetings conducted during 2020:

Board Member Name	Meeting (224) Feb 7, 2020	Meeting (225) March 14, 2020	Meeting (226) May 2, 2020	Meeting (227) July 27, 2020	Meeting (228) October 27, 2020	Meeting (229) November 3, 2020	Total Meetings
Saud bin Nasser Al Thani (Chairman)	✓	✓	✓	✓	✓		5
Mohammed bin Abdullah Al Thani (Chairman)						✓	1
Abdullah Ahmed Al-Zaman (Vice Chairman)	✓	✓	✓	✓	✓		5
Fahad Othman Al-Saeed	✓	✓	✓	✓	✓		5
Dr. Hamad Yahia Al-Nuaimi						✓	1
Youssef Mohammad Al-Sumait	✓	✓	✓	✓	✓	✓	6
Bader Naser Al-Humaidi	✓	✓	✓	✓	✓		5
Fatima Sultan Al-Kuwari		✓	✓	✓	✓		4
Faleh bin Ali Al Thani	✓	✓	✓	✓	✓		5
Mohammed Sabri Al-Zaidan						✓	1
Dr. Yousuf Mubrak Al-Sellili						✓	1
Nael Abdulla Al-Awadi						✓	1

## The Secretariat:

The Secretariat is responsible of scheduling meetings from the beginning of the year. Also, the secretariat is in charge of: preparing meetings' agenda in coordination with the executive management then securing chairman's approval, responsible for sending out invitations, meetings' agendas and related documents beforehand; collecting members' requirements and inquiries in this regard, recording minutes of meetings and sending them to all members for review and approval, acquires both Chairman and the Board members' signatures on the minutes then finally saving the original meetings records' and archiving them digitally.

## Rule 2:

### Proper Definition of Roles and Responsibilities

Board of Directors undertakes the mission of supervising and strategic directing of the company through reviewing and implementing various policies, directly or through the Board committees. This has been achieved with the aim of ensuring compliance with particular criteria to avoid possible risks to the company. The Board of Directors is fully empowered and entirely authorized to manage Ooredoo while constantly working to achieve the primary goal of preserving shareholders' rights and ultimately achieving the company's other objectives.

The Board overtakes orchestrating all the necessary rules to achieve the goals of the governance system: enhancing transparency and fair treatment, improving control and audit procedures, reducing cases of conflict of interest, and promoting professional behavior as well as other rules that contribute to the progress of the company and the accomplishment of its goals.

The Board of Directors held (6) meetings during the fiscal year of 2020; most of which were attended by all Board members.

During the year, the Board discussed operational developments and approved the company's interim financial reporting. It also amended the transparency and disclosure policy, recommended the appointment of an auditor, approved the business plan and financing, and approved many contracts related to network development.

## The Requirements to Establish Independent Committees by the Board:

- The Board of Directors' Committees:

The Board of Directors follows three committees which functions to establish the best foundation for a better effective decision-making process. These core committees are the Executive Committee, Audit and Risk Management Committee and the Remuneration and Nominations Committee.

Each Board committee holds a written charter approved by the Board of Directors, which clarifies its responsibilities, duties and validity. It was taken into consideration, that each charter, should follow the obligations mentioned in the Corporate Governance Manual and the Company's Law of Establishment and the Commercial Companies Law.

## **A- The Executive Committee:**

The Executive Committee was formed in April 2007. It undertakes all operational decisions which fall within its jurisdiction. The committee issues recommendations to the Board of Directors those related to operational and strategic matters which may surpass its authorities. It also monitors the executive management's implementation of both the company's strategy and the investment plans.

The committee held four meetings in 2020, in which it researched and approved several projects and operational contracts; most importantly network development contracts, outsourcing customer care, endorsing the distribution of shareholders' annual dividends and recommending approval on the company's and the group business plans.

### **• Committee Members:**

1. Sh. Saud bin Nasser Al Thani (President)
2. Mr. Bader Naser Al-Humaidi (Member)
3. Mrs. Fatima Sultan Al-Kuwari (Member)
4. Sh. Faleh bin Ali Al Thani (Member)

### **• New Committee Members:**

1. Sh. Mohammed bin Abdullah Al Thani (President)
2. Dr. Hamad Yahia Al-Nuaimi (Member)
3. Mr. Mohammed Sabri Al-Zaidan (Member)

## **B- Audit and Risk Management Committee:**

The Audit and Risk Management Committee was formed in April 2007. It reviews external and internal audits and reports on matters related to auditing and risk management. The committee oversees the performance of the Internal Audit Department and assists the Board in carrying out recommendations on financial policies and the appointment of controllers.

The committee held four meetings in 2020, where the reports of the internal and risk auditing departments were reviewed. The committee recommended an independent and impartial appointment of a financial controller putting into consideration the internal procedures and policies. This is followed by the endorsement of the financial controller's reports in order to present them to the Board of Directors, in addition to the recommendation of amending the disclosure and transparency policy.

### **• Committee Members:**

1. Mr. Abdullah Ahmed Al-Zaman (President)
2. Mr. Fahad Othman Al-Saeed (Member)
3. Mr. Youssef Mohammad Al-Sumait (Member)

### **• New Committee Members:**

1. Mr. Abdullah Ahmed Al-Zaman (President)
2. Mr. Youssef Mohammad Al-Sumait (Member)
3. Mr. Mohammed Sabri Al-Zaidan (Member)

## **C- Remuneration and Nominations Committee:**

The Remuneration and Nominations Committee was formed in September 2014. The committee is concerned with identifying and evaluating the performance of the executive management and setting the policies of the company's workforce. It also assists the Board in the responsibility of nominating and appointing members of the executive management and the Board of directors and calculating their bonus.

The committee held four meetings in 2020, during which the management performance indicators were determined, employees' annual bonus was endorsed and the approval on both the company's key performance indicators and the board's annual bonus have been granted.

- **Members of the committee:**

1. Sh. Saud bin Nasser Al Thani (President)
2. Mr. Fahad Othman Al-Saeed (Member)
3. Mrs. Fatima Sultan Al-Kuwari (Member)

- **New committee members:**

1. Sh. Mohammed bin Abdullah Al Thani (President)
2. Dr. Yousuf Mubrak Al-Sellili (Member)
3. Mr. Youssef Mohammad Al-Sumait (Member)

The Secretariat of the Committees sends invitations, agendas and meeting documents sufficiently before they are held, and meets the requirements of the members and their inquiries in this regard. Coordination is also made with the CEO to ensure that the Management provides the required information to the members of the committees, and reviews the suitability of the timing of the arrival of documents supporting the management's proposals, and to ensure the flow of information to the board of directors accordingly.

### **Rule 3:**

## **The Recruitment of Highly Qualified Candidates for Members of the Board of Directors and the Executive Management**

- **The application of the formation's requirements of the Nomination and Remuneration Committee**

The Nomination and Remuneration Committee consists of three members, one of whom is an independent member (Mr. Youssef Mohammad Al-Sumait) and the Chairman who is a non-executive member (Sheikh Mohammed bin Abdullah Al Thani). The committee periodically arranges, reviews and develops the remuneration policy and assesses its effectiveness in accomplishing its goals. The committee also works to facilitate the role of the Board of Directors and provides support by recommending the remuneration of members of the Board and the executive management.

- **Report the rewards granted to members of the Board of Directors and the Executive Management**

The remuneration of the members of the Board of Directors and the Executive Management shall be based on the policy approved by the Board of Directors. The Nominations and Remunerations Committee determines the rewards and is approved by the Board. The committee prepares an annual report to present it to The Annual General Assembly of the company's shareholders, which includes all the rewards and bonuses obtained by the executive management and members of the Board, whether fixed or variable.

### **Rule 4:**

## **Safeguard the Integrity of Financial Reporting**

Written pledges are presented by both the Board of Directors and the Executive Management to indicate the integrity of the prepared financial reports.

The Internal Audit Department monitors the performance of the executive management, reviews interim financial reports and provides advisory services to the executive management to ensure that it carries out its responsibilities in accordance with the applied standards, under the supervision of the Audit and Risk Management Committee, and to ensure transparency and credibility. The management investigates any violations committed by any of the management members in accordance to the related policy. The results of these investigations are then submitted to the executive management to take the necessary measures. The employees of the Audit Department are fully independent and have a respectable expertise to qualify them to perform the role assigned to them.



In the event of a conflict between the recommendations of the Audit Committee and the decisions of the Board of Directors, a statement is contained within, detailing and clarifying the recommendations and the reason or reasons behind the decision of the Board of Directors not to abide by them.

- **The application of the requirements of forming the Audit and Risk Management Committee**

The Audit and Risk Management Committee consists of three members, one of whom is an independent member (Mr. Youssef Mohammad Al-Sumait) and the committee president, who is the Vice Chairman of the Board (Mr. Abdullah Ahmed Al-Zaman) who holds a master's degree in Business Administration and Financial Sciences. The committee is responsible for ensuring the integrity and reliability of financial reports as well as the adequacy and effectiveness of the Internal audit systems, overseeing the internal audit department and reviewing risk management policies and strategies. The committee also works to assist the Board of directors in identifying and assessing the acceptable level of risks, and providing support through the recommendation on the organizational structure of risk management.

- **Ensuring the independence and impartiality of the external auditor**

The Audit and Risk Management Committee makes a recommendation to appoint the external auditor, and the Board's role is to adopt this recommendation and submit it to the General Assembly for approval. The company is keen not to assign any additional work to the auditor to avoid any conflict of interest that may affect its impartiality.

The external auditor has been invited regularly to attend all Audit and Risk Management Committee's meetings and has been invited to attend the meetings of the Board of Directors that discuss the interim financial statements. The external auditor is notified of the date of the general assembly to attend and read its annual report.

## **Rule 5:**

### **The implementation of Risk Management and Internal Audit Systems:**

#### **Risk Management:**

The risk management works to implement the risk strategy and policy and prepare periodic reports on the nature of the risks to which the company is exposed and submit it to the Audit and Risk Management Committee for approval, in preparation for presentation to the Board of Directors. The risk management employees have the independence and expertise to qualify them to play the role assigned to them.

- **The internal audit and control systems**

The company adopts effective systems for internal control and control to control the integrity of financial data and to measure, follow-up and limit the risks that the company may face, in implementation of the risk policy that the Board of Directors is keen to update and develop to keep up with the regulatory requirements, and the risk management manager and employees enjoy complete independence through their functional dependence of the Audit and Management Committee Risks, and the company annually appoints an independent audit office to monitor and evaluate internal control systems and report to the Capital Markets Authority in accordance with the relevant regulations and rules.

- **The application of the requirements of forming an independent department/office/unit for internal auditing**

The internal audit department of the company consists of a sector head and employees who enjoy a great amount of knowledge and experience in that field, as well as full functional independence through their direct subordination to the Audit and Risk Management Committee, which helps them carry out their tasks away from any administrative influences or pressures.

## **Rule 6:**

### **Promote Code of Conduct and Ethical Standards**

#### **Professional behavior and moral values:**

The employees of the company shall abide by the code of professional conduct that defines the standards and determinants of behavior and values adopted by the administration in the exercise of administrative and operational tasks, which ensures that the company achieves its goals in an ethical and professional framework consistent with the work environment in the State of Kuwait and reflects the culture of society.

#### **• A summary of the policies and mechanisms for reducing conflict of interest cases**

The Board of Directors seeks to consolidate a culture of professional behavior and enhance investor confidence in the company's integrity and financial integrity, by adhering to the principles of governance, and setting a policy of conflict of interests. The Board also adopted a policy of Stakeholders and the related parties' policy, which all aim to prevent all forms of conflict of interest.

## **Rule 7:**

### **Ensure Timely and High-Quality Disclosure and Transparency**

The company adheres to all the disclosure requirements and issues all financial reports, audit reports and other information in an accurate and transparent manner, including financial statements and private disclosures. The company's management confirms that all data provided in this regard is accurate, correct and not misleading. Also, all the annual financial reports of the company are in conformity with the international standards for financial reports and their requirements, and the Investor Affairs Regulatory Unit is committed to its role in organizing the disclosure procedures and following up the disclosures of members of the Board of Directors, and preparing a record of these disclosures.

#### **• The application of the requirements of the Board of Directors and the Executive Management's disclosures record**

The administration is obligated to prepare a record of disclosures for each of the members of the board of directors and members of the executive management in order to ensure that all their disclosures are accurate and clear in line with the applicable disclosure rules.

#### **• The implementation of the requirements for forming the Investor Affairs Unit**

The Investors Affairs Unit was established to ensure communication and transparency with shareholders and respond to their complaints in accordance with approved policies and procedures. The unit is also handled by specialists in the field of investor relations who are familiar with the applicable laws and regulations.

#### **• The development of IT infrastructure, and rely heavily on it for disclosures**

The company has created a dedicated section on the company's corporate governance website. It displays all the disclosures, and the Investors Affairs Regulatory Unit creates a record of the disclosures made throughout the year.

## **Rule 8:**

### **Respecting shareholders' rights**

#### **• Implement the requirements of defining and protecting the general rights of shareholders**

The management aims to protect the rights of shareholders and implement the rules of governance to ensure that the goals of shareholders are consistent with the goals of the company. All shareholders are given the chance to vote for their board of directors' representatives, and they are also allowed to view the board of directors' and the executive management's performance to assess the performance level. The shareholders received the annual profits according to the announced schedule.

#### **• Create a special register for shareholders, to be kept with the Clearing Company**

The company maintains a register of shareholders, and has assigned the Clearing Company for safekeeping this register. Shareholders can view this register and obtain all relevant information. The company also maintains open and transparent communication channels with shareholders, and publishes information regularly through its website and through various media channels.

- **Encouraging shareholders to participate and vote in the General Assembly Meetings**

The company is keen on giving all shareholders all the information and reports required to inform them of the company's updates. The management prepares and publishes the meeting agenda in accordance with the law in order to allow the shareholders to view it, participate in voting and take the appropriate decision. The Chairman and members of the board are always keen to attend the Assembly Meeting to respond to shareholders' questions and pay attention to their comments. The voting process is carried out in a transparent and fair manner, ensuring that all shareholders participate actively in the voting process, and the objections of the members are recorded in the minutes of the Assembly Meeting.

## **Rule 9:**

### **Recognize the Roles of Stakeholders**

- **Methods and policies that ensure protection and recognition of the rights of the Stakeholders**

The company recognizes the rights of Stakeholders and seeks to monitor and protect these rights. The company's policies ensure maintaining good relations with all Stakeholders and guaranteeing their treatment in accordance with the applicable rules and provisions. At the beginning 2020, the Board of Directors endorsed the stakeholders' policy, which ensures the maximum protection of their rights in a transparent and accurate manner.

- **How to encourage Stakeholders to track the company's activities**

The management publishes the company's activities and its latest updates on its official website. It implements a disclosure policy that guarantees transparency, speed and accuracy in disseminating the essential information that is of interest to all stakeholders.

## **Rule 10:**

### **Improve and Enhance Performance**

- **Training courses for Board members and executive management**

The Board of Directors is keen on enhancing and improving its performance and developing its leadership skills, and encouraging members of the Board of Directors to develop and upgrade their information about corporate governance. Members of the Board of Directors have obtained a workshop to enhance their knowledge of governance requirements and new accounting standards and its impact on the company.

- **Ways to evaluate the performance of the board of directors as a whole, and the performance of each Board member and members of the executive management**

The Board of Directors conducts an annual self-assessment of its performance, the performance of its committees, and its members, and it also evaluates the performance of the executive management in accordance with the established standards and principles.

- **The efforts of the Board of Directors on (Value Creation) for the employees of the company through achieving strategic goals and improving performance rates.**

The Board of Directors adopted the Charter of Professional Conduct and Ethics that emphasizes the principles and values adopted by the company. The Board is keen to urge senior management to continuously communicate with employees of the company using social media channels to link employee performance to the company's goals and principles.

## **Rule 11:**

### **The Importance of Corporate Social Responsibility**

- **Social responsibility policy**

The Board of Directors has established a policy to ensure a balance between the company's and society's goals. The company is committed to aligning its values and its business strategy with social and economic needs, while responsible and ethical businesses become the core of the implementation of every activity the company organizes. The company exercises a great deal of transparency when setting the annual plan of its social responsibility activities.

### • Programs and mechanisms used to highlight the company's efforts in the field of social work

Ooredoo Kuwait continued to support the community, with a strong belief in its social responsibility and commitment to the brand values; the most important of which are "Care" and "Connect".

2020 was an exceptional year where Ooredoo Kuwait community efforts were focused on supporting the frontliners heroes:

- We have continued with "سيف مجرب" campaign which was a dedication to all frontliners encouraging them and highlighting the fact that they are the real soldiers who will protect us and help us get through the crisis.
- Moreover, the "Free minutes and internet, on us" was activated as part of our efforts to support our customers while the country is going through COVID-19 circumstances. Ooredoo Kuwait offered special free offers to help all customers stay connected at all times with the tagline "Stay safe! Stay home! Stay online!"
- Ooredoo Kuwait offered free 5GB internet per day for all customers
- From another side, we offered our customers exceptional packages at exclusive prices to encourage them to stay at home safely, last but not least, our employees were working safely from their homes, and government officials were given all the support from our side through offering them free SIM cards, internet, and calls to stay connected with their families and friends.
- Proactive, data-driven crisis response has been shaped. We have identified and acknowledged the crisis and delineated COVID-19 response plan from normal business activities.
- Formed a committee to coordinate responses to all stakeholders on a daily basis.
- Took steps to provide continued delivery of critical national infrastructure and fulfill customer priorities around maintenance and confidence. Data usage scored up to %93 nationwide during full lockdown in May 2020
- Telecommunications is a people-intensive industry, with a seasoned workforce that includes teams in offices, on trucks and in retail storefronts. During COVID-19, work-from-home strategy was applied
- The PPE handbook was circulated amongst all employees at Ooredoo Kuwait and all premises were disinfected when working in the office resumed. All offices were labeled with social distancing and health and safety tips signs and stickers.
- Determined which employees can work remotely without compromising productivity.
- Prioritized cyber safe remote technology capabilities to transition workers to remote work while maintaining productivity.
- Assure the safety of employees who need to continue working on-site by continually updating and communicating risk-mitigation guidelines.
- Drafted and updated HR policies to ensure they are appropriate in the current environment.
- Free SIMS distribution and gifts to Quarantine centers in Kuwait. Ooredoo Kuwait gifted all COVID-19 patients under quarantine and the staff treating them at Aqua Marine Resort, Sea Shell Resort, and Khalifa Resort.

### • Community Awards won in 2020:

Ooredoo Kuwait in 2020 was awarded Most Valuable Corporate Responsive Award 2020 & CSR of the year 2020 – COVID-19 from the Stevie International Business Awards.

NO  
NO

# **Consolidated Financial Statements & Independent Auditors Report**



**NATIONAL MOBILE TELECOMMUNICATIONS  
COMPANY K.S.C.P. AND SUBSIDIARIES**



**Consolidated Financial Statements and Independent Auditor's Report  
for the year ended 31 December 2020**

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## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF NATIONAL MOBILE TELECOMMUNICATIONS COMPANY K.S.C.P.**

### **Report on the Audit of Consolidated Financial Statements**

#### **Opinion**

We have audited the accompanying consolidated financial statements of National Mobile Telecommunications Company K.S.C.P. ("the Company") and its subsidiaries (together "the Group"), which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

#### **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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("the IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Key Audit Matters**

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

##### **a) Revenue**

There is an inherent risk around the accuracy of revenue recorded due to the complexity of Information Technology ("IT") environment in which large volumes of data are rated, billed and dynamic tariff plans and multiple element contracts with customers, which impact timing and recognition of revenue. Furthermore, the recognition of revenue under IFRS 15: Revenue from Contracts with Customers, is complex and requires elements of judgements and estimates. The standard requires decisions to be made on whether the service is performed point in time or point over time, whether the relationship with counterparties are in the nature of principal or agent etc. Due to these complexities, we have identified the revenue recognition as a key audit matter.

The accounting policies for revenue recognition for the different revenue streams are set out in note 2(p) to the consolidated financial statements. The total revenue disaggregated by major service lines is disclosed in note 16 to the consolidated financial statements.

Our audit procedures included assessment of the design and operating effectiveness of internal controls over the IT environment in which rating, billing and other relevant support systems reside, and change control procedures in place around those systems that bill and record material revenue streams. We also performed substantive audit procedures on significant revenue streams including analytical procedures; reconciliation between revenue recorded in the general ledger and the IT systems for key revenue streams; and tests on the accuracy of revenue recognized in accordance with IFRS 15 on a sample basis.

## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF NATIONAL MOBILE TELECOMMUNICATIONS COMPANY K.S.C.P. (CONTINUED)**

### **Report on the Audit of Consolidated Financial Statements (Continued)**

#### **b) Impairment of goodwill**

As at 31 December 2020, the goodwill is carried at KD 170,382 thousand. The impairment test of goodwill performed by the management is significant to our audit as the assessment of the recoverable amount of goodwill under the value-in-use basis is complex and requires considerable judgment on the part of management, especially due to the ongoing COVID19- pandemic. Estimates of future cash flows are based on management's views of variables and assumptions such as the growth in the telecom sector, economic conditions such as the economic growth and expected inflation rates and yield. Therefore, we identified the impairment testing of goodwill as a key audit matter.

We tested the key assumptions forming the Group's value-in-use calculation including the cash flow projections and discount rate, with particular reference to the impact of Covid 19 pandemic on markets and businesses. We have also involved our valuation specialists in these audit procedures. We have assessed the historical accuracy of management's estimates, evaluation and testing the assumptions, methodologies, the discount rate and data used by the Group, for example, by comparing them to external data. We assessed the discount rate, terminal growth rate and the appropriateness of the valuation model used. Additionally, we have analysed the sensitivities such as the impact on the headroom if the growth rate would be decreased or the discount rate would be increased. We also assessed the adequacy of the Group's disclosures included in note 6 of the consolidated financial statements about those assumptions to which the outcome of the impairment test is more sensitive, against the requirements of IFRSs. The Group's policy on assessing impairment of these items is disclosed in note 2(m) of the consolidated financial statements.

#### **Other information included in the Group's 2020 Annual Report**

Management is responsible for the other information. Other information comprises the information included in the Group's 2020 Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Prior to the date of this auditor's report, we obtained the Board of Directors' report which forms part of the annual report and the remaining sections of the annual report are expected to be made available to us after that date.

In connection with our audit of the consolidated 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 consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on other information that we have obtained prior to the date of this auditor's report, 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.

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

#### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF  
NATIONAL MOBILE TELECOMMUNICATIONS COMPANY K.S.C.P. (Continued)**

**Report on the Audit of Consolidated Financial Statements (Continued)**

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

Those Charged with Governance are responsible for overseeing the Group's financial reporting process.

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF  
NATIONAL MOBILE TELECOMMUNICATIONS COMPANY K.S.C.P. (Continued)**

**Report on the Audit of Consolidated Financial Statements (Continued)**

We communicate to 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 to Those Charged with Governance, we determine those matters that were of most significance in the audit of the consolidated 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.

**Report on Other Legal and Regulatory Requirements**

Furthermore, in our opinion, proper books of accounts have been kept by the Company and the consolidated financial statements, together with the contents of the report of the Company's Board of Directors relating to these consolidated financial statements, are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit; and that the consolidated financial statements incorporate all the information that is required by the Companies Law No. 1 of 2016, and its executive regulations, as amended; and by the Company's Memorandum of Incorporation and Articles of Association, as amended; that an inventory was duly carried out; and that, to the best of our knowledge and belief, no violations of the Companies Law No. 1 of 2016, and its executive regulations, as amended; or of the Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the year ended 31 December 2020 that might have had a material effect on the business of the Company or on its consolidated financial position.

We further report that, during the course of our audit, to the best of our knowledge and belief, we have not become aware of any violations of the provisions of Law No 7 of 2010, as amended, concerning the Capital Markets Authority and its related regulations during the year ended 31 December 2020 that might have had a material effect on the business of the Company or on its financial position.

A handwritten signature in black ink, appearing to read "Talal Y. Al-Muzaini", written over a horizontal line.

**Talal Y. Al-Muzaini**

Licence No. 209A

Deloitte & Touche

Al Wazzan & Co.

Kuwait

10 February 2021



**NATIONAL MOBILE TELECOMMUNICATIONS COMPANY K.S.C.P.  
AND SUBSIDIARIES**



*Consolidated statement of financial position  
as at 31 December 2020*

	Note	2020 KD 000's	2019 KD 000's
<b>Assets</b>			
<b>Non-current assets</b>			
Right-of-use assets	4	121,109	124,307
Property and equipment	5	481,044	502,329
Intangible assets and goodwill	6	313,435	315,708
Investment securities	7	1,920	2,088
Deferred tax asset	8	23,839	27,035
Deferred contract cost and contract assets	10	6,292	7,517
Other non-current assets		2,166	2,208
		<u>949,805</u>	<u>981,192</u>
<b>Current assets</b>			
Inventories		13,007	27,383
Deferred contract cost and contract assets	10	7,883	7,210
Trade and other receivables	9	146,817	163,834
Bank balances and cash	11	104,303	90,459
		<u>272,010</u>	<u>288,886</u>
<b>Total assets</b>		<u><b>1,221,815</b></u>	<u><b>1,270,078</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	12	50,403	50,403
Treasury shares	12	(3,598)	(3,598)
Foreign currency translation reserve		(291,733)	(293,437)
Other reserves	12	242,941	242,669
Retained earnings		553,691	575,921
<b>Equity attributable to shareholders of the Company</b>		<u>551,704</u>	<u>571,958</u>
Non-controlling interests		100,068	104,792
<b>Total equity</b>		<u><b>651,772</b></u>	<u><b>676,750</b></u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long term debts	14	33,488	28,112
Provision for staff indemnity		12,984	11,916
Lease Liabilities	13	107,846	110,708
Contract liabilities		689	955
Other non-current liabilities		15,644	15,491
		<u>170,651</u>	<u>167,182</u>
<b>Current liabilities</b>			
Lease Liabilities	13	17,997	15,463
Trade and other payables	15	303,571	273,440
Deferred income		39,473	42,857
Income tax payable	8	7,944	12,412
Contract liabilities		1,871	3,618
Long term debts – current	14	28,536	78,356
		<u>399,392</u>	<u>426,146</u>
<b>Total liabilities</b>		<u><b>570,043</b></u>	<u><b>593,328</b></u>
<b>Total equity and liabilities</b>		<u><b>1,221,815</b></u>	<u><b>1,270,078</b></u>

**Mohammed bin Abdullah Al Thani**  
Chairman

**NATIONAL MOBILE TELECOMMUNICATIONS COMPANY K.S.C.P.  
AND SUBSIDIARIES**



*Consolidated statement of profit or loss  
for the year ended 31 December 2020*

		2020	2019
	Note	KD 000's	KD 000's
Revenue	16	592,836	633,493
Operating expenses		(254,996)	(261,050)
Selling, general and administrative expenses	17	(156,758)	(156,926)
Finance costs – net	18	(8,586)	(11,851)
Depreciation and amortisation	4,5 & 6	(146,281)	(147,859)
Other expenses – net		(2,783)	(2,591)
<b>Profit before provision for Directors' remuneration, contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS"), National Labour Support Tax ("NLST"), Zakat and Taxation related to subsidiaries</b>		<b>23,432</b>	<b>53,216</b>
Provision for Directors' remuneration		(637)	(634)
Provision for contribution to KFAS, NLST and Zakat	20	(378)	(1,388)
<b>Profit before taxation</b>		<b>22,417</b>	<b>51,194</b>
Taxation related to subsidiaries	8	(15,489)	(16,445)
<b>Profit for the year</b>		<b>6,928</b>	<b>34,749</b>
Attributable to:			
Shareholders of the Company		3,390	30,127
Non-controlling interests		3,538	4,622
		<b>6,928</b>	<b>34,749</b>
<b>Basic and diluted earnings per share (fils)</b>	21	<b>7</b>	<b>60</b>

	2020	2019
	KD 000's	KD 000's
<b>Profit for the year</b>	<b>6,928</b>	34,749
<b>Other comprehensive income</b>		
Items that will not be reclassified subsequently to consolidated statement of profit or loss		
Effect of net changes in fair value of equity instruments which are carried at fair value through other comprehensive income (note 7)	(168)	(565)
Items that are or may be reclassified subsequently to the consolidated statement of profit or loss		
Exchange differences arising on translation of foreign operations	(1,629)	17,278
Total items that are or may be reclassified subsequently to the consolidated statement of profit or loss and items that will not be reclassified subsequently to consolidated statement of profit or loss	(1,797)	16,713
<b>Other comprehensive (loss) / income for the year</b>	<b>(1,797)</b>	16,713
<b>Total comprehensive income for the year</b>	<b>5,131</b>	51,462
Attributable to:		
Shareholders of the Company	4,926	45,317
Non-controlling interests	205	6,145
	<b>5,131</b>	51,462

**NATIONAL MOBILE TELECOMMUNICATIONS COMPANY K.S.C.P.  
AND SUBSIDIARIES**



**Consolidated statement of changes in equity**  
for the year ended 31 December 2020

	Share capital	Treasury shares	Foreign currency translation reserve	Other reserves	Retained earnings (*)	Equity attributable to shareholders of the Company	Non-controlling interests	Total equity
	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's
<b>Balance at 1<sup>st</sup> January 2019</b>	50,403	(3,598)	(309,192)	240,019	577,655	555,287	107,219	662,506
Impact on adoption of IFRS 16	-	-	-	-	(3,475)	(3,475)	(1,287)	(4,762)
<b>Restated balance at 1<sup>st</sup> January 2019</b>	50,403	(3,598)	(309,192)	240,019	574,180	551,812	105,932	657,744
<b>Comprehensive income</b>								
Profit for the year	-	-	-	-	30,127	30,127	4,622	34,749
Other comprehensive income/ (loss) for the year	-	-	15,755	(565)	-	15,190	1,523	16,713
<b>Total comprehensive income/ (loss) for the year</b>	-	-	15,755	(565)	30,127	45,317	6,145	51,462
Transfer to employee association fund	-	-	-	-	(113)	(113)	(37)	(150)
(Dividends (note 12	-	-	-	-	(25,058)	(25,058)	(7,248)	(32,306)
Transfer to voluntary reserve (note 12	-	-	-	3,215	(3,215)	-	-	-
<b>Balance at 31 December 2019</b>	<b>50,403</b>	<b>(3,598)</b>	<b>(293,437)</b>	<b>242,669</b>	<b>575,921</b>	<b>571,958</b>	<b>104,792</b>	<b>676,750</b>
<b>Balance at 1<sup>st</sup> January 2020</b>	<b>50,403</b>	<b>(3,598)</b>	<b>(293,437)</b>	<b>242,669</b>	<b>575,921</b>	<b>571,958</b>	<b>104,792</b>	<b>676,750</b>
<b>Comprehensive income</b>								
Profit for the year	-	-	-	-	3,390	3,390	3,538	6,928
Other comprehensive income / (loss) for the year	-	-	1,704	(168)	-	1,536	(3,333)	(1,797)
<b>Total comprehensive income / (loss) for the year</b>	-	-	1,704	(168)	3,390	4,926	205	5,131
Transfer to employee association fund	-	-	-	-	(122)	(122)	(40)	(162)
Dividends (note 12)	-	-	-	-	(25,058)	(25,058)	(4,889)	(29,947)
Transfer to voluntary reserve (note 12)	-	-	-	440	(440)	-	-	-
<b>Balance at 31 December 2020</b>	<b>50,403</b>	<b>(3,598)</b>	<b>(291,733)</b>	<b>242,941</b>	<b>553,691</b>	<b>551,704</b>	<b>100,068</b>	<b>651,772</b>

\* Includes an amount of KD 29,442 thousand related to statutory reserve for two of the subsidiaries, not available for distribution (31 December 2019 : KD 8,409 thousand for one of the subsidiaries).

**NATIONAL MOBILE TELECOMMUNICATIONS COMPANY K.S.C.P.  
AND SUBSIDIARIES**



**Consolidated statement of cash flows**  
for the year ended 31 December 2020

		2020	2019
	Note	KD 000's	KD 000's
<b>Cash flows from operating activities:</b>			
Profit before taxation		22,417	51,194
Adjustments for:			
Depreciation and amortisation	4 & 5 & 6	146,281	147,859
Interest income	18	(2,833)	(2,085)
Dividend income		-	(15)
Expected credit loss on financial assets	17	12,365	8,359
(Gain) / loss on disposal and write off of property and equipment		(460)	20
Finance costs	18	11,419	13,936
Provision for KFAS, NLST and Zakat	20	378	1,388
Provision for slow moving inventory		1,956	829
Provision for staff indemnity		1,842	2,152
Operating profit before changes in working capital		193,365	223,637
Changes in:			
Trade and other receivables		4,922	(223)
Contract costs and contract assets		307	(1,113)
Other non-current assets		42	181
Inventories		12,634	(1,361)
Trade and other payables		29,233	(2,993)
Deferred Income		(3,384)	(5,303)
Contract liabilities		(2,013)	(89)
Other non-current liabilities		153	(708)
<b>Cash generated from operating activities</b>		235,259	212,028
Payment for staff indemnity		(779)	(974)
Taxation paid	8	(18,801)	(22,979)
<b>Net cash generated from operating activities</b>		215,679	188,075
<b>Cash flows from investing activities:</b>			
Decrease / (increase) in term deposits		11,273	(15,116)
Purchase of property and equipment	5	(99,590)	(95,485)
Proceeds from disposal of property and equipment		568	380
Acquisition of intangible assets	6	(4,676)	(5,743)
Dividend income received		-	15
Interest income received		2,833	2,085
<b>Net cash used in investing activities</b>		(89,592)	(113,864)
<b>Cash flows from financing activities:</b>			
Finance costs paid		(4,521)	(7,280)
Dividends paid		(24,587)	(25,174)
Dividend paid by subsidiary to non-controlling interests		(4,839)	(7,202)
Payment to employee association fund		(162)	(150)
Net decrease in long term debts		(43,848)	(20,856)
Payment of lease liabilities including interest	13	(26,280)	(28,827)
<b>Net cash used in financing activities</b>		(104,237)	(89,489)
<b>Effect of foreign currency translation</b>		3,267	(1,482)
<b>Net change in cash and cash equivalents</b>		25,117	(16,760)
Cash and cash equivalents at 1 January		60,416	77,176
<b>Cash and cash equivalents at 31 December</b>	11	85,533	60,416

## 1. Incorporation and activities

National Mobile Telecommunications Company K.S.C.P. ("the Company") is a Kuwaiti shareholding company incorporated by Amiri Decree on 10 October 1997. The Company and its subsidiaries (together referred to as "the Group") are engaged in the following:

- Purchase, supply, installation, management and maintenance of wireless sets and equipment, mobile telephone services, pager system and other telecommunication services;
- Import and export of sets, equipment and instruments necessary for the purposes of the Company;
- Purchase or hiring communication lines and facilities necessary for providing the Company's services in co-ordination with the services provided by the State, but without interference or conflict herewith;
- Purchase of manufacturing concessions directly related to the Company's services from manufacturers or producing them in Kuwait;
- Introduction or management of other services of similar nature and supplementary to telecommunications services with a view to upgrade such services or rendering them integrated;
- Conduct technical research relating to the Company's business in order to improve and upgrade the Company's services in co-operation with competent authorities within Kuwait and abroad;
- Purchase and holding of lands, construction and building of facilities required for achieving the Company's objectives
- Purchase of all materials and machineries needed to undertake the Company's activities as well as their maintenance in all possible modern methods;
- Use of financial surplus available at the Company by investing the same in portfolios managed by specialized companies and parties as well as authorizing the board to undertake the same; and
- The Company may have interest or in any way participate with corporate and organizations which practice similar activities or which may assist it in achieving its objectives in Kuwait or abroad. It may acquire such corporates, or make them subsidiary.

The Company operates under a licence from the Ministry of Communications, State of Kuwait and elsewhere through subsidiaries in the Middle East and North Africa region and Maldives. The Company's shares are listed on the Boursa Kuwait.

The Company is a subsidiary of Ooredoo International Investments L.L.C., ("the Parent Company"), a subsidiary of Ooredoo Q.P.S.C. ("Ooredoo") ("the Ultimate Parent Company"), which is a Qatari shareholding company listed on the Qatar Exchange.

The address of the Company's registered office is Ooredoo Tower, Soor Street, Kuwait City, State of Kuwait, P.O. Box 613, Safat 13007, State of Kuwait.

The number of employees of the Company at 31 December 2020 was 441 (2019: 454)

These consolidated financial statements were approved for issue by the Board of Directors of the Company on 10 February 2021 and are subject to the approval of the Annual General Assembly of the shareholders which has the power to amend these consolidated financial statements.



## 2. Basis of preparation and significant accounting policies

### a) Basis of preparation

The consolidated financial statements are prepared on a historical cost basis, except for the re-measurement at fair value of investment securities.

These consolidated financial statements are presented in Kuwaiti Dinars ("KD"), which is the Company's functional and presentation currency.

The principal accounting policies have been applied consistently by the Group and are consistent with those used in the previous year, with the exception of new accounting policies as set out in note 2 (c).

### b) Statement of compliance

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), interpretations issued by the International Financial Reporting Committee of the IASB and the relevant provisions of the Companies Law No. 1 of 2016 and its executive regulations, as amended; and the Company's Memorandum of Incorporation and Articles of Association, as amended; and Ministerial Order No. 18 of 1990.

### c) New standards and amendments effective from 1 January 2020

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2020. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. The significant amendments are as follows:

#### Amendments to IAS 1 and IAS8: Definition of Material

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of the Group.

#### Amendments to IFRS 3: Definition of a Business

The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group.

#### Amendments to IFRS 7, IFRS 9 and IAS 39: Interest Rate Benchmark Reform (Phase 1)

Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the consolidated financial statements of the Group as it does not have any interest rate hedge relationships.

## 2. Basis of preparation and significant accounting policies (Continued)

### Amendments to IFRS 16 COVID-19 Related Rent Concessions

On 28 May 2020, the IASB issued COVID-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment had no material impact on the consolidated financial statements of the Group.

Other amendments which are applicable for annual period ended 31 December 2020 do not have any impact on the consolidated financial statement of the Group.

### d) Standards issued but not effective

At the date of authorization of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

#### Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

#### Amendments to IFRS 3 – Reference to the Conceptual Framework

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination. The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references.

**2. Basis of preparation and significant accounting policies (Continued)**

Interest Rate Benchmark Reform - Phase 2 Amendments to IFRS 9, IAS 39 IFRS 7, IFRS 4 and IFRS 16

On 27 August 2020 the International Accounting Standards Board (IASB or the Board) published 'Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16' (IBOR reform Phase 2). IBOR reform Phase 2 provides temporary reliefs to address the accounting issues which arise upon the replacement of an Interbank Offered Rate (an IBOR) with an alternative nearly risk-free interest rate (an RFR). Publication of IBOR reform Phase 2 concludes the IASB's work to respond to the effects of IBOR reform on financial reporting.

The effective date of the IBOR reform Phase 2 amendments is for annual periods beginning on or after 1 January 2021, with early application permitted. The requirements must be applied retrospectively. Any hedging relationships that were discontinued solely due to IBOR reform and meet the qualifying criteria for hedge accounting when the Phase 2 amendments are applied, must be reinstated upon initial application.

Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the Board, however, earlier application of the amendments is permitted. The directors of the Company anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should such transactions arise. The effective date is yet to be set. Earlier application is permitted.

Amendments to IAS 16 – Property, Plant and Equipment—Proceeds before Intended Use 1 January 2022, with early application permitted.

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

**2. Basis of preparation and significant accounting policies (Continued)**

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

Amendments to IAS 37 – Onerous Contracts—Cost of Fulfilling a Contract 1 January 2022, with early application permitted.

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

**e) Basis of consolidation**

These consolidated financial statements include the financial statements of the Company and its subsidiaries (note 19).

**Subsidiaries**

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Inter-company transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from inter-company transactions are also eliminated. Accounting policies of subsidiaries have been changed, where necessary, to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the net assets (excluding goodwill) of consolidated subsidiaries not attributable directly, or indirectly, to the equity holders of the Company. Equity and net income attributable to non-controlling interests are shown separately in the consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and consolidated statement of changes in equity.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

**Loss of control**

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in consolidated statement of profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost.

## 2. Basis of preparation and significant accounting policies (Continued)

### Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. The Group controls an entity when it is exposed to, or has the right to, variable returns from its involvement with the entity and has the ability to affect those returns through its powers over the entity.

The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the result is negative, a bargain purchase gain is recognised immediately in the consolidated statement of profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognised in the consolidated statement of profit or loss.

Transactions costs, other than those associated with the issue of debt or equity securities that the Group incurs in connection with a business combination, are expensed as incurred. If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through the consolidated statement of profit or loss.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in the consolidated statement of profit or loss or in the consolidated statement of comprehensive income.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

### Acquisitions of non-controlling interests

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis at fair value. Transactions with non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result. Adjustments to non-controlling

**2. Basis of preparation and significant accounting policies (Continued)**

interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

**Foreign currency****Functional and presentation currency**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Kuwaiti Dinars (KD), which is the Group's presentation currency, rounded off to the nearest thousand.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit or loss.

**Foreign operations**

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Kuwaiti Dinar at exchange rates prevailing at the reporting date. Income and expenses for each statements of profit or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in this case income and expenses are translated at the rate on the dates of the transactions).

Foreign currency differences are recognized in the consolidated statement of comprehensive income and presented in the foreign currency translation reserve in the consolidated statement of changes in equity. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant portion of the translation difference is allocated to non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to the consolidated statement of profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising from such item are considered to form part of a net investment in the foreign operation and are recognised in the consolidated statement of comprehensive income, and presented in foreign currency translation reserve in the consolidated statement of changes in equity.

**f) Fair values**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.



## 2. Basis of preparation and significant accounting policies (Continued)

The principal or the most advantageous market must be accessible to by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For financial instruments quoted in an active market, fair value is determined by reference to quoted market prices. Bid prices are used for assets and offer prices are used for liabilities.

For unquoted financial instruments, fair value is determined by reference to the market value of a similar investment, discounted cash flows, other appropriate valuation models or brokers' quotes.

For financial instruments carried at amortized cost, the fair value is estimated by discounting future cash flows at the current market rate of return for similar financial instruments.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. For the purpose of fair value disclosures, the Group determines classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

### g) Financial Instruments

In the normal course of business the Group uses financial instruments, principally cash and bank balances, trade and other receivables, investments securities, trade and other payables, lease liabilities, and debts.

#### Recognition/ Derecognition

A financial asset or a financial liability is recognized when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (in whole or in part) is de-recognised when the contractual rights to receive cash flows from the financial asset has expired or the Group has transferred substantially all risks and rewards of ownership and has not retained control. If the Group has retained control, it continues to recognize the financial asset to the extent of its continuing involvement in the financial asset. A financial liability is derecognized when the Group's obligation specified in the contract is discharged, cancelled or expires.



## 2. Basis of preparation and significant accounting policies (Continued)

Where 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 recognition of a new liability.

All financial assets are initially measured at fair value. Transaction costs are added to the cost of all financial instruments except for financial assets classified as at fair value through profit or loss. Transaction costs on financial assets classified as at fair value through profit or loss are recognised in the consolidated statement of profit or loss.

### Classification and measurement of financial assets and financial liabilities

#### Financial Assets

The Group determines classification and measurement category of financial assets, except equity instruments and derivatives, based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.

#### Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

The expected frequency, value and timing of sales are also important aspects of the Group's assessment. The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

#### Contractual cash flows assessment

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and to sell the financial instrument, the Group assesses whether the financial instrument's cash flows represent Solely Payments of Principal and Interest ("SPPI").

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example: if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

## 2. Basis of preparation and significant accounting policies (Continued)

The Group reclassifies a financial asset only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent.

The Group classifies financial assets upon initial recognition of IFRS 9 into the following categories:

- Amortised cost (AC)
- Fair value through other comprehensive income (FVOCI)
- Fair value through profit and loss (FVTPL)

### Amortised cost (AC)

The Group classifies financial assets at Amortised Cost, if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

Financial assets classified at Amortised Cost are subsequently measured at amortised cost using the effective interest method adjusted for impairment losses, if any. Interest income, foreign exchange gains/losses and impairment are recognised in the consolidated statement of profit or loss. Any gain or loss on derecognition is recognised in consolidated statement of profit or loss.

### Fair Value through Other Comprehensive Income (FVOCI)

#### Debt instruments at FVOCI

The Group classifies debt instruments at FVOCI if it meets both of the following conditions:-

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Debt instrument classified as FVOCI are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in Other Comprehensive Income ("OCI"). Interest income and foreign exchange gains and losses are recognised in consolidated statement of profit or loss. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to consolidated statement of profit or loss.

#### Equity instruments at FVOCI

Upon initial recognition, the Group may elect to classify irrevocably some of its equity investments as at FVOCI, if they meet the definition of Equity under IAS 32 Financial Instruments: Presentation, and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

## 2. Basis of preparation and significant accounting policies (Continued)

Equity instruments at FVOCI are subsequently measured at fair value. Changes in fair values including foreign exchange gains and losses are recognised in OCI. Gains and losses on these equity instruments are never recycled to consolidated statement of profit or loss. Dividends are recognised in consolidated statement of profit or loss when the right of the payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment. On derecognition, cumulative gains or losses are reclassified from fair value reserve to retained earnings in the consolidated statement of changes in equity.

### Fair Value Through Profit and Loss (FVTPL)

Financial assets whose business model is to acquire and sell, or whose contractual terms do not give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding, are classified as FVTPL.

In addition to the above, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets classified as FVTPL are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in the consolidated statement of profit or loss. Interest income and dividends are recognised in the consolidated statement of profit or loss according to the terms of the contract, or when the right to payment has been established.

### Financial liabilities

Financial liabilities "other than at fair value through profit or loss" are subsequently measured and carried at amortized cost using the effective yield method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss. Equity interests are classified as financial liabilities if there is a contractual obligation to deliver cash or another financial asset.

### Impairment of financial assets

The Group apply forward looking 'Expected Credit Loss' (ECL) model, under IFRS 9 to calculate impairment. The expected credit loss of a financial instrument is measured in a way that reflects an unbiased and probability-weighted amount determined by evaluating range of possible outcomes; the time value of money; and past events, current conditions and forecast of future economic conditions. The ECL model applies to all financial instruments except investments in equity instruments. The methodologies and assumptions including any forecasts of future economic conditions are reviewed regularly.

The Group recognises ECL for financial assets using the general approach except in case of trade receivables from telecom subscribers and contract assets where the Group is using simplified approach.

### General approach

The Group applies three-stage approach to measuring ECL. Assets migrate through the three stages based on the change in credit quality since initial recognition. Financial assets with significant increase in credit risk since initial recognition, but not credit impaired, are transitioned to stage 2 from stage 1 and ECL is recognized based on the probability of default (PD) of the counter party occurring over the life of the asset. All other financial assets are considered to be in stage 1 unless it is credit impaired and an ECL is recognized based on the PD of the customer within next 12 months. Financial assets are assessed as credit impaired when there is a detrimental impact on the estimated future cash flows of the financial asset.

**2. Basis of preparation and significant accounting policies (Continued)****Stage 1: 12 months ECL**

The Group measures loss allowances at an amount equal to 12-month ECL on financial assets where there has not been significant increase in credit risk since their initial recognition, or on exposures that are determined to have a low credit risk at the reporting date. The Group considers a financial asset to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

**Stage 2: Lifetime ECL – not credit impaired**

The Group measures loss allowances at an amount equal to lifetime ECL on financial assets where there has been a significant increase in credit risk since initial recognition but are not credit impaired. When determining whether the credit risk on a financial instrument has increased significantly, management considers reasonable and supportable information available, in order to compare the risk of a default occurring at the reporting date with the risk of a default occurring at initial recognition of the financial instrument.

**Stage 3: Lifetime ECL – credit impaired.**

A financial asset is considered as credit impaired when there is objective evidence that the amount due under the financial asset is uncollectible. The Group considers a financial asset as credit impaired if the amount due under the financial instrument is overdue by more than 90 days, or if it is known that the counter party has any known difficulties in payment, or the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. Lifetime ECL are recognized as the difference between the financial asset's gross carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

Life time ECL is ECL that result from all possible default events over the expected life of a financial instrument. The 12 month ECL is the portion of life time expected credit loss that result from default events that are possible within the 12 months after the reporting date. Both life time ECLs and 12 month ECLs are calculated on either an individual basis or a collective basis depending on the nature of the underlying portfolio of financial instruments.

ECL is the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD). The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation. EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the financial instruments and potential changes to the current amounts allowed under the contract including amortisation.

The EAD of a financial asset is its gross carrying amount. The LGD represents expected loss conditional on default, its expected value when realised and the time value of money.

Loss allowances for ECL are presented as a deduction from the gross carrying amount of the financial assets for AC.

## 2. Basis of preparation and significant accounting policies (Continued)

### Simplified approach

The Group applies the simplified approach to recognise lifetime expected credit losses for its trade receivables from telecom subscribers and contract assets as permitted by IFRS 9. Accordingly, trade receivables from telecom subscribers and contract assets which are not credit impaired and which do not have significant financing component are categorised under stage 2 and lifetime ECL is recognised.

Trade receivables from telecom subscribers and contract assets have been grouped based on the shared credit risk characteristics and the days past due. The contract assets relate to unbilled customer receivables and have substantially the same risk characteristics as the trade receivables from telecom subscribers for the same type of contracts. The Group has therefore concluded that the expected loss rates for contract assets are a reasonable approximation of the loss rates for the trade receivables from telecom subscribers.

### h) Inventories

Inventories are stated at the lower of weighted average cost and net realizable value.

### i) Property and equipment

Property and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Cost includes the purchase price and directly associated costs of bringing the asset to a working condition for its intended use and the capitalised borrowing cost.

Depreciation is calculated based on the estimated useful lives of the applicable assets on a straight-line basis commencing when the assets are ready for their intended use.

The estimated useful lives, residual values and depreciation methods are reviewed at each reporting date, with the effect of any changes in estimate accounted for on prospective basis.

### j) Leases

The Group as a lessee

The Group assesses whether contract is or contains a lease, at inception of the Contract. The Group recognizes a right of use asset and a corresponding lease liability on the date on which the lessor makes the asset available for use by the Group (the commencement date).

On that date, the Group measures the right of use at cost, which comprises of:

- the amount of the initial measurement of the lease liability.
- any lease payments made at or before the commencement date, less any lease incentives received
- any initial direct costs, and
- an estimate of costs to be incurred to restoring the underlying asset to the condition required by the terms and conditions of the lease as a consequence of having used the underlying asset during a particular period; this is recognised as part of the cost of the right of use asset when the Group incurs the obligation for those costs, which may be at the commencement date or as a consequence of having used the asset during a particular period.

## 2. Basis of preparation and significant accounting policies (Continued)

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. On that date, the lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Payments associated with short term leases and low-value assets are recognized on a straight-line basis as an expense in profit or loss.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

### Subsequent Measurement

After the commencement date, the Group measures the right-of-use asset at cost less accumulated depreciation and impairment losses. Depreciation is calculated on a straight line basis over the shorter of the asset's useful life and the lease term. The Group determines whether a right of use asset is impaired and recognizes any impairment loss identified in the statement of income. The depreciation starts at the commencement date of the lease.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss as described in note 2 (m).

After the commencement date, the Group measures lease liability by increasing the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payment made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- A change in lease payments due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.



## 2. Basis of preparation and significant accounting policies (Continued)

Each lease payment is allocated between the liability and the 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 constant periodic rate of interest is the discount rate used at the initial measurement of lease liability.

For a contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Where the Group is the lessor

Leases for which the Group is a lessor are classified as finance or operating leases as the case may be. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

When a contract includes lease and non-lease components, the Company applies IFRS 15 to allocate consideration under the contract to each component.

### k) Intangible assets

Identifiable non-monetary assets without physical substance acquired in connection with the business and from which future benefits are expected to flow are treated as intangible assets. Intangible assets consist of telecom license fees paid by the subsidiaries, brand name, customer relationships, concession arrangements, softwares and goodwill arising on the acquisition of subsidiaries. Intangible assets with definite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses. Cost includes the purchase cost and directly associated costs of being the asset for its intended use.

The telecom license fee, brand name, customer relationships and concession intangible assets are being amortised on a straight-line basis over their useful lives. The estimated useful lives and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Goodwill is not amortised, but is reviewed for impairment at least annually. Any impairment loss is recognised immediately in the consolidated statement of profit or loss and is not subsequently reversed. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

### l) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.



**2. Basis of preparation and significant accounting policies (Continued)****m) Impairment of non-financial assets**

The carrying amounts of the Group's non-financial assets other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment. An impairment loss is recognised if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to the present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups at CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in the consolidated statement of profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**n) Provision for staff indemnity**

The provision for staff indemnity is payable on completion of employment. The provision is calculated in accordance with applicable labour law based on employees' salaries and accumulated periods of service or on the basis of employment contracts, where such contracts provide extra benefits.

With respect to its Kuwaiti employees, the Group makes contributions to Public Institution for Social Security calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due. The Group expects this method to produce a reliable approximation of the present value of the obligations.

**o) Treasury shares**

The cost of the Company's own shares purchased, including directly attributable costs, is classified under equity. Gains or losses arising on sale are separately disclosed under shareholders' equity and these amounts are not available for distribution. These shares are not entitled to cash dividends. The issue of bonus shares increases the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

**p) Revenue**

The Group principally obtains revenue from providing telecommunication services comprising access charges, airtime usage, messaging, interconnect fee, data services and infrastructure provision, connection fees, equipment sales and other related services.

## 2. Basis of preparation and significant accounting policies (Continued)

The Group recognises revenue when it satisfies a performance obligation by transferring a promised good or service to a customer. The good or service is transferred when the customer obtains the control of good or service. The timing of the transfer of control of good or service, at point in time or over time, should be determined to recognise revenue. Accordingly, the specific revenue recognition criteria applied to significant elements of revenue is set out below:

### Handsets and telecommunications services

Revenue from mobile telecommunications services provided to postpaid and prepaid customers is recognised as and when services are transferred. If the customer performs first, for example, by prepaying its promised consideration, the Group has a contract liability. If the Group performs first by satisfying a performance obligation, the Group has a contract asset. Consideration received from the sale of prepaid credit is recognised as a contract liability until such time the customer uses the services, when it is recognised as revenue.

The Group may provide handsets to its customers along with the mobile telecommunication services. In such cases, it allocates the contract's transaction price to each performance obligation based on their relative stand-alone selling price. The standalone selling prices are determined based on observable prices.

The Group recognises the revenue from handset as point in time and the related revenue from mobile telecommunication services as point over time. Contract asset on these types of arrangements are recognised when performance obligation are satisfied over time (i.e. a receivable arising from the customer contract that has not yet legally come into existence).

If a customer has the option to pay for the equipment or services over a period, IFRS 15 requires judgement to determine if the contract includes a significant financing component. If it does, then the transaction price is adjusted to reflect the time value of money.

### Revenue from transit services & other value added services

The Group determines whether it will be acting as a principal or an agent on these types of arrangements and accordingly recognises gross revenue if it is a principal, and net revenue if it is an agent.

### Customer loyalty schemes

The Group operates a customer loyalty program that provides a variety of benefits for customers. The Group allocates the consideration received between products and services in a bundle including loyalty points as separate performance obligation based on their stand-alone selling prices.

### Connection fees

The Group recognises connection fee charged for the activation of services over the contract period. However, if connection fees relate at or near contract inception to fulfill that contract, then the Group recognises revenue as and when services are provided (i.e. as the identified performance obligations are satisfied).

### Interconnection and roaming revenue

Revenue from interconnection and roaming services provided to other telecom operators are recognised based on satisfaction of performance obligations and by applying contractual rates net of estimated discounts.

**2. Basis of preparation and significant accounting policies (Continued)****Commissions and other contract costs**

Certain incremental costs incurred in acquiring a contract with a customer is deferred on the consolidated statement of financial position and amortised as revenue is recognised under the related contract; this will generally lead to the later recognition of charges for some commissions payable to third party dealers and employees.

Intermediaries are given incentives by the Group to acquire new customers and upgrade existing customers. Activation commission and renewal commission paid on post-paid connections are amortized over the period of the contract. However, the Group may choose to expense such commission costs if the amortization period of the resulting asset is one year or less or if it is not significant. In case of prepaid customers, commission costs are expensed when incurred.

**Other income**

Interest income is recognized on a time proportion basis using the effective yield method and dividend income is recognized when the right to receive payment is established.

**q) Taxation**

Certain subsidiaries in foreign jurisdiction are subject to taxes on income. Income tax expense represents the sum of the tax currently payable and deferred tax.

**Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the financial position date. A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Group supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

**Deferred tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements of the relevant subsidiaries and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

**2. Basis of preparation and significant accounting policies (Continued)**

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the financial position date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

**r) Zakat, KFAS and NLST**

Zakat, Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS) and National Labour Support Tax (NLST) represent levies/taxes imposed on the Company at the flat percentage of net profits attributable to the Company less permitted deductions under the prevalent respective fiscal regulations of the State of Kuwait.

<b>Tax / statutory levy</b>	<b>Rate</b>
Contribution to KFAS	1.0% of net profit less permitted deductions
NLST	2.5% of net profit less permitted deductions
Zakat	1.0% of net profit less permitted deductions

**s) Contingencies**

Contingent assets are not recognized as an asset until realisation becomes virtually certain. Contingent liabilities, other than those arising on acquisition of subsidiaries, are not recognized as a liability unless as a result of past events it is probable that an outflow of economic resources will be required to settle a present, legal or constructive obligation; and the amount can be reliably estimated. Contingent liabilities arising in a business combination are recognized if their fair value can be measured reliably.

**3. Critical accounting judgments and key sources of estimation uncertainty****Critical judgements in applying accounting policies**

The following are the critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Identifying performance obligations in a bundled sale of equipment and mobile telecommunications services

The Group provides mobile telecommunications services that are either sold separately or bundled together with the sale of equipment (handsets) to a customer. The Group determined that both the equipment and services are capable of being distinct. The fact that the Group regularly sells both equipment and services on a stand-alone basis indicates that the customer can benefit from both products on their own.

Consequently, the Group allocated a portion of the transaction price to the equipment and the services based on relative stand-alone selling prices.

### 3. Critical accounting judgments and key sources of estimation uncertainty (Continued)

#### Principal versus agent considerations

Revenue from value added services (VAS) sharing arrangements; transit services; and customer loyalty schemes depend on the analysis of the facts and circumstances surrounding these transactions. The Group determines whether it is an agent or principal in these contracts based on the below facts, whether:

- The Group is primarily responsible for fulfilling the promise to provide the service.
- The Group has inventory risk.
- The Group has discretion in establishing the price.

#### Fair values - unquoted equity investments and business combinations

Valuation techniques for unquoted equity investments and identifiable assets, liabilities and contingent liabilities arising in a business combination make use of estimates such as future cash flows, discount factors, yield curves, current market prices adjusted for market, credit and model risks and related costs and other valuation techniques commonly used by market participants where appropriate.

#### Contingent liabilities

Contingent liabilities are potential liabilities that arise from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Provisions for liabilities are recorded when a loss is considered probable and can be reasonably estimated. The determination of whether or not a provision should be recorded for any potential liabilities or litigation is based on management's judgment.

#### Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### Impairment of non-financial assets and useful lives

The Group's management tests annually whether non-financial assets have suffered impairment in accordance with the accounting policies stated in note 2. The recoverable amount of an asset is determined based on value-in-use method. This method uses estimated cash flow projections over the estimated useful life of the asset discounted using market rates.

The Group's management determines the useful lives and the related depreciation and amortisation charge.

The depreciation and amortisation charge for the year will change significantly if actual life is different from the estimated useful life of the asset.

#### Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

The cash flows are derived from the budget for the next 5 years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset base of the cash generating unit being tested, but do include the Group's expectation of future capital expenditure necessary to maintain the Group's existing operations. The input factors most sensitive to change are management estimates of future cash flows based on budgets, growth rates and discount rate. Further details on these assumptions are disclosed in note 6 along with the related sensitivities.

**3. Critical accounting judgments and key sources of estimation uncertainty (Continued)****Significant increase in credit risk**

ECLs are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward looking information.

**Calculation of loss allowance**

When measuring ECL the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the consolidated statement of profit or loss.

**Determining the lease term**

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension and termination options are included in a number of leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of the termination options held are exercisable both by the Group and the respective lessor. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

**Discounting of lease payments**

The lease payments are discounted using the Company's incremental borrowing rate ("IBR"). Management has applied judgments and estimates to determine the IBR at the commencement of lease.

**Impairment of inventories**

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.



**3. Critical accounting judgments and key sources of estimation uncertainty (Continued)****Taxes**

The Group is subject to income taxes in various jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

**Impact of COVID 19**

The coronavirus ("COVID-19") pandemic has spread across various geographies globally, causing disruption to business and economic activities. COVID-19 has brought about uncertainties in the global economic environment. In light of this, the Group has considered whether any adjustments and changes in judgments, estimates and risk management are required to be considered and reported in these consolidated financial statements.

The key areas where the Group has made impact assessment and their conclusions thereon in these consolidated financial statements are described below.

**Impairment of non-financial assets**

The Group performed a qualitative assessment for its investment in Cash Generating Units, including goodwill, by comparing the results for the year ended 31 December 2020 against the budget and industry benchmarks. On the basis of this comparison and other risk assessment procedures that it performed, management has concluded that no material adjustments are required in the value in use computations made as at 31 December 2020. Accordingly, the Group believes that there are no impairment indicators or any significant uncertainties around its property, plant and equipment, intangible assets and right-of-use assets and concluded that there is no material impact of COVID-19.

**Expected credit losses**

The uncertainties caused by COVID-19 have required the Group to reassess the inputs and assumptions used for the determination of expected credit losses ("ECLs") as at 31 December 2020. The Group has updated the forward-looking information based on the best estimate and judgement of the Group's assessment of the current economic climate of the respective market in which it operates, its impact on clients by various segments, the resultant significant increase in credit risk and re-estimated the expected credit losses as of 31 December 2020.

**Going concern**

The Group has performed an assessment of whether it is a going concern in the light of current economic conditions and all currently available information about future risks and uncertainties. Projections were made covering the Group's future performance, capital and liquidity using revised estimates of cash flows. Though the Group has working capital deficit of KD 127,382 thousand (31 December 2019: KD 137,260 thousand), the current projections indicate that the Group has sufficient resources to continue in operational existence and its going concern position remains largely unaffected and unchanged as at 31 December 2020. As a result, these consolidated financial statements have been appropriately prepared on a going concern basis.



**4. Right of use assets**

	Land and buildings	Exchange and network assets	Subscriber apparatus and other equipment	Total
	KD 000's	KD 000's	KD 000's	KD 000's
<b>Cost</b>				
Balance at 1 January 2019	20,320	112,895	2,557	135,772
Additions	5,856	18,092	1,223	25,171
Disposals	(258)	(705)	(112)	(1,075)
Currency translation effects	322	1,624	55	2,001
<b>Balance at 31 December 2019</b>	<b>26,240</b>	<b>131,906</b>	<b>3,723</b>	<b>161,869</b>
Additions	3,831	18,745	1,898	24,474
Disposals	(3,184)	(1,970)	(279)	(5,433)
Currency translation effects	(857)	(1,650)	(129)	(2,636)
<b>Balance at 31 December 2020</b>	<b>26,030</b>	<b>147,031</b>	<b>5,213</b>	<b>178,274</b>
<b>Accumulated depreciation</b>				
Balance at 1 January 2019	4,719	9,352	692	14,763
Charge for the year	3,766	16,936	1,706	22,408
Related to disposals	(102)	(184)	(110)	(396)
Currency translation effects	126	606	55	787
<b>Balance at 31 December 2019</b>	<b>8,509</b>	<b>26,710</b>	<b>2,343</b>	<b>37,562</b>
Charge for the year	4,200	17,345	898	22,443
Related to disposals	(1,843)	(254)	(254)	(2,351)
Currency translation effects	(236)	(140)	(113)	(489)
<b>Balance at 31 December 2020</b>	<b>10,630</b>	<b>43,661</b>	<b>2,874</b>	<b>57,165</b>
<b>Carrying amounts:</b>				
<b>At 31 December 2019</b>	<b>17,731</b>	<b>105,196</b>	<b>1,380</b>	<b>124,307</b>
<b>At 31 December 2020</b>	<b>15,400</b>	<b>103,370</b>	<b>2,339</b>	<b>121,109</b>

Amounts recognised in profit and loss

	31 December 2020	31 December 2019
	KD 000's	KD 000's
Depreciation expense on right-of-use assets	(22,443)	(22,408)
Interest expense on lease liabilities	(6,898)	(6,656)
Expense relating to short-term leases	(870)	(1,128)
Expense relating to leases of low value assets	(99)	(111)
Expense relating to variable lease payments not included in the measurement of the lease liability	661	(126)

## 5. Property and equipment

	Land and buildings	Exchange and network assets	Subscriber apparatus and other equipment	Capital work-in progress	Total
	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's
<b>Cost</b>					
<b>Balance at 31 December 2018</b>	63,516	1,044,814	142,036	61,366	1,311,732
Impact on adoption of IFRS 16	(424)	(5,630)	(633)	-	(6,687)
<b>Restated Balance as at 1 January 2019</b>	<b>63,092</b>	<b>1,039,184</b>	<b>141,403</b>	<b>61,366</b>	<b>1,305,045</b>
Transfers	82	26,201	3,989	(30,414)	(142)
Additions	746	36,172	1,733	56,834	95,485
Disposals	749	(2,827)	(1,144)	(1)	(3,223)
Currency translation effects	150	10,311	815	(88)	11,188
<b>Balance as at 31 December 2019</b>	<b>64,819</b>	<b>1,109,041</b>	<b>146,796</b>	<b>87,697</b>	<b>1,408,353</b>
Transfers	83	57,775	6,509	(64,430)	(63)
Additions	1,944	39,209	2,296	56,141	99,590
Disposals	(125)	(23,428)	(24,403)	(59)	(48,015)
Currency translation effects	(1,893)	(38,454)	(2,581)	(4,673)	(47,601)
<b>Balance at 31 December 2020</b>	<b>64,828</b>	<b>1,144,143</b>	<b>128,617</b>	<b>74,676</b>	<b>1,412,264</b>
<b>Accumulated depreciation and impairment</b>					
<b>Balance at 31 December 2018</b>	28,571	654,268	114,268	-	797,107
Impact on adoption of IFRS 16	(297)	(1,534)	(593)	-	(2,424)
<b>Restated Balance as at 1 January 2019</b>	<b>28,274</b>	<b>652,734</b>	<b>113,675</b>	<b>-</b>	<b>794,683</b>
Transfers	(4)	-	-	-	(4)
Charge for the year	4,194	91,352	10,430	-	105,976
Related to disposals	(468)	(2,132)	(986)	-	(3,586)
Currency translation effects	127	8,079	749	-	8,955
<b>Balance as at 31 December 2019</b>	<b>32,123</b>	<b>750,033</b>	<b>123,868</b>	<b>-</b>	<b>906,024</b>
Transfers	(14)	(49)	28	-	(35)
Charge for the year	3,344	91,811	9,438	-	104,593
Related to disposals	(115)	(23,419)	(24,373)	-	(47,907)
Currency translation effects	(1,362)	(27,568)	(2,525)	-	(31,455)
<b>Balance at 31 December 2020</b>	<b>33,976</b>	<b>790,808</b>	<b>106,436</b>	<b>-</b>	<b>931,220</b>
<b>Carrying amounts:</b>					
At 31 December 2019	32,696	359,008	22,928	87,697	502,329
<b>At 31 December 2020</b>	<b>30,852</b>	<b>353,335</b>	<b>22,181</b>	<b>74,676</b>	<b>481,044</b>
Annual depreciation rates	3%-33%	7%-33%	10%-50%		

**6. Intangible assets and goodwill**

	Goodwill	License and other intangible assets	Brand names	Total
	KD 000's	KD 000's	KD 000's	KD 000's
<b>Cost</b>				
Balance at 1 January 2019	161,644	388,331	8,022	557,997
Transfers	-	41	-	41
Additions	-	5,743	-	5,743
Currency translation effects	10,926	9,445	591	20,962
<b>Balance at 31 December 2019</b>	<b>172,570</b>	<b>403,560</b>	<b>8,613</b>	<b>584,743</b>
Transfers	-	63	-	63
Additions	-	4,676	-	4,676
Disposals	-	(216)	-	(216)
Currency translation effects	9,731	(4,716)	489	5,504
<b>Balance at 31 December 2020</b>	<b>182,301</b>	<b>403,367</b>	<b>9,102</b>	<b>594,770</b>
<b>Accumulated amortisation and impairment</b>				
Balance at 1 January 2019	11,241	226,482	8,022	245,745
Transfers	-	41	-	41
Charge for the year	-	19,475	-	19,475
Currency translation effects	-	3,183	591	3,774
<b>Balance at 31 December 2019</b>	<b>11,241</b>	<b>249,181</b>	<b>8,613</b>	<b>269,035</b>
Transfers	-	35	-	35
Charge for the year	-	19,245	-	19,245
Disposals	-	(216)	-	(216)
Currency translation effects	678	(7,931)	489	(6,764)
<b>Balance at 31 December 2020</b>	<b>11,919</b>	<b>260,314</b>	<b>9,102</b>	<b>281,335</b>
<b>Carrying amounts</b>				
<b>At 31 December 2019</b>	<b>161,329</b>	<b>154,379</b>	<b>-</b>	<b>315,708</b>
<b>At 31 December 2020</b>	<b>170,382</b>	<b>143,053</b>	<b>-</b>	<b>313,435</b>
Amortisation rate		5%-33%	16.67%	

The Group determines whether goodwill or intangible assets with indefinite useful lives are impaired, at least on an annual basis. This requires an estimation of the recoverable amount of the CGUs to which these items are allocated. The recoverable amount is determined based on value-in-use calculations or fair value less cost to sell if that is higher.

Goodwill of KD 168,455 thousand (2019: 159,402) is allocated to Ooredoo Tunisie S.A. and KD 1,927 thousand (2019: KD 1,927 thousand) to Fast Telecommunications Company W.L.L. The recoverable amounts of these CGUs were based on its value in use estimated by discounting the future cash flows to be generated from the continuing use of these CGUs.

The key assumptions used in the estimation of value in use were as follows:

	2020	2019
	%	%
Discount rate	9% - 12%	10%-12%
Growth Rate – Ooredoo Tunisie S.A.	5.4%	4%
Growth Rate – Fast Telecommunications Company W.L.L.	5.1%	7%

The estimated recoverable amounts of Ooredoo Tunisie S.A. and Fast Telecommunications Company W.L.L were more than the respective carrying values.

**6. Intangible assets and goodwill (Continued)**

The Group has also performed a sensitivity analysis by varying these input factors by a reasonable possible margin. Based on such analysis, there are no indications that Goodwill is impaired considering the level of judgements and estimations used.

**7. Investment Securities**

	2020	2019
	KD 000's	KD 000's
Unlisted equity securities	1,920	2,088
	<u>1,920</u>	<u>2,088</u>

Movement in Investment securities is as follows:

	2020	2019
	KD 000's	KD 000's
Balance at beginning of the year	2,088	2,653
Fair value changes	(168)	(565)
<b>Balance at end of the year</b>	<u>1,920</u>	<u>2,088</u>

At 31 December 2020, investment securities amounting to KD 1,906 thousand (2019: KD 2,074 thousand) are denominated in Kuwaiti Dinars and the remaining in US Dollars.

**8. Taxation**

The Company is not subject to corporate income tax in the State of Kuwait. However, the Group is subject to tax in its subsidiaries' operation under various tax jurisdictions. The income tax represents amounts recognised by subsidiary companies. The major components of the income tax expense are as follows:

	2020	2019
	KD 000's	KD 000's
<b>Current tax</b>		
Current income tax charge	14,294	18,248
<b>Deferred tax</b>		
Relating to origination and reversal of temporary differences	1,195	(1,803)
<b>Income tax included in the consolidated statement of profit or loss</b>	<u>15,489</u>	<u>16,445</u>

The effective tax rate applicable to the taxable subsidiary companies is 27.56% (2019: 26.81%). For the purpose of determining the taxable results for the year, the accounting profit of the subsidiaries is adjusted for tax purposes. Adjustments for tax purposes included items relating to both income and expense. The adjustments are based on the current understanding of the existing laws, regulations and practices in each subsidiary's jurisdiction. In view of the operations of the Group being subject to various tax jurisdictions and regulations, it is not practical to provide a detailed reconciliation between accounting and taxable profits together with the details of the effective tax rates. As a result, the reconciliation below includes only the identifiable major reconciling items.

**8. Taxation (Continued)**

The reconciliation between tax expense and the product of accounting profit multiplied by the Group's effective tax rate is as follows:

	2020	2019
	KD 000's	KD 000's
Profit before taxation in consolidated statement of profit or loss	22,417	51,194
Profit of the Company and its subsidiaries that are not subject to corporate income tax	13,206	(7,009)
<b>Profit of subsidiaries that are subject to corporate income tax</b>	<b>35,623</b>	<b>44,185</b>
<b>Add:</b>		
Allowances, accruals and other temporary differences	6,549	8,834
Expenses and income that are not subject to corporate tax	9,165	4,720
Depreciation – net	521	10,316
<b>Taxable profit of subsidiaries that are subject to corporate income tax</b>	<b>51,858</b>	<b>68,055</b>
Current income tax charge at the effective income tax rate of 27.56% (2019: 26.81%)	14,294	18,248
<b>Current income tax charge</b>	<b>14,294</b>	<b>18,248</b>

**Deferred tax**

The deferred tax asset of KD 23,839 thousand as at 31 December 2020 (2019: KD 27,035 thousand) has been recognised on account of allowances, accruals and other temporary differences in Wataniya Telecom Algeria S.P.A., Ooredoo Maldives Public Limited Company, Ooredoo Tunisie S.A and Wataniya Palestine Mobile Telecom Limited (WPT).

Movement in deferred tax asset during the year:

	2020	2019
	KD 000's	KD 000's
Opening balance	27,035	22,730
Impact on adoption of IFRS 16	-	2,482
Restated opening balance	27,035	25,212
Benefit to the consolidated statement of profit or loss	(1,195)	1,803
Foreign exchange differences	(2,001)	20
Closing balance	23,839	27,035

Movement in income tax payable during the year:

	2020	2019
	KD 000's	KD 000's
Opening balance	12,412	16,897
Provided during the year	14,294	18,248
Paid during the year	(18,801)	(22,979)
Foreign exchange differences	39	246
Closing balance	7,944	12,412

**9. Trade and other receivables**

	2020	2019
	KD 000's	KD 000's
Trade and billing receivables	<b>180,497</b>	174,090
Unbilled revenue	<b>27,796</b>	39,579
Advances and prepayments	<b>24,342</b>	24,872
Other receivables	<b>9,650</b>	11,914
	<b>242,285</b>	250,455
Less: Expected credit loss	<b>(95,468)</b>	(86,621)
	<b>146,817</b>	163,834

The following table details the risk profile of trade receivables based on the Group's provision risk matrix. The Group classifies customers into different categories based on their credit risk characteristics and the days past due. Accordingly, the threshold for recognizing the credit impairment will vary from past dues of 90 days to 365 days, depending on the category of the customer.

	31 December 2020			31 December 2019		
Ageing buckets	Estimated total gross carrying amount at default	Expected credit loss rate	Lifetime ECL	Estimated total gross carrying amount at default	Expected credit loss rate	Lifetime ECL
	KD 000's	%	KD 000's	KD 000's	%	KD 000's
< 30 days	52,334	5.50%	2,876	52,919	4.89%	2,586
31 – 60 days	7,274	16.35%	1,189	8,415	11.52%	969
61 – 90 days	7,302	18.28%	1,335	6,317	15.04%	950
> 90 days	141,383	63.70%	90,068	146,018	56.24%	82,116
	<b>208,293</b>		<b>95,468</b>	213,669		86,621

The estimated fair value of trade receivables at the reporting date is not significantly different from their carrying value.

Movement in the expected credit loss is as follows:

	2020	2019
	KD 000's	KD 000's
Balance at beginning of the year	<b>86,621</b>	78,079
Charge for the year	<b>12,096</b>	8,335
Amounts written off as uncollectible	<b>(2,222)</b>	(331)
Foreign exchange differences	<b>(1,027)</b>	538
Balance at end of the year	<b>95,468</b>	86,621

**10. Deferred contract cost and contract assets**

	2020	2019
	KD 000's	KD 000's
Contract assets	7,906	6,639
Less: Expected credit loss	(604)	(359)
Contract assets (net of impairment allowance)	7,302	6,280
Contract cost	6,873	8,447
	14,175	14,727
Non-current	6,292	7,517
Current	7,883	7,210
Movement in the expected credit loss is as follows:		
	2020	2019
	KD 000's	KD 000's
Balance at beginning of the year	359	331
Charge for the year	245	28
Balance at end of the year	604	359

The following table details the risk profile of contract assets balances based on the Group's provision matrix.

	2020	2019
Expected credit loss rate	7.64%	5.41%
Total gross carrying amount at default (in KD 000's)	7,906	6,639
Lifetime ECL	604	359

**11. Bank balances and cash**

	2020	2019
	KD 000's	KD 000's
Cash and bank balances	51,088	38,392
Deposits	53,260	52,088
Total Cash and bank balances before impairment allowance	104,348	90,480
Expected credit loss	(45)	(21)
Bank balances and cash in the consolidated statement of financial position	104,303	90,459
Deposits with original maturities of three months or more	(18,770)	(30,043)
Cash and cash equivalents in the consolidated statement of cash flows	85,533	60,416

The effective interest rate on interest-earning deposits ranged from 0.52% to 12.31% (2019: 1.21% to 12.75 %) per annum.

Included in deposits with original maturities of three months or more is an amount of KD 11,307 thousand (2019: KD 12,617 thousand) which is restricted in accordance with obligations entered into by a Subsidiary and the Company.



## 12. Equity

### a) Share capital

The authorised, issued and fully paid up share capital as at 31 December 2020 consists of 504,033 thousand shares (2019: 504,033 thousand shares) of 100 fils each, contributed in cash.

### b) Treasury shares

	2020	2019
Number of shares (000's)	2,871	2,871
Percentage of issued shares	0.57%	0.57%
Cost (KD 000's)	3,598	3,598
Market value (KD 000's)	1,800	2,377

The Company is required to retain reserves and retained earnings at an equivalent rate of the treasury shares as non-distributable throughout the period, in which they are held by the Company, in accordance with the instructions of the relevant regulatory authorities.

### c) Statutory reserve

In accordance with the Companies Law and the Company's Articles of Association, as amended, 10% of profit for the year attributable to shareholders of the Company before KFAS, NLST, Zakat and Directors' remuneration is required to be transferred to a statutory reserve until the reserve exceeds 50% of the paid up share capital. This reserve is not available for distribution except for the amount in excess of 50% of share capital or for payment of a dividend of 5% of paid up share capital in years when retained earnings are not sufficient for the payment of such dividends.

The Company has discontinued further transfers to statutory reserve as it has exceeded 50% of the authorised, issued and fully paid up share capital.

### d) Voluntary reserve

In accordance with the Company's Articles of Association, as amended, 10% of profit for the year attributable to shareholders of the Company before KFAS, NLST, Zakat and Directors' remuneration is required to be transferred to the voluntary reserve until the shareholders decide to discontinue the transfer to the voluntary reserve. During the current year, an amount of KD 440 thousand has been transferred to voluntary reserve (2019: KD 3,215 thousand). There are no restrictions on distributions from the voluntary reserve.

### e) Dividends

The Annual General Assembly of the Company, held on 10 March 2020, approved the consolidated financial statements of the Group for the year ended 31 December 2019 and the payment of cash dividend of 50 fils per share for the year ended 31 December 2019 (2018: cash dividend of 50 fils per share) to the Company's shareholders existing as at 31 March 2020.

The Board of Directors proposed a cash dividend of 15 fils per share for the year ended 31 December 2020 (2019: 50 fils per share). This proposal is subject to the approval of the shareholders in the Annual General Assembly and has not been accounted for in these consolidated financial statements.

**12. Equity (Continued)**f) Other reserves

	Share premium	Statutory reserve	Voluntary reserve	Gain on sale of treasury shares	Fair value reserve	Other reserves	Total reserves
	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's
<b>Balance at 1 January 2019</b>	66,634	32,200	133,088	6,914	(2,229)	3,412	240,019
Other comprehensive loss for the year	-	-	-	-	(565)	-	(565)
Transfer to voluntary reserve	-	-	3,215	-	-	-	3,215
<b>Balance at 31 December 2019</b>	<u>66,634</u>	<u>32,200</u>	<u>136,303</u>	<u>6,914</u>	<u>(2,794)</u>	<u>3,412</u>	<u>242,669</u>
<b>Balance at 1 January 2020</b>	<b>66,634</b>	<b>32,200</b>	<b>136,303</b>	<b>6,914</b>	<b>(2,794)</b>	<b>3,412</b>	<b>242,669</b>
Other comprehensive loss for the year	-	-	-	-	(168)	-	(168)
Transfer to voluntary reserve	-	-	440	-	-	-	440
<b>Balance at 31 December 2020</b>	<u><b>66,634</b></u>	<u><b>32,200</b></u>	<u><b>136,743</b></u>	<u><b>6,914</b></u>	<u><b>(2,962)</b></u>	<u><b>3,412</b></u>	<u><b>242,941</b></u>

**13. Lease liabilities**

	2020	2019
	KD 000's	KD 000's
At beginning of year	126,171	-
Initial application of IFRS 16	-	122,319
Additions during the year	24,474	25,171
Interest expense on lease liability	6,898	6,656
Payment of lease liabilities including interest	(26,280)	(28,827)
Reduction on early termination	(3,542)	(692)
Exchange adjustments	(1,878)	1,544
<b>Closing balance as at 31 December 2020</b>	<u><b>125,843</b></u>	<u><b>126,171</b></u>
Current	17,997	15,463
Non-current	<u>107,846</u>	<u>110,708</u>
	<u><b>125,843</b></u>	<u><b>126,171</b></u>

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

**14. Long term debts**

	Current		Non-current	
	2020	2019	2020	2019
	KD 000's	KD 000's	KD 000's	KD 000's
Due to local banks	12,000	36,000	-	-
Due to local banks related to subsidiaries	16,536	42,356	33,488	28,112
	<b>28,536</b>	<b>78,356</b>	<b>33,488</b>	<b>28,112</b>

The comparative fair value and carrying value of the Group's long term debts are as follow:

	Carrying amounts		Fair values	
	2020	2019	2020	2019
	KD 000's	KD 000's	KD 000's	KD 000's
Fixed rates	7,035	14,954	7,471	14,954
Floating rates	54,989	91,514	55,346	92,690
	<b>62,024</b>	<b>106,468</b>	<b>62,817</b>	<b>107,644</b>

The details of long term debts are as follows:

<b>Description</b>	2020	2019
	KD 000's	KD 000's
a) Unsecured debts from banks in Algeria not subject to any financial covenants. These debts carry an effective interest rates between 5% to 5.15% per annum (2019: 4.3%). These debts are maturing on 2026. These are denominated in Algerian Dinar.	15,202	24,326
b) Debts secured against Wataniya Palestine Mobile Telecom Limited's fixed assets from banks in Palestine. These debts carry an effective interest rate of 5% (2019: 5.3%) and are repayable in quarterly installments commencing December 2019 and ending 2023. These are denominated in US Dollar.	7,035	11,550
c) Unsecured debts of the Company from banks in Kuwait which are subject to certain financial covenants over the terms of those debts. These debts carry an effective interest rates of 2.1% per annum (2019: 3.4%). These are denominated in Kuwait Dinar.	12,000	36,000
d) Unsecured debts of Ooredoo Tunisie S.A. from banks in Tunisia which are subject to certain financial covenants to be complied on an annual basis. These debts bears an effective interest rate of 8.36% per annum (2019 : 9.3%). The instalments of principal and interest are payable quarterly. The first instalment of principal was paid in June 2017, the first instalment of interest was paid in June 2016. The last instalments of principal and interest are payable on June 2024.	17,093	28,512
e) Secured debts from banks in Maldives against fixed deposits of Ooredoo Maldives PLC. These loans carry an effective interest rate between 4.78% and 6.77% (2019: 6.9%). These debts are repayable within the range of 30-54 monthly instalments respectively with accrued interest. These are denominated in US Dollar.	10,694	6,080
	<b>62,024</b>	<b>106,468</b>

**15. Trade and other payables**

	2020	2019
	KD 000's	KD 000's
Accruals	171,462	164,929
Trade payables	90,555	64,301
Other tax payable	9,692	9,497
Staff payable	10,558	10,339
Dividends payable	6,682	6,160
Other payables	14,622	18,214
	<b>303,571</b>	<b>273,440</b>

The Group has adequate financial risk management policies in place to ensure that all payables are paid within the specified credit time frame (note 25).

**16. Revenue**

The total revenue disaggregated by major service lines is:

	2020	2019
	KD 000's	KD 000's
Revenue from rendering of telecommunications services	533,145	563,368
Revenue from sale of telecommunications equipment	58,993	69,531
Others	698	594
	<b>592,836</b>	<b>633,493</b>

The total revenue disaggregated by primary geographical market and timing of revenue recognition is disclosed in Note 23. Deferred revenue of prior year is mostly recognized in the current year.

**17. Selling, general and administration expenses**

This includes impairment on financial assets of KD 12,365 thousand (2019: KD 8,359 thousand).

**18. Finance costs - net**

	2020	2019
	KD 000's	KD 000's
Interest income	2,833	2,085
Finance costs	(4,521)	(7,280)
Interest expenses relating to lease liabilities	(6,898)	(6,656)
	<b>(8,586)</b>	<b>(11,851)</b>

**19. Subsidiaries and non-controlling interests**

Significant subsidiaries of the Company are as follows:

Name of subsidiaries	Country of incorporation	Voting capital held	Voting capital held
		2020	2019
Wataniya Telecom Algerie S.P.A. (WTA)	Algeria	71%	71%
Wataniya International FZ – L.L.C. (WTI)	U.A.E	100%	100%
Ooredoo Maldives Public Limited Company (WTM) (subsidiary of WTI)	Maldives	90.50%	90.50%
WARF Telecom International Private Limited (WARF) (subsidiary of WTM)	Maldives	65%	65%
Wataniya Palestine Mobile Telecom Limited (WPT) (subsidiary of WTI)	Palestine	49.26%	49.26%
Phono General Trading and Contracting Company WLL	Kuwait	99%	99%
Ooredoo Tunisie S.A.	Tunisia	75%	75%
Ooredoo Consortium Limited	Malta	100%	100%
Ooredoo Tunisia Holding Limited	Malta	100%	100%
Fast Telecommunications Company W.L.L.	Kuwait	99%	99%
Al-Wataniya Gulf Telecommunications Holding Co.	Bahrain	100%	100%

The following table summarizes the information relating to each of the Group's subsidiaries that has material non-controlling interests (NCI), before any intra-group eliminations:

	WTA	WPT	Ooredoo Tunisie S.A.
	KD'000's	KD'000's	KD'000's
<b>31 December 2020</b>			
Non-current assets	278,653	55,440	116,113
Current assets	52,028	14,331	68,295
Non-current liabilities	(38,832)	(21,583)	(35,238)
Current liabilities	(125,406)	(16,675)	(89,022)
Net assets	166,443	31,513	60,148
Carrying amount of NCI	48,268	15,989	15,037
Revenue	189,963	31,154	127,656
<b>Profit and total comprehensive income</b>	<b>144</b>	<b>2,313</b>	<b>10,447</b>
Profit allocated to NCI	42	1,173	2,612
Cash flows from operating activities	74,590	108,977	101,681
Cash flows used in investing activities	(47,249)	(42,710)	(29,674)
Cash flows used in financing activities	(14,776)	(67,711)	(31,157)
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>12,565</b>	<b>(1,444)</b>	<b>40,850</b>

**19. Subsidiaries and non-controlling interests (Continued)**

	WTA	WPT	Ooredoo Tunisie S.A.
	KD'000's	KD'000's	KD'000's
<b>31 December 2019</b>			
Non-current assets	317,290	59,415	114,085
Current assets	54,672	12,658	62,022
Non-current liabilities	(33,183)	(26,983)	(40,806)
Current liabilities	(151,033)	(15,994)	(77,196)
Net assets	187,746	29,096	58,105
Carrying amount of NCI	54,446	14,762	14,526
Revenue	208,663	30,209	123,136
<b>Profit and total comprehensive income</b>	<b>4,107</b>	<b>341</b>	<b>12,303</b>
Profit allocated to NCI	1,191	173	3,076
Cash flows from operating activities	68,116	7,690	44,437
Cash flows from / (used in) investing activities	48,271	(3,954)	(24,207)
Cash flows from / (used in) financing activities	8,112	(4,660)	(9,833)
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>124,499</b>	<b>(924)</b>	<b>10,397</b>

**20. Provision for contribution to KFAS, NLST and Zakat**

	2020	2019
	KD 000's	KD 000's
KFAS	(44)	(322)
NLST	(239)	(762)
Zakat	(95)	(304)
	<b>(378)</b>	<b>(1,388)</b>

**21. Basic and diluted earnings per share**

Earnings per share attributable to shareholders of the Company is computed by dividing the profit for the year attributable to shareholders of the Company by the weighted average number of shares outstanding during the year less treasury shares as follows:

	2020	2019
Profit for the year attributable to shareholders of the Company (KD 000's)	<b>3,390</b>	<b>30,127</b>
Number of shares outstanding		
Weighted average number of paid up shares (000's)	<b>504,033</b>	<b>504,033</b>
Weighted average number of treasury shares (000's)	<b>(2,871)</b>	<b>(2,871)</b>
Weighted average number of outstanding shares (000's)	<b>501,162</b>	<b>501,162</b>
Basic and diluted earnings per share attributable to shareholders of the Company (fils)	<b>7</b>	<b>60</b>

There are no potential dilutive shares as at 31 December 2020 (2019: nil).

## 22. Related party transactions and balances

Related parties represent major shareholders, directors and key management personnel of the Group and entities controlled, controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management. Transactions between the Company and its subsidiaries, which are related parties to the Company, have been eliminated on consolidation and are not disclosed in this note. Balances and transactions with related parties are as follows:

		As at 31 December	
		2020	2019
		KD 000's	KD 000's
<b>a)</b>	<b>Balances included in the consolidated statement of financial position</b>		
	Payable to Ooredoo Group L.L.C – fellow subsidiary	11,889	11,547
	Payable to Ooredoo IP L.L.C – fellow subsidiary	1,553	1,254
	Payable to Ooredoo Oman – fellow subsidiary	-	6
	Receivable from ultimate parent company	1,019	2,651
	Receivable from Asiacell Communications PJSC - fellow subsidiary	577	358
	Receivable from PT. Indosat Tbk – fellow subsidiary	12	11
	Receivable from Ooredoo Oman – fellow subsidiary	7	-
		Year ended 31 December	
		2020	2019
		KD 000's	KD 000's
<b>b)</b>	<b>Transactions included in the consolidated statement of profit or loss within revenue and operating expenses</b>		
	<u>Revenue from:</u>		
	Ultimate parent company	4,577	5,477
	Asiacell Communications PJSC - fellow subsidiary	123	132
	Omani Qatari Telecommunications Company S.A.O.G. - fellow subsidiary	1	3
	<u>Operating expenses to:</u>		
	Ultimate parent company	58	2,076
	Asiacell Communications PJSC - fellow subsidiary	6	21
	PT. Indosat Tbk – fellow subsidiary	2	3
	Omani Qatari Telecommunications Company S.A.O.G. - fellow subsidiary	29	9
<b>c)</b>	<b>Transactions included in the consolidated statement of profit or loss within selling, general and administrative expenses</b>		
	Management fees to Ooredoo Group L.L.C – fellow subsidiary	12,831	13,774
	Brand license fees to Ooredoo IP L.L.C - fellow subsidiary	3,552	3,999
<b>d)</b>	<b>Compensation of key management personnel:</b>		
	Short term benefits	7,434	6,635
	Termination benefits	691	600
		<u>8,125</u>	<u>7,235</u>

During the year, the Group has entered into transactions with related parties on terms approved by the management.



## 23. Operating segments

The Company and its subsidiaries operate in a single business segment, telecommunications and related services. Apart from its operations in Kuwait, the Company also operates through its foreign subsidiaries in Algeria, Tunisia, Maldives and Palestine . This forms the basis of the geographical segments.

Based on the disclosure criterion, the Group has identified its telecommunications operations in Kuwait, Algeria, Tunisia, Maldives and Palestine as the basis for disclosing the segment information.

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker, the Group Chief Financial Officer, in order to allocate resources to the segment and to assess its performance.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 2. Segment profit represents the profit earned by each segment without investment revenue, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resources allocation and assessment of segment performance.

For the purpose of monitoring performance and allocating resources between segments:

- Goodwill is allocated to each reportable segment as applicable. There are no assets used jointly by any reportable segment.
- There are no liabilities for which any segment is jointly liable.

Although certain segments do not meet the quantitative thresholds required by IFRS 8, management has concluded that these segments should be reported, as they are closely monitored as a potential growth region and are expected to materially contribute to Group revenue in the future.

The reportable operating segments derive their revenue primarily from telecommunications services.

**23. Operating segments (Continued)**

	Outside Kuwait						Total
	Inside Kuwait	Tunisia	Algeria	Maldives	Others	Un-allocated	
	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's
<b>31 December 2020</b>							
Segment revenues – Point over Time	163,190	116,785	189,348	33,784	30,737	-	533,844
Segment revenues – Point in Time	46,603	10,871	615	486	417	-	58,992
Segment revenues	209,793	127,656	189,963	34,270	31,154	-	592,836
Profit/(loss)	(7,480)	10,447	144	8,091	1,979	(6,253)	6,928
Segment assets	333,457	181,288	311,211	65,784	69,704	234,612	1,196,056
Investments and other assets	1,920	3,120	19,471	1,036	212	-	25,759
Total assets	335,377	184,408	330,682	66,820	69,916	234,612	1,221,815
Segment liabilities	189,213	107,167	149,036	17,243	32,376	-	495,035
Debt and other obligations	22,869	17,093	15,202	10,693	9,151	-	75,008
Total liabilities	212,082	124,260	164,238	27,936	41,527	-	570,043
Other information							
Purchase of property and equipment	25,983	20,929	42,759	7,381	2,538	-	99,590
Acquisition of intangible assets	1,287	384	2,199	200	606	-	4,676
Depreciation of property and equipment	(31,663)	(20,936)	(44,212)	(3,960)	(3,822)	-	(104,593)
Amortisation of intangible assets	(907)	(3,173)	(4,950)	(864)	(3,098)	(6,253)	(19,245)
Depreciation of right of use assets	(10,386)	(2,268)	(8,235)	(881)	(673)	-	(22,443)
Provision for staff indemnity	(1,470)	-	(33)	-	(339)	-	(1,842)

**23. Operating segments (Continued)**

	Outside Kuwait						
	Inside Kuwait	Tunisia	Algeria	Maldives	Others	Un- allocated	Total
	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's
<b>31 December 2019</b>							
Segment revenues – Point over Time	175,651	114,385	204,678	39,098	30,150	-	563,962
Segment revenues – Point in Time	55,681	8,751	3,985	1,054	60	-	69,531
Segment revenues	231,332	123,136	208,663	40,152	30,210	-	633,493
Profit/(loss)	13,296	12,303	4,107	11,802	(687)	(6,072)	34,749
Segment assets	364,638	173,383	348,181	60,159	72,579	222,015	1,240,955
Investments and other assets	2,088	2,724	23,780	531	-	-	29,123
Total assets	366,726	176,107	371,961	60,690	72,579	222,015	1,270,078
Segment liabilities	178,709	89,490	159,889	15,073	31,783	-	474,944
Debt and other obligations	45,843	28,512	24,326	6,080	13,623	-	118,384
Total liabilities	224,552	118,002	184,215	21,153	45,406	-	593,328
Other information							
Purchase of property and equipment	28,665	15,311	45,328	3,965	2,216	-	95,485
Acquisition of intangible assets	1,699	135	2,999	633	277	-	5,743
Depreciation of property and equipment	(29,273)	(21,473)	(47,412)	(3,826)	(3,992)	-	(105,976)
Amortisation of intangible assets	(763)	(3,027)	(5,682)	(845)	(3,086)	(6,072)	(19,475)
Depreciation of right of use assets	(10,120)	(2,050)	(8,928)	(601)	(709)	-	(22,408)
Provision for staff indemnity	(1,700)	-	(82)	-	(370)	-	(2,152)

**24. Contingencies and Commitments**

	2020	2019
	KD 000's	KD 000's
<b>a) Capital commitments</b>		
For the acquisition of property and equipment	32,181	44,374
For the acquisition of mobile license in a subsidiary	51,452	51,236
	<u>83,633</u>	<u>95,610</u>
<b>b) Contingent liabilities</b>		
Letters of guarantee	3,893	3,681
Letters of credit	8,006	8,514
	<u>11,899</u>	<u>12,195</u>

**Litigation and claims :**

- A. Additional tax claims amounting to KD 14,996 thousand on Ooredoo Tunisie S.A. for assessment periods 1 January 2013 to 31 December 2017 from tax authorities in Tunisia. Management has responded to this notification.
- B. Additional tax claims amounting to KD 896 thousand on Wataniya Telecom Algerie S.P.A. for assessment periods 1 January 2013 to 31 December 2016 from tax authorities in Algeria.
- C. In October 2019, the Court of Appeals has decided against WTA in respect of certain alleged foreign currency violations raised by Algerian Central Bank. The penalty decided by the Court of Appeals against WTA is KD 25,797 thousand. The final written order of the Court of Appeals is yet to be received. WTA has decided to appeal against this decision in the Court of Cassation.
- D. In October 2019, a third party vendor of WTA obtained an order from the Judicial Authorities of Algeria to block and amount of KD 2,204 thousand from WTA's bank account. WTA appealed to the Court against this.
- E. Algeria Regulatory Authority of the Post and Electronic Communications (ARPCE), imposed a fine of KD 311 thousand in respect of non-compliance in 2018 of ARPCE rules. WTA's had contested the fine by sending an objection letter to ARPCE and has appealed the fine to the State Council against ARPCE fine.
- F. Claims against Ooredoo Maldives PLC amounting to KD 1,322 thousand from the First Instance Civil Court of Maldives citing breach of contract based on a civil case filed by a third party. Ooredoo Maldives PLC has appealed against this claim in the High Court of Maldives in January 2019.
- G. A part of the regulatory tariff levied on mobile telecommunication operators in Kuwait by the Ministry of Communications since 26 July 2011 was invalidated by the Kuwait Court of Cassation in April 2017. Accordingly, the Group has contingent assets in the form of recovery of excess regulatory tariff paid. The Group is currently estimating the recoverable amount which is subject to approval of the judicial authorities.

Management believes that the prospects of these claims being resolved in the Group's favour are good.

## 25. Financial instruments and risk management

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies and evaluates financial risks in close co-operation with the Group's operating units.

The Board of Directors provide written principles for overall risk management, and specifically to cover areas, such as foreign exchange risk, interest rate risk, credit risk, use of non-derivative financial instrument, and investment of excess liquidity.

### Market risk

Market risk is the risk that changes in market prices, such as foreign currency exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and equity prices.

#### i. Foreign currency exchange risk

Foreign currency risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar, MVR Rufiyaa, Tunisian Dinars, Algerian Dinars, UAE Dirham, EURO and GBP.

The Group manages the foreign currency exchange risk by diversifying its exposure to different currency rates. The Group had the following significant net exposures denominated in foreign currencies:

	Net exposure impacting net profit		Net exposure impacting equity	
	2020	2019	2020	2019
	KD 000's	KD 000's	KD 000's	KD 000's
	Equivalent	Equivalent	Equivalent	Equivalent
US Dollar	(14,324)	(7,308)	(7,566)	(15,054)
MVR Rufiyaa	-	-	7,173	10,215
Tunisian Dinar	-	-	(48,855)	(50,263)
Algerian Dinar	-	-	(110,858)	(124,974)
UAE Dirham	(6,807)	(8)	(11,836)	(1,961)
EURO	6,806	9,332	-	-
GBP	134	-	-	-

**25. Financial instruments and risk management (Continued)**Foreign currency sensitivity analysis

The Group is maintaining exposure mainly to the US Dollar, MVR Rufiyaa, Tunisian Dinar, Algerian Dinar, UAE Dirham, EURO and GBP. The following table details the Group's sensitivity to a 10% increase in the KD against the other currencies (as a result of a change in the foreign currency) at the year-end due to the assumed change in market rates, with all other variable held constant. A 10 % decrease in the KD against these currencies would have the opposite effect. A positive number indicates increase in equity and a negative number indicates decrease in equity.

	<b>Impact on net profit</b>		<b>Impact on equity</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>KD 000's</b>	<b>KD 000's</b>	<b>KD 000's</b>	<b>KD 000's</b>
US Dollar	<b>1,432</b>	731	<b>757</b>	1,505
MVR Rufiyaa	-	-	<b>(717)</b>	(1,021)
Tunisian Dinar	-	-	<b>4,886</b>	5,026
Algerian Dinar	-	-	<b>11,086</b>	12,497
UAE Dirham	<b>681</b>	1	<b>1,184</b>	196
EURO	<b>(681)</b>	(933)	-	-
GBP	<b>(13)</b>	-	-	-

## ii. Interest rate risk management

Interest rate risk is the risk arising from possible changes in financial instruments that may affect future profitability of the Group.

The Group's interest rate risk arises from term borrowings which are detailed in note 14. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash deposits held at variable rates.

The following table illustrates the sensitivity of the profit as well as equity to a reasonably possible change in interest rates of 1% (2019: 1%). The calculations are based on the Group's financial instruments held at each reporting date. A positive number below indicates an increase in profit and a negative number indicates a decrease in profit.

	<b>Increase</b>	<b>2020</b>	<b>2019</b>
		<b>KD 000's</b>	<b>KD 000's</b>
Impact on profit	+1	<b>(733)</b>	(988)

Sensitivity to interest rate movements will be on a symmetric basis.

## iii. Equity price risk

Equity price risk is the risk that the fair values of equities will fluctuate as a result of changes in the level of equity indices or the value of individual share prices. Equity price risk arises from the change in fair values of listed equity investments. The Group manages the risk through diversification of investments in terms of industry concentration. The effect of equity price risk on profit for the year of the Group is not significant.

**25. Financial instruments and risk management (Continued)****Credit risk management**

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties. The Group's exposure is continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Trade and billing receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of trade receivables.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

**i. Exposure to credit risk**

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	<b>Carrying amount</b>	
	<b>2020</b>	<b>2019</b>
	<b>KD 000's</b>	<b>KD 000's</b>
Contract assets	<b>7,302</b>	6,280
Trade and other receivables	<b>112,825</b>	127,048
Bank balances	<b>101,513</b>	88,317
	<b>221,640</b>	221,645

The maximum exposure to credit risk for financial assets at the reporting date by geographic region was:

	<b>Carrying amount</b>	
	<b>2020</b>	<b>2019</b>
	<b>KD 000's</b>	<b>KD 000's</b>
Kuwait	<b>86,247</b>	99,430
Tunisia	<b>61,829</b>	55,621
Algeria	<b>27,767</b>	27,447
Maldives	<b>32,678</b>	27,737
Palestine	<b>13,108</b>	10,925
Others	<b>11</b>	485
	<b>221,640</b>	221,645

The Group's credit risk bearing assets analysed by the industry sector are as follows:

	<b>2020</b>	<b>2019</b>
	<b>KD 000's</b>	<b>KD 000's</b>
Banks and other financial institutions	<b>101,513</b>	88,317
Others	<b>120,127</b>	133,328
<b>Total</b>	<b>221,640</b>	221,645



**25. Financial instruments and risk management (Continued)**Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates.

The average credit period is 30 days. No interest is charged on the overdue trade and billing receivables.

The table below shows the credit risk exposure by credit quality of financial assets by grade.

31 December 2020	Rated	12-month or Lifetime ECL	Gross carrying amount KD 000's	Impairment allowance KD 000's
Bank balances	Rated	12 month ECL	101,558	(45)
Trade and other receivables	Not Rated	Lifetime ECL - Simplified approach	208,293	(95,468)
Contract assets	Not Rated	Lifetime ECL - Simplified approach	7,906	(604)
31 December 2019	Rated	12-month or Lifetime ECL	Gross carrying amount KD 000's	Impairment allowance KD 000's
Bank balances	Rated	12 month ECL	88,338	(21)
Trade and other receivables	Not Rated	Lifetime ECL - Simplified approach	213,669	(86,621)
Contract assets	Not Rated	Lifetime ECL - Simplified approach	6,639	(359)

All the above financial assets are classified as "financial assets at AC".

**Liquidity risk management**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group finance department. Group treasury department monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, compliance with internal financial position ratio targets and external regulatory or legal requirements.

**25. Financial instruments and risk management (Continued)**

Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts and time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.

At the reporting date, the Group held short term deposits of KD 34,490 thousand (2019: KD 22,046 thousand) and other liquid assets of KD 163,913 thousand (2019: KD 165,455 thousand) that are expected to readily generate cash inflows for managing liquidity risk. The following tables detail the Group's remaining contractual maturity for its financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

2020	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total	Weighted average effective interest rate
	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	%
<b>Financial liabilities</b>						
Trade and other payables	303,571	-	-	-	303,571	
Lease liabilities	24,275	42,995	42,995	46,077	156,342	
Long term debt	31,039	16,795	19,362	708	67,904	5.7%
Other non-current liabilities	-	1,993	13,651	-	15,644	
	<u>358,885</u>	<u>61,783</u>	<u>76,008</u>	<u>46,785</u>	<u>543,461</u>	
<b>Commitments and contingencies</b>						
Acquisition of property and equipment	11,878	15,560	4,743	-	32,181	
Acquisition of Palestinian mobile license	-	-	-	51,452	51,452	
Letters of credit and guarantee	11,409	245	245	-	11,899	
	<u>23,287</u>	<u>15,805</u>	<u>4,988</u>	<u>51,452</u>	<u>95,532</u>	
2019	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total	Weighted average effective interest rate
	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	%
<b>Financial liabilities</b>						
Trade and other payables	273,440	-	-	-	273,440	
Lease liabilities	21,751	40,756	40,756	54,963	158,226	
Long term debt	82,848	13,380	17,569	-	113,797	5.6%
Other non-current liabilities	-	1,887	13,593	-	15,480	
	<u>378,039</u>	<u>56,023</u>	<u>71,918</u>	<u>54,963</u>	<u>560,943</u>	
<b>Commitments and contingencies</b>						
Acquisition of property and equipment	16,378	21,456	6,540	-	44,374	
Acquisition of Palestinian mobile license	-	-	-	51,236	51,236	
Letters of credit and guarantee	11,571	312	312	-	12,195	
	<u>27,949</u>	<u>21,768</u>	<u>6,852</u>	<u>51,236</u>	<u>107,805</u>	

**26. Operational risk**

Operational risk is the risk of loss arising from inadequate or failed internal processes, human error, systems failure or from external events. The Group has a set of policies and procedures, which are approved by the board of directors and are applied to identify, assess and supervise operational risk. The Group's management ensures compliance with policies and procedures and monitors operational risk as part of overall risk management.

**27. Fair value of financial instruments**Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date.

	2020		
	Level 1	Level 2	Total
	KD 000's	KD 000's	KD 000's
Investment securities			
Unlisted equity securities	-	1,920	1,920
	-	1,920	1,920
	2019		
	Level 1	Level 2	Total
	KD 000's	KD 000's	KD 000's
Investment securities			
Unlisted equity securities	-	2,088	2,088
	-	2,088	2,088

There were no transfers between levels during the years ended 31 December 2020 and 31 December 2019.

**28. Capital risk management**

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the Group performance in relation to its long range business plan and its long-term profitability objectives.

The Group's objectives for managing capital are:

- To safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To provide an adequate return to shareholders by pricing products and services commensurate with the level of risk.

**29. Comparative Figures**

Certain prior year amounts have been reclassified to conform to current year classification with no effect on net profit or equity.





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