Sustainable Growth Through Innovation and Excellence

ooredoo

2021
ANNUAL REPORT

بسم الله الرحمن الرحيم

In the Name of Allah, Most Gracious, Most Merciful.

His Highness
Sheikh Nawaf Al-Ahmad Al-Jaber Al-Sabah
The Amir of The State of Kuwait

His Highness
Sheikh Meshal Al-Ahmad Al-Jaber Al-Sabah
The Crown Prince of The State of Kuwait

Transforming our digital future

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Meet the Board of Directors

Sheikh Mohammed bin Abdulla Al Thani
Chairman

Mr. Abdulla Ahmed Al-Zaman
Vice Chairman

Dr. Hamad Yahia Al-Nuaimi
Board Member

Mr. Nael Abdulla Al-Awadi
Board Member

Dr. Yousuf Mebrek Al-Sellili
Board Member

Mr. Mohammed Sabri Al-Zaidan
Board Member

Message from the Chairman

› **24.0 million**
customers

› **KD 19.2 million**
in net profit

› **KD 601.7 million**
in revenue

Dear Shareholders,

Today, I present to you the financial results and market performance of Ooredoo Kuwait Group for 2021. But first let me begin my report with a summary of the major challenges we faced during the year.

2021 started with more uncertainties and challenges driven by the COVID-19 pandemic, which continued to impact every sector and global economies as new variants of the virus appeared, especially in the first half of the year. Many countries took precautionary measures by reintroducing lockdowns and social distancing measures during that period. However, the status quo started to change with the start of the vaccination drives against COVID-19. We gradually began to see some positive signs of life returning to normal including a gradual return of travel traffic which remains until today governed by strict safety measures.

Amid these COVID-19 pandemic circumstances, Ooredoo's companies sought to offer digital services that serve its clients and have developed their digital sales strategy to ensure clients have access to these services. The best in market solutions and future plans were also devised to deal with any emergency.

The fast spread of COVID-19 imposed restrictions on movement in the countries we operate in negatively affecting most commercial and economic activities. This contributed to a faster transformation from the traditional business model to a digitalized business which meant using more data and a dependence on digital services and solutions that customers, whether individuals or institutions, benefited from.

During 2021, telecommunications emerged as one of the most vital sectors worldwide as its services kept the world connected. We provided the best technological solutions for remote working and studying as well as for free internet. We supported authorities and governments in the countries we operate in by offering all digital and technological services, solutions and systems to guarantee the provision of health, security, logistic and other basic services. I can therefore say with full confidence that the capabilities of the telecommunications sector remain considerable, and that despite the pandemic, the infrastructure of the Group's companies is strong and solid.

Although this crisis had impacted the Ooredoo companies in 2020 especially with the strong impact of the lockdown on some activities in the country and the halt of aviation in most countries, Ooredoo was keen on enhancing the flexibility of its operational performance and meeting all the demands of its individual, private institutions and government customers at the highest efficiency level possible. The company succeeded in that endeavor which was positively reflected in its performance during 2021.

The Group's consolidated customer base grew markedly in 2021 to 24.0 million customers today, thanks to our focus on meeting customer needs and providing integrated digital solutions during the pandemic.

And now, I share with you a detailed analysis of the performance of every company in the Group:

Ooredoo Kuwait

Revenues of Ooredoo Kuwait for 2021 were KWD 210.5 million compared with KWD209.8 million in 2020. EBITDA was KWD 61.1 million in 2021, compared with KWD 52.0 million in 2020.

Ooredoo Tunisia

The customer base of Ooredoo Tunisia decreased to 6.9 million customers in 2021. Revenues increased by 5% in 2021 to reach KWD 134.0 million compared with KWD 127.7 million in 2020. EBITDA was KWD 51.8 million in 2021 compared with KWD 54.7 million in 2020.

Ooredoo Algeria

The customer base of Ooredoo Algeria increased by 2% to 12.8 million customers in 2021 compared with 12.5 million customers in 2020. Business in Algeria was negatively impacted by the depreciation of the Algerian currency, fierce competitive prices, all of which resulted in lower revenues of KWD 188.5 million in 2021, compared with KWD 190.0 million in 2020. EBITDA was KWD 65.1 million in 2021, up from KWD 62.6 million in 2020. The value of the Algerian dinar fell by 8% year-on-year.

Telecommunications emerged as one of the most vital sectors worldwide in 2021 as its services kept the world connected. We provided the best technological solutions for remote working and studying as well as for free internet. We supported authorities and governments in the countries we operate in by offering all digital and technological services, solutions and systems to guarantee the provision of health, security, logistic and other basic services.

Ooredoo Palestine

The customer base of Ooredoo Palestine stood at 1.4 million customers in 2021. Revenues rose by 9% to KWD 33.8 million in 2021 compared with KWD 31.2 million in 2020. EBITDA was notably up by 17% to KWD 12.3 million in 2021 compared with KWD 10.5 million in 2020 due to enhanced operational efficiency in all commercial business areas.

Ooredoo Maldives

Revenues of Ooredoo Maldives increased slightly by 2% to KWD 35.0 million in 2021 compared with KWD 34.3 million in 2020. EBITDA for 2021 was KWD 17.2 million compared with KWD 17.0 million in 2020. Ooredoo Maldives now serves 38 thousand customers.

2022... A More Flexible Future

In 2021, we continued to digitalize our services and overall business in the markets in which we operate, ultimately succeeding in maintaining our leadership position despite the exceptionally and challenging conditions that impacted our sector. Ooredoo maintained its strengths and growth, increased its performance efficiency and is not past the recovery phase from the pandemic. We have built a solid foundation to enable us to continue to grow and prosper in 2022 and the years to come.

Ooredoo will continue to provide advanced digital and smart solutions as well as innovate and develop the infrastructure of the Group's networks. We are taking significant steps towards enhancing partnerships and long-term agreements with other sectors such as the financial and government sectors in order to offer these services that contribute to maintaining business continuity and give access to new growth opportunities.

"We will continue to provide advanced digital and smart solutions as well as innovate and develop the infrastructure of the Group's networks."

Wishing you all much luck and success,

Mohammed bin Abdulla Al Thani

Message from the CEO

Dear Shareholders

I am pleased to be presenting to you Ooredoo's performance and developments during the year 2021. We entered the year with continued uncertainties to what challenges the COVID-19 pandemic had yet to present. The first half of the year was governed with continued challenges, gradually clearing as we ended the year.

Amidst this backdrop, we at Ooredoo were adamant to continue evolving despite any challenge, ensuring that each day, year, partnership, collaboration, event or crisis becomes the drive that moves us steadily forward towards innovation and growth. That was the vow of the confident family of Ooredoo. We were determined to turn challenges into opportunities. And I am proud to say that we successfully delivered and maintained our leadership position by the end of 2021.

Moving Forward with Strategic Partnerships

In 2021, Ooredoo continued its focus on digitalization, establishing strategic partnerships that enable the Company to advance its technological capabilities and therefore improve its products and services, in return adding more value to its customers' digital experience.

We aimed to shift mindsets by focused on youth, entrepreneurs, and other segments such as the Mobile Financial Services and FinTechs, giving Ooredoo the competitive advantage for building a competitive position.

Among this year's remarkable partnerships are the collaboration with the National Bank of Kuwait (NBK), the leading provider of digital banking services in Kuwait and the region, to develop digital services, products and solutions that contribute to enriching customer experience in both institutions and provide cutting-edge digital services and solutions that contribute to meeting the needs of all customers.

Ooredoo has also entered a reseller agreement with BT, a leading provider of global communications services and solutions. The scope of services includes managed connectivity and voice services, collaboration and contact center solutions, as well as cloud-based security services and consultancy.

Ooredoo is a renowned ICT leader regarding many products, services and solutions and is excellently positioned in particular businesses; thus our duty in 2021 was to take advantage of this position and create business opportunities.

The adaptation and utilization of "Kuwait Mobile ID", a mobile application provided by the Public Authority for Civil Information (PACI) that provides users with a digital civil ID accredited for identification and digital signature for both government and private sector, for secure authentication of identities at any of its branches, sales channels, online or through the MyOoredoo application, enhanced customer experience and boosted optimization efforts from a consumer perspective.

As organizations are shifting to a distributed, hybrid-cloud, multi-device world, Ooredoo partnered with Infoblox, the pioneer in delivering the world's most reliable, secure and automated networks, to provide network infrastructure control solutions.

Innovating, Digitalizing

With the diversity of customer segments, we have also diversified our campaigns and marketing strategies to satisfy every segment. This led to an increase in the number of our customers in 2021, and therefore the increased trust in our products and services.

This step was driven by the focus on digital transformation and innovative smart solutions, a step that has increased the usage of the MyOoredoo app which saw a large number of new subscribers and high download rates as it allowed them to manage their account and payments.

The move was supported by the partnership with Nokia to extend the reach of Ooredoo's fiber network with 5G Fixed Wireless Access (FWA). easily connecting residential and business customers with direct fiber lines, and therefore increasing its fixed broadband customer base across the country.

Ooredoo also continued its effort to accelerate the digital transformation through rolling out the eSim online purchase, which positioned Ooredoo as the first telecom operator in Kuwait and region to offer customers the ability to conduct a complete purchasing process of a new eSIM online and without any physical interaction or signature utilizing "Kuwait Mobile ID".

Together, these developments were critical contributors to Ooredoo Kuwait's 2021 financial superiority were a growth in postpaid services, Home Internet Service with 5G Fixed Wireless Access (FWA) through partnering with Nokia, B2B profits and higher sales of devices.

Awards and Recognitions

Ooredoo has won several prestigious awards in recognition of its excellence and innovation in maintaining its role position as a main contributor to the local community and serving the public interest, along with provide its customers with high quality telecommunication services.

Ooredoo won in three categories at the 2021 Middle East & North Africa Stevie Awards®, the first a Gold Stevie Award® for "Innovation in Business Information Apps" category in recognition of the company's MyOoredoo application, a Silver Stevie Award® for "Achievement in Growth" in recognition of Ooredoo Kuwait's milestones in business, technology and digital services in the telecommunications sector, and lastly, a Bronze Stevie Award® for "Innovation in Customer Service Management, Planning & Practice - Telecommunications Industries".

The Company was also named the "Kuwait's Fastest Mobile Network" for 2021*; awarded by the Ookla®, the company behind Speedtest®, and the global leader in fixed broadband and mobile network testing applications, data and analysis.

At last, Ooredoo was recognized as the "Best Internet Service Provider" at the annual Service Hero Awards for the year 2020, endorsing the company's long-standing commitment to its customers and excellence in offering complete coverage at high speeds, multiple plan options to suit different needs along with offering an excellent customer service.

Government and Community Initiatives

When it comes to giving back to our communities, Ooredoo is committed to investing in initiatives that positively contribute to the wellbeing of every segment of the community. Ooredoo takes part in various initiatives that support local communities, specifically initiatives in the fields of sport, culture, and health.

As the pandemic continues to weight on the world and in support of efforts in the vaccination drive, Ooredoo honored frontline heroes by providing the medical workers at the Ministry of Health with smart devices, handsets, and wireless network devices (routers) with SIM cards and Internet.

Ooredoo also partnered with governmental entities in several initiatives that comprised the "Safe Education" campaign in collaboration with a local high schools to encourage students to adhering to health measures to protect them while at school. A second campaign titled "Safer Internet for Kids" was launched in collaboration with the Communication and Information Technology Regulatory Authority (CITRA) to raise awareness about the YouTube Kids application and encourage parents to ensure their children have a safer online experience through parental control options.

Furthermore, Ooredoo developed a strategic partnership with the AlNajat Charity to provide a set of state-of-the-art Data Center, Cloud, Cyber security and ICT solutions to host AlNajat Charity servers' network infrastructures and main websites.

Ooredoo also sponsored the "Flying Start Triathlon 2021" to support youth, athletes and national talents which also goes in line with its core values and its year-round social responsibility strategy.

A Promising Outlook

It goes without saying that 2021 was indeed a challenging year, however, where there are challenges, there are opportunities. I pride Ooredoo Kuwait on its flexibility, robust performance, effective strategies and operations, and success in 2021 which reflects our efficient management style. We proved our ability to not only change, but rather transform; to promise and prove; through listening to people inside and outside the company; employees, customers, managers, partners and the community.

Ooredoo ended the year with a stronger position in the world of digital services, information technology, Internet and communications, and with the foundations to enable the Company to continue its digital transformation and growth in 2022 and beyond.

Coupled with a robust corporate strategy, Ooredoo will continue expanding its digital products, services and solutions to enhance both consumers and B2B customers' experiences, while seeking new opportunities in partnerships with reputed companies.

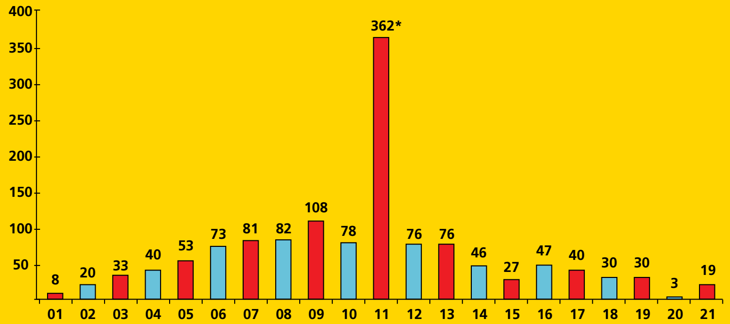
Our overlying objective for 2022 is to build a stronger sustainable company that creates value – value for our employees, customers, partners and community. We will be developing our infrastructure, innovating our products and solutions, and contributing to Kuwait's vision to become a sustainable financial and trade hub.

Abdulaziz Yaqoub Al-Babtain

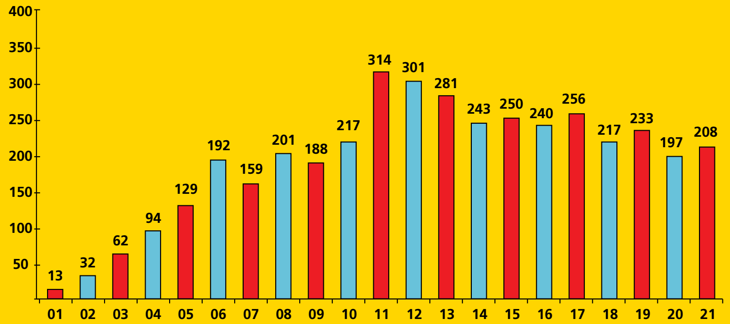
Financial Highlights

For the year ended 31 December 2021

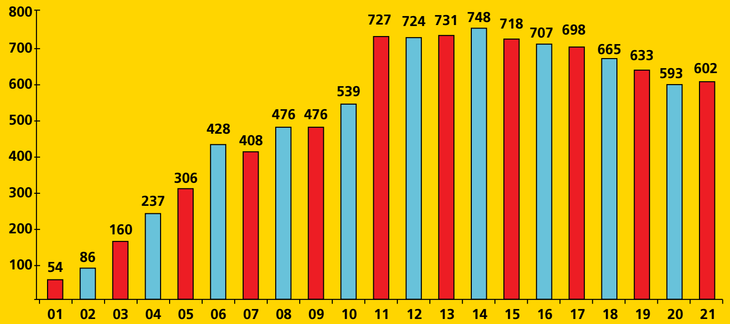
Net Profit to Ooredoo Kuwait
In KWD million
19.2



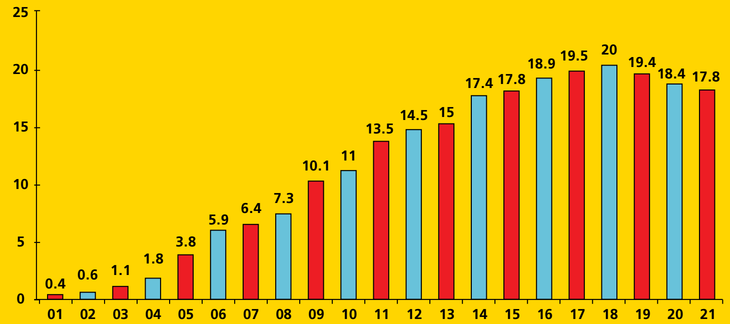
EBITDA
In KWD million
207.6



Revenue
In KWD million
601.7



Relative Number of Subscribers
In million
17.8



Net profit attributable to Ooredoo Kuwait increased to KWD 19 million in 2021, representing a strong growth of 468% compared to KWD 3 million in 2020. Net Profit growth was supported by solid operational and financial earnings from Ooredoo Kuwait, Ooredoo Tunisia, Ooredoo Algeria, Ooredoo Palestine and Ooredoo Maldives.

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

		Year 2021 (in KD millions)	Year 2020 (in KD millions)
Ooredoo KUWAIT	Total Subscribers	2.5	2.5
	Revenue	210.5	209.8
	EBITDA	61.1	52.0
	% EBITDA	29%	25%
	Net Profit to Ooredoo Kuwait	1.1	(7.5)
Ooredoo TUNISIA	Total Subscribers	6.9	8.1
	Revenue	134.0	127.7
	EBITDA	51.8	54.7
	% EBITDA	39%	43%
	Net Profit to Ooredoo Kuwait	9.3	7.8
Ooredoo ALGERIA	Total Subscribers	12.8	12.5
	Revenue	188.5	190.0
	EBITDA	65.1	62.6
	% EBITDA	35%	33%
	Net Profit to Ooredoo Kuwait	2.6	0.1
Ooredoo MALDIVES	Total Subscribers	0.4	0.3
	Revenue	35.0	34.3
	EBITDA	17.2	17.0
	% EBITDA	49%	50%
	Net Profit to Ooredoo Kuwait	8.3	7.3
Ooredoo PALESTINE	Total Subscribers	1.4	1.3
	Revenue	33.8	31.2
	EBITDA	12.3	10.5
	% EBITDA	36%	34%
	Net Profit to Ooredoo Kuwait	2.0	1.1
Ooredoo Consolidated	Total Subscribers	24.0	24.8
	Revenue	601.7	592.8
	EBITDA	207.6	196.9
	% EBITDA	34%	33%
	Net Profit to Ooredoo Kuwait	19.2	3.4

Innovating our Way Forward Towards Sustainable Growth

FEB

NBK and Ooredoo ink a MoU to collectively provide digital services and solutions.

Ooredoo Kuwait recognized as the “Best Internet Service Provider” at the annual Service Hero Awards for the year 2020.

MAR

Ooredoo Kuwait fast tracks 5G deployment, becoming the first operator in the country, and among the first in the Middle East to deploy Dynamic Spectrum Sharing (DSS) and introduce 5G network.

Ooredoo Kuwait partners with Infoblox to provide network infrastructure control solutions.

APR

Ooredoo Kuwait re-certified as Cisco Gold Partner.

MAY

Ooredoo Kuwait collaborates with Nokia to boost its home internet service with 5G Fixed Wireless Access.

Ooredoo Kuwait appointed a reseller of BT's Communications and Security Solutions

Ooredoo Kuwait obtains MSSP and integrator expert level in Fortinet's Engage Partner Program.

JUN

Ooredoo Kuwait joins forces with Ministry of Health to fight COVID-19.

Ooredoo the only operator to offer exclusively Apple TV 4K to its customers in Kuwait.

Ooredoo the first in Kuwait and region to offer customers the ability to conduct a complete eSIM online purchasing process.

Ooredoo Kuwait selects Ericsson Charging to improve customer digital experience. Ericsson Charging allows Ooredoo Kuwait to deliver superior digital 5G services and quality to its customers in line with the digitalization ambitions of Kuwait Vision 2035 “New Kuwait”.

JUL

Ooredoo Kuwait sponsors "Kuwait Rescue Team".

Ooredoo awarded the “Fastest Network in Kuwait” for 2021 by the Ookla®, the company behind Speedtest®, and the global leader in fixed broadband and mobile network testing applications, data and analysis.

SEP

Ooredoo Kuwait’s awarded a Gold Stevie at the Stevie International Business Awards in the ‘Mobile On-Demand Application’ category, a Bronze Stevie for ‘Corporate Social Responsibility Program of the Year’ and another Bronze Stevie for the ‘Most Valuable Service’.

Ooredoo Kuwait partners with Falcon company to launch the latest drone products and accessories in the Kuwaiti market

OCT

Ooredoo Kuwait participates in "Safe Education" campaign in collaboration with the Ministry of Interior, Ministry of Information, Ministry of Health and Ministry of Education.

Ooredoo partners with KidZania Kuwait and launches its "Ooredoo Telecom Center".

Ooredoo partners with Flying Start Triathlon.

NOV

Ooredoo becomes the “First Telecom to Deploy the Internet Protocol version 6 IPv6 in Kuwait”.

Ooredoo Named Official Middle East & Africa Telecommunications Operator of the FIFA World Cup Qatar 2022™ and FIFA Arab Cup Qatar 2021™.

DEC

Ooredoo Kuwait signs strategic partnership with AlNajat Charity to build up a digitalized infrastructure.

Ooredoo Kuwait wins three awards at Arab Media Forum’s ninth edition.

Ooredoo Kuwait Wins Two Awards at the MENA Effie Awards 2021.

Digital Transformation and Value Creation in Countries of Operations

We're driving digital transformation in countries of our operations, while ensuring we continue to positively contribute to the wellbeing of our communities.

We're investing in a fast network, smart and cloud solutions, innovative products as well as collaborating with leading partners to serve our customers and satisfy their needs.


KUWAIT

Ooredoo KUWAIT

Ooredoo proved its capabilities to overcome unforeseen events and challenges, maintaining a strong performance thanks to a flexible business model that adapts to change, ensures business continuity and maintains the company's role as an active contributor to the community. Ooredoo ended the year having sustained its leadership role as a telecom operator and Kuwaiti company. Ooredoo continued to achieve excellence and outstanding successes during 2021, focusing on strategic partnerships that aimed to enhance the company's competitiveness, as part of its vision to build a culture of innovation and promote creative thinking to arm itself for continued success.

Among this year's remarkable partnerships are: Ooredoo's collaboration with the National Bank of Kuwait (NBK), the leading provider of digital banking services in Kuwait and the region, to develop digital services, products and solutions that contribute to enriching customer experience in both institutions. The signing of the MoU came as part of the strategic partnership and well-established relationships between Ooredoo and NBK, and their keenness to provide cutting-edge digital services and solutions that contribute to meeting the needs of all customers to get an exceptional experience from leading institutions in both the financial services and telecommunications sectors.

Ooredoo has also entered a reseller agreement with BT, a leading provider of global communications services and solutions. The scope of services includes managed connectivity and voice services, collaboration and contact center solutions, as well as cloud-based security services and consultancy.

Further, Ooredoo has announced its collaboration with Nokia, a trusted partner for critical networks, in which Nokia will be supplying Ooredoo Kuwait 5G Fixed Wireless Access (FWA) equipment for the operator's customer premises. An early pioneer of FWA, Ooredoo is now offering the Nokia FastMile 5G Gateway as a premium internet device for residential and business customers. Ooredoo Kuwait is using FWA to extend the reach of its fiber network to premises not easily connected with direct fiber lines. This support the company in significantly increasing its fixed broadband customer base across the country.

As organizations are shifting to a distributed, hybrid-cloud, multi-device world, they need to make sure they maintain security and IT retains control. Through its collaboration with Infoblox, the pioneer in delivering the world's most reliable, secure and automated networks, to provide network infrastructure control solutions, Ooredoo ensures advanced security, reliability, and automation to its network environments.

It goes without saying that Ooredoo has made quantum leaps in the world of telecommunication, technology, cybersecurity and security services, making it a well-reputed company with a leading position in the world of innovative digital services, information technology, Internet and communications.

Governmental Community Related Initiatives

2021 was not the year of achieving the desired revenues only for Ooredoo Kuwait, it was the year of improving the company's community-related initiatives to achieve sustainable growth in line with the deep values of human purpose that achieve social cohesion.

On the map of government community initiatives, Ooredoo has been known for its well reputation in providing various services that provide security and safety for all members of society, as it works hand in hand with various government agencies in the country in everything that is in the interest of the people and the state. As part of its constant support to the efforts of the state and governmental bodies in the country, and the 'Safe Education' campaign, Ooredoo Telecom visited Maria Alqubtiya High School to ensure a safe return of students to schools in a healthy educational environment, along with encouraging students to continue adhering to the health instructions to protect themselves and others. Thus, the company distributed facemask masks and sterilization tools. It is noteworthy that the "Safe Education" campaign came as a result of a collaboration of the Ministries of Education, Interior, Health and Information, with the participation of Ooredoo Kuwait and other prestigious companies in the country, hence, the campaign will continue throughout the academic year 2021-2022.

Ooredoo in association with the Communication and Information Technology Regulatory Authority (CITRA) has launched a new campaign entitled "Safer Internet for Kids", the first of its kind. The campaign tackles YouTube Kids application and falls under the umbrella of Ooredoo Kuwait's social responsibility program as it aims to raise public awareness, encourage parents to take positive role in offering their children with a safer online experience through YouTube Kids' parental control options.

Ooredoo was one of the first companies in Kuwait that established proactive strategies and offered constant support to the governmental bodies. In this approach, Ooredoo Kuwait has fueled the drive-in vaccination center on the South Island of Sheikh Jaber Al-Ahmad Al-Sabah bridge with a wide range of innovative digital products and services to support the medical staff and the overall vaccination process.

Ooredoo has also supported the government by offering it with a wide range of digital services to enable them to perform and operate more efficiently and effectively, including the cloud services and enhancing the infrastructure capabilities of health centers for vaccination against the COVID-19. In the same notion, Ooredoo Kuwait provided the medical staff and workers in the Ministry of Health with smart devices, handsets, and wireless network devices (routers) with SIM cards and Internet.

In addition, Ooredoo has announced the launching of its charity campaign as part of their community service projects in association with Al-Najat Charity. Ooredoo designated a team together with Al-Najat Charity volunteers and handed over than a hundred food baskets for the needy families in the country. It has also donated KWD 5,000 to Al-Najat Charity, for its drilling wells campaign in coincide with the World Water Day with the aim of providing clean water for the poor countries. Ooredoo's charity campaign is integral to its commitment to enable collective humanitarian work, promote social responsibility, and increase awareness among the local community.

Also, and in presence of Ooredoo Kuwait as a main supporter, BOnline and Dahiyat Abdullah Al Salem & Mansouriya Cooperative Society have signed an agreement states that all parties will work hand in hand to provide an integrated security system for residential areas starting from Abdullah Al-Salem and Mansouriya Cooperative Societies. Ooredoo's main role will be supporting the security system by exploiting its 5G network connectivity, due to its best interconnection and Internet of Things (IoT) networks in the country.

Digital Transformation & Sustainable Growth

In continuation of its ongoing efforts to accelerate the digital transformation in the country, and in line with its business strategy to constantly provide the latest digital services to its customers and the public, Ooredoo has announced adopting "Kuwait Mobile ID", a mobile application provided by the Public Authority for Civil Information (PACI) that provides users with a digital civil ID accredited for identification and digital signature for both government and private sector, for secure authentication of identities at any of its branches, sales channels, online or through the MyOoredoo application.

Ooredoo also rolled out eSim online purchase in Kuwait Ooredoo is the first telecom operator in the State of Kuwait and region to offer customers the ability to conduct a complete purchasing process of a new eSIM online and without any physical interaction or signature utilizing "Kuwait Mobile ID", a mobile application provided by the Public Authority for Civil Information (PACI). PACI provides users with a digital civil ID accredited for identification and digital signature for both government and private sector.

Excellence & Recognition

Over the year, Ooredoo has won several prestigious awards in recognition of its excellence and innovation as well as contributions to local communities. The company was awarded in three categories in the 2021 Middle East & North Africa Stevie Awards®. The Gold Stevie Award® for "Innovation in Business Information Apps" was awarded in recognition of the company's MyOoredoo application, while the Silver Stevie Award® for "Achievement in Growth" recognized Ooredoo Kuwait's advancements in business, technology and digital services in the telecommunications sector. Lastly, Ooredoo received the bronze Stevie Award® for "Innovation in Customer Service Management, Planning & Practice - Telecommunications Industries".

Ooredoo was also named the "Kuwait's Fastest Mobile Network" for 2021*; awarded by the Ookla®, the company behind Speedtest®, and the global leader in fixed broadband and mobile network testing applications, data and analysis.

At the 9th Advertising Creativity Award 2021, organized by the Arab Media Forum, Ooredoo won in the "Best National TVC", "Public Relations Stars" and "Brand Excellence" categories.

During the MENA (Middle East and North Africa) Effie Awards 2021, Ooredoo won the silver award in the "New Product and Service Introduction" category, and the bronze award in the "Omni-Channel Shopper Solution" category, for the successful advertising campaign "Inconsistent Internet Connection, unstable Mood".

And last, Ooredoo was recognized as the "Best Internet Service Provider" at the annual Service Hero Awards for the year 2020, endorsing the company's long standing commitment to its customers.

Human Capital Development

During the year, Ooredoo demonstrated its belief in the Kuwaiti youth and their ability to achieve sustainable development for the country. Therefore, it was keen on encouraging them, adopting their ambitions, rehabilitating and training them to work in all the company's departments, and has already met the percentage of national manpower and achieved 100% of new appointments of Kuwaiti competencies in leadership positions. It also achieved 100% of the leadership job placement, especially in vital and sensitive sectors in the company. These percentages came as solid evidence of the success of Ooredoo's effective strategies, which aimed at encouraging and supporting youth.

The company also invested heavily in training Kuwaiti talents through programs that enables them to assume leadership positions and increase their productivity. The training programs were developed with the aim to improve the capabilities and skills of Kuwaiti employees in various fields, which contributed to building professional leaders.

Al Nokhba

Al Nokhba by Ooredoo caters to the customers' telecommunication needs locally and internationally. The premium experience begins from the moment customers sign up for Al Nokhba membership, which includes lounge entrance, exclusive benefits, and priority purchase advantage, that guarantees their satisfaction.

Financial Performance

Revenues of Ooredoo Kuwait for 2021 were KWD 210.5 million compared with KWD 209.8 million in 2020. EBITDA was KWD 61.1 million in 2021, compared with KWD 52.0 million in 2020.

TUNISIA

Ooredoo TUNIS

Despite challenging macroeconomic conditions, Ooredoo Tunisia remained resilient and maintained its solid financial position by reporting revenue growth 5% to reach KWD 134.0 million in 2021 compared to KWD 127.7 million in 2020. EBITDA decreased to KWD 51.8 million in 2021 compared to KWD 54.7 million in 2020. Ooredoo's customer base in Tunisia decreased to 6.9 million customers, due to a change in Ooredoo Tunisia's reporting methodology of its prepaid customer's base from the original life-cycle definition to the 90 days network activity definition to align with a common methodology across mobile operators within the country. This change translates into a drop in the reported customer base of approximately 1.2 million with no impact on the reported financials.

As part of the company's commitment to expand its digital proposition, Ooredoo Tunisia launched "Do" in 2021, the first digital offer in the market with a fully integrated digital customer experience, attracting almost 300 thousand customers.

ALGERIA

Ooredoo Algeria

Ooredoo Algeria concluded 2021 with positive earnings that reaffirm the efficiency and effectiveness of Ooredoo's strategy, which depends mainly on the digitization of its services and modernization of its technological equipment. The development of the digital economy in Algeria.

One of the most important aspects of the work that Ooredoo Algeria is most proud of today is its active and effective contribution to community initiatives and programs that support the various segments of the local community. The company supports youth in education, sports, career development, as well as the community as a whole through health awareness and economic contribution, all of which highlight the positive non-commercial role of the company.

Our Digital Transformation Strategy

Moving forward in its innovative strategy for digital transformation, Ooredoo Algeria launched the first smart branch in the state of Oran in the heart of the lively neighborhood of Colonel Lotfi in the west. The new space embodies the most important values of the company, which are to satisfy customers and provide them with high quality services in an environment that combines comfort, modern design and innovation. This concept, the first of its kind in Algeria, is part of the company's digital transformation strategy, which stems from its ambition to continue to provide Algerians with mobile services at the level provided across the world. These efforts extended to the opening of a new smart branch in the Garden City commercial center in Cheraga - Algiers, and its first smart space in Constantine, in line of its vision to implement a strategy to modernize its sales network and digitize its services.

Awards and Recognitions

In recognition of its commitment to accelerating digitization and technology investment in Algeria, Ooredoo Algeria was awarded in the categories of "Best Mobile Enterprise Offer of the Year" and "Mobile Application (Customer Experience) of the Year" for its YOOZ app at the second edition of "Digitac" Salon. It is worth noting that Ooredoo Algeria participated in the second edition of DIGITECH as the official sponsor of the event, which was held at the International Conference Center - Abdelatif Rahal in Algiers.

Community Initiatives

Ooredoo Algeria is proud of its active role in the local community, through which it reaffirms its commitment and support to various segments of the community. The company encourages entrepreneurial spirit among the youth and raises awareness to the most important causes that impacts the society.

A significant initiative is the partnership it signed with the Algerian international football player, who is also active in the German team Borussia Mönchengladbach, Ramy Ben Sabaini, to become an ambassador for the Ooredoo Algeria brand, and to promote the company's values among the Algerian youth, as Rami Ben Sabaini is a positive role model to the Algerian youth as he embodies ambition and determination to succeed, which are all together qualities that are closely aligned with Ooredoo's values.

The company also partnered with the Algerian artist Malika Belbay in several projects, including a national awareness campaign for early diagnosis of breast cancer under the name "Hayat". The campaign was launched during Pink October. Malika Belbay is known for her many artistic talents and her societal commitment to women's issues. These qualities make her a respected, humble and committed figure within society. She is an authentic Algerian woman who simultaneously represents ambition, courage and success, all values shared with Ooredoo.

Supporting the youth and their employment, the company provided opportunities for young talents and recent graduates to showcase their skills during the company's participation in the first virtual employment fair "AlgeriaWorklinks" in cooperation with the Algerian Center for Social Entrepreneurship (ACSE) and the Management Business International Institute (MBI), Setif, and in exclusive partnership with Emploitic The fair brought together more than 40 employers and 2,000 young job seekers to directly connect.

Ooredoo also sponsored the eighth edition of the Training Camp, which is held at the National School of Computer Science (ESI) in Algiers. This initiative, launched by the student organization ETIC, brought together nearly one hundred Algerian students representing different schools and universities across the country. The Training Camp aims to stimulate creativity, knowledge and teamwork by providing intensive training courses on technologies and entrepreneurship.

Ooredoo Algeria also sponsors the "Injaz Algeria" initiative, which was organized under the patronage of the Undersecretary to the Prime Minister in charge of Knowledge Economy and Start-ups, Yacine El-Mahdi Oualid, giving the youth access to entrepreneurship. "Injaz Algeria" aims to encourage young students to be creative and supports their endeavors to build start-up companies that add value to the local economy.

Committed to the values of the Holy Month of Ramadan, Ooredoo Algeria welcomed the month in a series of charitable initiatives across several states. In partnership with the association "Ehsan", the company launched a large campaign during the 30 days of the month to provide iftar meals for those fasting while traveling, working or are far from their families. The company also distributed Ramadan gifts to the needy. Both Ooredoo Algeria and "Ehsan" organizes an initiative to honor children who memorize the Holy Quran.

On the occasion of the International Children's Day on June 1, Ooredoo Algeria organized an event for children with special needs at Sablat Park in Algiers. During the day, hundreds of children with special needs enjoyed activities, workshops and games.

Financial Performance

The customer base of Ooredoo Algeria increased by 2% to 12.8 million customers in 2021 compared with 12.5 million customers in 2020. Business in Algeria was negatively impacted by the depreciation of the Algerian currency, fierce competitive prices, all of which resulted in lower revenues of KWD 188.5 million in 2021, compared with KWD 190.0 million in 2020. EBITDA was KWD 65.1 million in 2021, up from KWD 62.6 million in 2020. The value of the Algerian dinar fell by 8% year-on-year.

Outlook

While digital services have become an increasingly important source of revenue for Ooredoo Algeria as it caters to the changing and evolving needs of customers as behavior turns to ecommerce, online learning and remote work, the company will continue to enhance these services and expand its scope across Algeria to reach the largest number of customers and acquire new segments with a focus on innovative services as well as community initiatives and partnerships.

MALDIVES

Ooredoo Maldives

Despite the continuing challenges brought by the Covid-19 pandemic, which had a direct impact on business, Ooredoo Maldives achieved growth during 2021 thanks to many initiatives that were the first of their kind. The most important of these initiatives was the investment in the infrastructure and network, and the introduction of innovative products and services that meet the needs of different customer segments, further reaffirming the company's leadership and commitment to serving its community in the first place.

Investing in the Infrastructure

Continuing to invest in its services in line with digital transformation to provide the highest level of customer experience, Ooredoo Maldives invested in PEACE Cable, an international direct submarine cable that connects the beaches of Kulhudhuffushi in the Maldives to Singapore and Europe. The cable enhances the digital infrastructure of Maldives and helps the company to provide uninterrupted internet services to its customers.

In the same line, the company has teamed up with Housing Development Corporation Limited to launch SuperNet high-speed fiber to home broadband services to residents of the second phase of Hulhumale Island.

Catering to Customers

The continuous investment in the infrastructure was accompanied by the launch of many services and products that cater to the needs of the segments of the society and increase the company's competitiveness. The company provided corporate SuperNet with an additional data package and SuperNet phone service to small and medium businesses most impacted by the pandemic.

As for individual customers, Ooredoo Maldives launched several exclusive offers for its customers, including packages for browsing YouTube and TikTok applications with unprecedented data usage benefits.

Expanding the Company's Activities

To support the company's continued growth, Ooredoo Maldives started building its new 11-storey headquarters, which will comprise the latest technology and services, in addition to recreational facilities and other special services for employees.

The company has succeeded in expanding its customer base for the m-Faisaa service that enables corporate customers to collect payments easily thanks to a single platform. The platform expanded to include in 2021 "Amana Takaful", "Islander Education" schools, "Gloria Jeans" and more.

Community Initiatives

The company partnered with the organizers of the South Asian Football Federation Championship (SAFF) to make Ooredoo Maldives the main sponsor of the tournament that is held in Maldives. This step comes as part of the company's belief in the importance of supporting local activities, especially those that capture the passion of the local community. The company aimed to have an essential role in reviving an important event for the country.

Financial Performance

Revenues of Ooredoo Maldives increased slightly by 2% to KWD 35.0 million in 2021 compared with KWD 34.3 million in 2020. EBITDA for 2021 was KWD 17.2 million compared with KWD 17.0 million in 2020. Ooredoo Maldives now serves 38 thousand customers.

Outlook

Ooredoo Maldives' priority remains to lead the development of the 5G network in Maldives and harness the power of online education and the Internet of Things to meet the needs and desires of individuals and companies in the country. As part of the company's plans that aspire to achieve digital transformation, Ooredoo Maldives will continue to innovate solutions that bring benefits to customers and the society as a whole.


PALESTINE

Ooredoo Palestine

Ooredoo Palestine is steadily strengthening the company's market position and is constantly working to increase its profitability and customer base, as it endeavors to provide the best-in-class services to the Palestinian customer, harnessing the global capabilities of the Ooredoo Group, as well as the capabilities of its Palestinian talents.

Thanks to the deployment of the latest technology in its network, the company achieved development and progress in terms of financial and commercial outcomes in 2021. It also adhered to the highest standards to achieve its digital transformation, ensuring its long-term progress toward a brighter future and benefiting the Palestinian society. Along the way, the company remains focused on customer satisfaction for its products and services while also investing in its dedicated and hardworking team as they have crucial role in leading the company's expansion across business lines.

Ooredoo Palestine today offers mobile telecommunications services using the most up-to-date equipment and technology, and these services are tailored to individual and corporate subscribers' needs. Ooredoo Palestine is one of the companies that places a high value on the communities in which it operates, and its vision of enriching the lives of its subscribers, as well as its belief in the ability of communications to stimulate human development, all contribute to helping members of communities achieve their full potential.

Partnerships for ePayment Services

Ooredoo Palestine and Malchat eWallet app signed a partnership to accredit Malchat as authorized payment channel. Ooredoo customers can recharge their line, pay their bills and recharge their internet packages through the Malchat eWallet app. The new service enables Ooredoo Palestine to expand in financial technology as part of its digital transformation strategy, further emphasizing on the company's important role in promoting a culture of Internet of Things through its network and for its customers as they can now pay their bills, buy packages and recharge their lines through app, ultimately enabling them to benefit from digital solutions that have become necessary to the growth of the sector.

Promoting National Products

Ooredoo Palestine signed a cooperation agreement with the Palestinian Trade Center "Pal Trade" to support the "Baladi" platform and promote local Palestinian products locally. The aim is to provide small producers, artisans, and farmers with a digital platform that benefits them. The cooperation comes as part of the company's ongoing efforts to strengthen its role in benefiting national products and empowering the Palestinian people.

Community Initiatives

Ooredoo Palestine's focus on its financial and operational performance has not made the company lose sight of its role and loyalty to the Palestinian community. The company continued to contribute to the society through various initiatives and during the most challenging health, political and economic conditions that the society overcome in the past year. Ooredoo Palestine sponsored the Palestinian football field for the fifth year in a row, sponsoring the women's football team, in addition to sponsoring the professional league in the West Bank, the Premier League in the Gaza Strip and the Abu Ammar Cup, thus earning the title of the official sponsor of the Palestinian football. The company has also provided various sponsorships for health and educational initiatives with partners we are proud of.

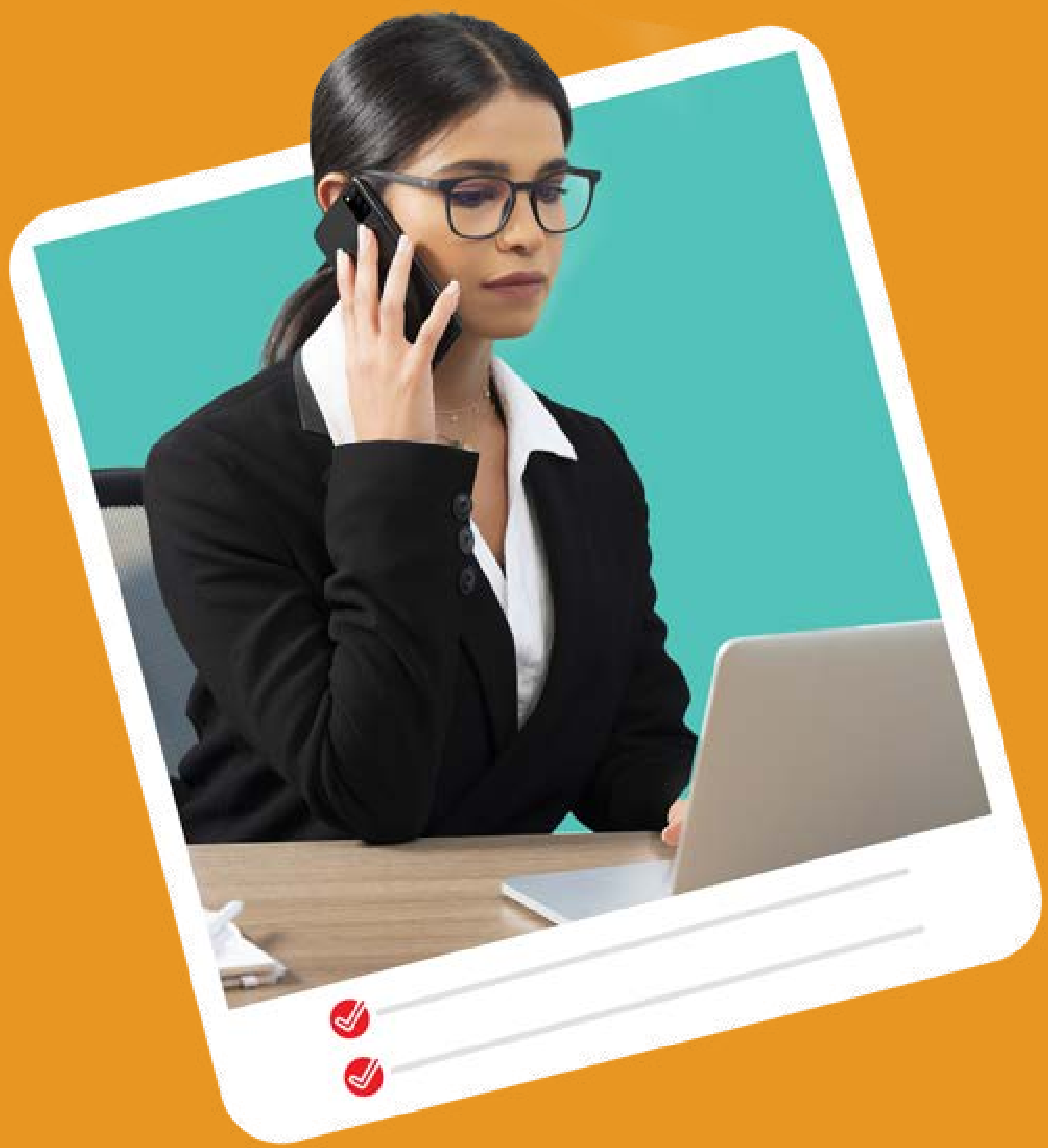
Financial Performance

Ooredoo Palestine showed remarkable progress in its financial and operational performance for the third year in a row, as it achieved USD 13.4 million in net profit for 2021, a 78% increase from the previous year.

The customer base of Ooredoo Palestine stood at 1.4 million customers in 2021. Revenues rose by 9% to KWD 33.8 million in 2021 compared with KWD 31.2 million in 2020. EBITDA was notably up by 17% to KWD 12.3 million in 2021 compared with KWD 10.5 million in 2020 due to enhanced operational efficiency in all commercial business areas.

Outlook

Ooredoo Palestine has a positive outlook for the coming year as it moves forward with its digital transformation strategy, further attracting customers by ensuring the increasing demand for telecommunications services is met, specifically for internet, calls and competitive plans.



Ensuring Sound Corporate Governance

Corporate Governance Report 2021

Contents

Rule 1

Construct a Balanced Board Composition

The main role of the Board of Directors is to lead the company in protecting the interests of the shareholders and to achieve the balance between these interests and the company's operational goals. The Board's leadership is pioneering within the framework of active and keen directives that allow risk assessment and management. The Board of Directors possesses full authority and power to manage the company.

The Board comprises of seven members elected by secret voting by the company's General Assembly of shareholders. The Chairman and Vice Chairman are chosen by the members of the Board in accordance with the provisions of Article (183) of Companies Law and Article (16) of The Company Articles of Association, amended December 30, 2012. Members of the Board of Directors were re-elected in the General Assembly meeting held March 19, 2019. Following is a list of the Board of Directors.

Name	Title	Role	Educational Background	Election/ Appointment Date
Mohammed bin Abdulla Al Thani	Chairman of the Board	Non-Executive	Bachelor's Degree, Business Management	October 27, 2020
Abdulla Ahmed Al-Zaman	Vice Chairman	Non- Executive	Master's Degree, Business Management and Financial Sciences	March 14, 2019
Dr. Hamad Yahia Al-Nuaimi	Member of the Board	Non-Executive	PhD, Marketing and R&D	October 27, 2020
Dr. Yousuf Mebrek Al-Sellili	Member of the Board	Independent	PhD, Law	October 27, 2020
Mohammed Sabri Al-Zaidan	Member of the Board	Non-Executive	Master's Degree, Business Management	October 27, 2020
Nael Abdulla Al-Awadi	Member of the Board	Non-Executive	Bachelor's Degree, Business Management	October 27, 2020
Fatena Abdel Al Ahmad	Board Secretary	-	PhD, Law	October 27, 2020

Mr. Youssef Mohammad Al Sumait resigned as Member of the Board on April 27, 2021.

The company follows the separation of duties principle as a good governance rule which ensures that the Chief Executive Officer can best perform his managerial duties while the more comprehensive role is reserved for the Chairman of the Board. Sheikh Mohammed bin Abdulla Al Thani is the Chairman of the Board, and Mr. Abdulaziz Yaqoub Al-Babtain is the CEO.

Following is a brief about the meetings of the Board of Directors.

Board of Directors' Meetings Held in 2021

Board Member Name	Meeting (230) Feb. 10, 2021	Meeting (231) April 27, 2021	Meeting (232) July 27, 2021	Meeting (233) Oct. 26, 2021	Meeting (234) Nov. 21, 2021	Meeting (235) Dec. 9, 2021	Total Meetings
1- Mohammed bin Abdulla Al Thani (Chairman of the Board)		√	√	√	√	√	5
2- Abdulla Ahmed Al-Zaman (Vice Chairman)	√		√	√	√	√	5
3- Youssef Mohammad Al Sumait	√						1
4- Dr. Hamad Yahia Al-Nuaimi	√	√	√	√	√	√	6
5- Mohammed Sabri Al-Zaidan	√	√		√	√	√	5
6- Dr. Yousuf Mebrek Al-Sellili	√	√	√	√	√	√	6
7- Nael Abdulla Al-Awadi	√	√	√	√	√	√	6

The Secretary

The secretary prepares a schedule of meetings at the beginning of the year as well as the agendas for those meetings in coordination with the executive management. The secretary submits the agendas to the Chairman for approval, sends out invitations, agendas and documents in ample time ahead of meetings and responds to member requests and queries. It is also responsible for taking minutes of meetings and sending them to members for review and approval, sending resolutions to executive management for implementation, following up on implementation of resolutions made by the Board and its Committees and preparing periodic reports in this regard. The secretary secures the signatures of the Chairman and the Members of the Board on the minutes of meetings, saves the originals and digital copies.

Rule 2

Proper Definition of Roles and Responsibilities

The Board of Directors is responsible for supervising and strategically directing the company through approving and revising policies, either directly or through its committees, with the aim of guaranteeing the commitment to specific standards to reduce risks to the company. The Board possesses full authority and power to manage Ooredoo and work towards the main goal of protecting the rights of shareholders, which in turn leads to achieving the other goals of the company.

The Board is keen on implementing good governance rules that are essential for helping the company grow and achieve its goals. They include the enhancement of transparency and integrity, boosting control and audit measures, limiting conflict of interest and encouraging professional conduct, in addition to other rules that contribute to the company's prosperity.

The Board of Directors held 6 meetings in 2021. All members of the Board attended three meetings, while the remaining three meetings were attended by majority of the members.

During 2021, the Board deliberated operational developments and approved interim financial results. It amended the governance guide and developed policies for dealing with related parties, fraud prevention and safeguarding revenues. The Board recommended the appointment of an auditor, approved the business and financial plan, several contracts for network development as well as amendments to the organizational structure of the company.

The Requirements for Forming Independent Board of Directors' Committees

Board of Directors' Committees:

The Board of Directors has three committees that prepare the ground for more effective decision making. They are the Executive Committee, the Audit and Risk Management Committee and the Remuneration and Nominations Committee.

Each committee has a written charter approved by the Board of Directors. These charters explain a committee's responsibilities, duties and powers. They are consistent with the duties described in the governance guide, the Company Articles of Association, the Commercial Companies Law and the corporate governance section of the Capital Markets Authority's executive bylaws.

A. Executive Committee:

The Executive Committee was formed in April 2007. It makes decisions about all operational matters within its area of specialization. The committee also makes recommendations to the Board of Directors on operational and strategic matters that are beyond its powers and monitors the management's implementation of the company's strategy and investment plans.

The committee held four meetings in 2021 during which it deliberated and approved many projects and operational contracts including network development contracts, outsourcing customer service development, recommending annual dividend for shareholders, and recommending the approval of business plans for the company and the Group.

Committee Members:

1. Sheikh Mohammed bin Abdulla Al Thani (Chairman)
2. Dr. Hamad Yahia Al-Nuaimi (Member)
3. Mr. Mohammed Sabri Al-Zaidan (Member)

B. Audit and Risk Management Committee:

C. The Audit Committee was formed by the Board of Directors in its meeting number (136) held April 1, 2007, in decision number (5) in accordance with the Company Articles of Association and local laws. Risk Management was added to the mandate of the committee in the meeting number (193) of the Board of Directors which convened Feb. 22, 2015. The name of the committee was thus changed to the Audit and Risk Management Committee. The committee reviews internal and external audits, and prepares reports on matters pertaining to auditing and risk management. It monitors the performance of the internal audit department and assists the Board in carrying out its monitoring duties and making recommendations on financial policies and appointing auditors.

The committee held five meetings in 2021. It reviewed the reports of the departments of internal audit and risk, recommended the appointment of an auditor independently and without bias in accordance with internal policies and measures. The committee then approved the audit reports ahead of presenting them to the Board of Directors, and recommended policies regarding related parties, preventing fraud, safeguarding revenues and updating the governance guide.

Committee Members:

1. Mr. Abdulla Ahmed Al-Zaman (Chairman)
2. Dr. Yousuf Mebrek Al-Sellili (Member)
3. Mr. Mohammed Sabri Al-Zaidan (Member)

C. Remuneration and Nominations Committee:

The Remuneration and Nominations Committee was formed in September 2014. Its area of specialization is appointing and evaluating the performance of the executive management, and devising company employee policies. It also assists the Board of Directors in matters related to nominating and appointing members of the executive management and the Board, and determining their remunerations.

The committee held five meetings in 2021 during which it set the performance indicators for the management, approved the annual bonus for company employees, recommended to the Board of Directors the approval of company performance indicators and the annual bonuses for the members of the Board.

Committee Members:

1. Sheikh Mohammed bin Abdulla Al Thani (Chairman)
2. Dr. Yousuf Mebrek Al-Sellili (Member)
3. Dr. Hamad Yahia Al-Nuaimi (Member)

The committees' secretary sends out invitations, agendas and documentation for the meetings well ahead of time and responds to member queries and requirements regarding those meetings. It coordinates with the General Manager to secure the information needed by members of the committees, and to guarantee the timely supply of documentation in support of management proposals, as well as guaranteeing the flow of information to the Board.

Rule 3

Recruit Highly Qualified Candidates for Board of Directors and Executive Management

- Compliance With Requirements of Forming the Remuneration and Nominations Committee

The Remuneration and Nominations Committee is formed of three members one of whom is independent (Dr. Yousuf Mebrek Al-Sellili) and presided by a non-executive member (Sheikh Mohammed bin Abdulla Al Thani). The committee undertakes the tasks of periodically preparing, revising and developing the remuneration policy, in addition to evaluating the policy's efficiency in achieving its goals. It facilitates the role of the Board of Directors and recommends the remunerations of Board members and the executive management.

Reporting the Remunerations of Members of the Board of Directors and Executive Management

Remunerations of members of the Board of Directors and executive management are determined according to the policy approved by the Board. The Remuneration and Nominations Committee specifies the remunerations and the Board approves them. The committee prepares an annual report about all remunerations and incentives of the executive management and members of the Board, whether fixed or variable. The report is presented to the General Assembly of shareholders in their annual meeting.

Rule 4

Safeguard the Integrity of Financial Reporting

The Board of Directors and the executive management provide written undertakings of the soundness and integrity of the prepared financial reports.

The internal audit department monitors the performance of the executive management, reviews interim financial reports and offers consulting services to the executive management to ensure it is carrying out its responsibilities according to applied standards. All this is supervised by the Audit and Risk Management Committee. To safeguard transparency and credibility, the internal audit department investigates violations by any member of management according to procedures in place and presents the results of the investigation to the executive management for necessary action. Internal audit department personnel are independent, experienced and fully capable of performing their duties.

In case of conflict between the recommendations of the Audit Committee and the resolutions of the Board of Directors, an account is included that details and explains the recommendations and the reason or reasons behind the decision of the Board not to abide by them.

- Compliance With Requirements of Forming the Audit and Risk Management Committee

  The Audit and Risk Management Committee is formed of three members one of whom is independent (Dr. Yousuf Mebrek Al-Sellili) and presided by the Vice Chairman of the Board of Directors (Abdulla Ahmed Al-Zaman) who has a Master's degree in Business Management and Financial Sciences. The committee is responsible for the soundness and integrity of financial reports, the sufficiency and efficiency of internal monitoring systems in addition to supervising the internal audit department. The committee reviews risk management policies and strategies and assists the Board of Directors in identifying and evaluating the level of acceptable risks and offers recommendations regarding the organizational structure of risk management.

- Ensuring the Independence and Neutrality of the External Auditor

  The Audit and Risk Management Committee recommends the appointment of an external auditor. The Board of Directors adopts the recommendation and presents it to the General Assembly for approval. The company does not request any extra services from the auditor to avoid any possible conflict of interest which could affect the auditor's neutrality.

  The external auditor is invited to all Audit and Risk Management Committee meetings, and to the meetings of the Board of Directors that discuss interim financial results. The auditor is informed of General Assembly meetings so it can attend and recite its annual report to shareholders.

Rule 5

Apply Systems of Risk Management and Internal Audit

Risks Department:

The Risks Department implements the risk policies and strategies and prepares periodic reports on the nature of possible risks to the company. The reports are submitted to the Audit and Risk Management Committee for approval ahead of presenting them to the Board of Directors. The personnel of the department are independent, experienced and fully capable of carrying out their duties.

- Systems of Control and Internal Audit

  The company adopts effective systems of control and internal audit for safeguarding the soundness of financial data, in addition to measuring, following up and reducing possible risks to the company. This is in compliance with the risk management policy the Board of Directors is keen on continuously updating and developing. The staff and the manager of the Risks Department are fully independent due to their direct affiliation to the Audit and Risk Management Committee. The company annually appoints an independent audit firm to evaluate and review the internal audit systems and report findings to the Capital Markets Authority according to the bylaws in place.

- Compliance With Requirements of Forming an Independent Department / Office / Unit for Internal Audit

  The Internal Audit Department comprises of a head of sector and staff members who are highly knowledgeable and well experienced in the field. They are also fully independent due to their direct affiliation to the Audit and Risk Management Committee, which enables them to carry out their duties without any influences or pressure from the management.

Rule 6

Promote Code of Conduct and Ethical Standards

Code of Conduct and Ethical Standards:

Company employees are committed to the Code of Conduct that specifies the standards and determinants of ethics adopted by the management in carrying out managerial and operational responsibilities. This guarantees that the company achieves its goals ethically and professionally, in consistence with the work environment in the State of Kuwait and in a way that reflects the culture of the society.

Policies and Mechanisms to Limit Conflict of Interest Cases:

The Board of Directors endeavors to entrench the culture of code of conduct and enhance investor confidence in the company's integrity and soundness of its finances through the compliance with good governance rules and devising a conflict of interest policy. The Board has adopted a stakeholders policy and a related parties policy, both of which aim at preventing all forms of conflict of interest.

Rule 7

Ensure Timely and High-Quality Disclosure and Transparency

The company abides by all disclosure requirements. Its financial and audit reports as well as the rest of information, including financial data and private disclosures, are accurate and transparent. The company's management affirms that all disclosed data is accurate, correct and not misleading. All company annual financial reports are also in compliance with the best international practices for financial reports and their requirements. The Investor Relations Unit is committed to its role in organizing the disclosure process, following up on disclosures of members of the Board of Directors and keeping a record of them.

- Compliance With the Requirement of Keeping a Record of Disclosures by Members of the Board of Directors and Executive Management

  The management is committed to keeping a record of disclosures by members of the Board of Directors and the executive management in a way that ensures accuracy and clarity, in compliance with disclosure regulations in place. The management is also committed to reminding all members of their responsibilities in this regard and making them aware of which disclosures are compulsory.

- Compliance with the Requirement of Forming a Unit for Investor Relations

  The Investor Relations Unit was established to guarantee communication and transparency with shareholders, and to respond to their complaints according to approved policies and procedures. The unit is staffed with investor relations specialists familiar with the applied laws and procedures.

- Developing the Information Technology Infrastructure and Largely Relying on it in the Disclosure Process

  The company has devoted a section of its website to corporate governance. All disclosures are reported in that section and the Investor Relations Unit keeps a record of disclosures that take place every year.

Rule 8

Respect Rights of Shareholders

- Compliance With the Requirements of Identifying and Protecting the General Rights of Shareholders

  The management aims to protect the rights of shareholders. It applies corporate governance rules to ensure that the goals of shareholders are consistent with the goals of the company. All shareholders can vote to choose their representatives on the Board of Directors and have access to information about the achievements of the Board and the executive management so that they can evaluate their performance. Shareholders received their dividends according to announced schedule.

- Create a Special Record for Shareholders to be Kept by the Clearing Agency

  The company keeps a record of shareholders which is kept by the clearing agency. Any shareholder has access to all information included in the record. The company maintains open and transparent communication channels with shareholders and regularly publishes information on its website and in the media.

- Encouraging Shareholders to Participate and Vote in General Assembly Meetings

  The company is keen on providing all shareholders with all information and reports needed to keep them updated with company news. The management prepares the agenda and publishes it according to the law so that shareholders are informed of it and can take part in the vote and make the suitable decision. The Chairman and the members of the Board of Directors are ardent about attending the General Assembly meetings, responding to the queries of shareholders and listening to their comments. The voting process is carried out with transparency and integrity which ensures that all shareholders take part in it effectively. Objections by Board members are noted in the minutes of meeting of the General Assembly.

Rule 9

Recognize Roles of Stakeholders

Mechanisms and Policies That Ensure Protection of Rights of Stakeholders

The company respects the rights of stakeholders and endeavors to observe and protect them. Its policies guarantee good relationships with all stakeholders as well as their treatment according to applied rules and regulations. Early in the year, the Board of Directors approved the stakeholder policy that ensures maximum protection of their rights with full transparency and accuracy.

Encouraging Stakeholders to Follow Company Activities

The management reports all company activities and latest news on its website, and its disclosure policy guarantees transparency and speed in publishing essential information that is of interest to all stakeholders.

Rule 10

Encourage and Enhance Performance

- Training Courses for Members of the Board of Directors and Executive Management

  The Board of Directors is keen on enhancing and improving its performance and developing its leadership skills. It encourages its members to increase their knowledge about corporate governance. The members attended sessions about their duties and rights to enhance their awareness of corporate governance requirements and new accounting standards, and how they affect the company.

- Evaluating the Performance of the Board of Directors as a Whole as Well as the Performance of Each Member of the Board and Executive Management

  The Board of Directors carries out an annual self-evaluation of its performance and the performance of its committees and members. It also evaluates the performance of the executive management, all according to standards and principles in place.

- Board of Directors' Efforts in Corporate Value Creation Among Company Employees to Achieve Strategic Goals and Enhance Performance

  The Board of Directors adopted the Professional Conduct and Ethics Charter that emphasizes the principles and values of the company. The Board urges higher management to continuously communicate with employees and create more channels of communication through using social media to connect employee performance to the goals and principles of the company.

Rule 11

Stressing the Importance of Social Responsibility

- Social Responsibility Policy

  The Board of Directors adopted a policy that ensures balance between company goals and society goals whereas the company commits to aligning its values and business strategy with social and economic needs. Company activities are always responsible and ethical, and it exercises a great measure of transparency in planning and executing annual social responsibility activities.

- Programs and Mechanisms Used to Highlight Company's Social Responsibility Efforts

  2021 witnessed a strong social responsibility performance by Ooredoo which was in continuous contact with the society. The company executed brilliant and successful initiatives and still has many more to offer.

Community and Government Ooredoo Initiatives

Ooredoo's ultimate goal in 2021 was not only to elevate its performance to reach the targeted profits, but also to diligently undertake humanitarian and ethical community initiatives that leave their mark on the future of society.

When it comes to community initiatives with the government, Ooredoo is famous for promptly offering services that provide security and safety to members of the society. It works hand in hand with government agencies in the country to offer all what is in the interest of the people and the government. Ooredoo has always been among the first companies to offer support to the government and create mutual confidence and cooperation with its agencies.

Ooredoo sponsored the public awareness campaign "Safe Education" which was the result of relentless efforts and cooperation between the Ministry of Interior, the Ministry of Information, the Ministry of Public Health and the Ministry of Education. The campaign was launched October 1, 2021 and was aimed at encouraging all members of society to support and take part in government efforts and initiatives to prepare for the return of students to classroom learning by the beginning of the 2021-2022 academic year.

In cooperation with the Communication and Information Technology Regulatory Authority, Ooredoo launched the "Safer Internet for Kids" campaign. This first of its kind campaign was aimed at child safety and sought to raise public awareness about the YouTube Kids App, which is a filtered version of YouTube designed for children to explore their talents and interests through videos on the internet.

The company launched several coordinated and effective public awareness campaigns including sending SMSs about the latest safety measures and the decisions and recommendations by the Ministry of Public Health and other government agencies. The health of every individual in the society is a major concern for Ooredoo and compliance with government measures in this regard is of utmost importance.

As part of its cooperation with the Ministry of Public Health, Ooredoo offered a host of services to enable government agencies to perform more effectively including Cloud solutions and improving the capabilities of the infrastructure of the health centers dedicated to COVID-19 vaccination. It also contributed to the "Field Vaccination Campaign" by granting medical staff and employees of the ministry a significant number of mobile phones and routers with SIM cards and internet, thus providing medical cadres with all digital and technical support needed to best perform their duties. Ooredoo also contributed to equipping the ministry's drive-thru COVID-19 vaccination center on the Sheikh Jaber Al Ahmed Bridge by enhancing the center's infrastructure with innovative communication and network services enabling it to offer its services with the highest standards.

Ooredoo offered food and other assistance to impoverished communities in and outside Kuwait. It continues to support humanitarian and charity campaigns by Al- Najat Charity. The company donated KD5,000 to the "Imagine 3" water well drive the charity launched in March 2021 to coincide with World Water Day.

In Kuwait, Ooredoo cooperated with Al-Najat Charity to distribute hundreds of generously filled food baskets to poor families, in commitment to the company's pioneering role in humanitarian aid to the community.

Another noteworthy initiative is Ooredoo's support for the partnership between Gulfnet (B.Online) and Dahiyat Abdullah Al Salem & Mansouriya Cooperative Society to provide the residential area with an integrated security system that starts from the coop. The company supported the security system with its 5G network, which offers the best interconnection and Internet of Things (IoT) in the country.

Mohammed bin Abdulla Al Thani

Chairman of the Board of Directors

ARC Annual Report 2021 CMA Requirements

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Message of the Chairman of the Audit and Risk Management Committee

Dear Shareholders,

On 01/04/2007, the Audit and Risk Management Committee was formed by the company's Board of Directors. Risk management was added to the Committee's tasks, and accordingly the name of the Committee was changed to the Internal Audit and Risk Management Committee, based on the Board's Decision #9 which was taken in its 193rd meeting held on 22/02/2015.

The Committee assists the Board of Directors in carrying out its supervisory and oversight duties to ensure the integrity of the company's financial statements. It advises the Board on the effectiveness of internal censorship mechanisms and on adequate risk management arrangements. The Committee is also charged with:

- Assessing the adequacy of internal censorship and monitoring its control in internal and external audits.
- Approving the annual internal audit program.
- Identifying and assessing risks.
- Monitoring the compliance of the recommendations given by the Audit and Risk Management Committee.
- Following up with the Board of Directors on improving internal censorship and risk management.
- Ensuring the independence and objectivity of the internal and external audit and risk management functions.

Abdulla Ahmed Al-Zaman
Chairman of the Committee

1-Committee Objectives

The main objectives of the company's Audit and Risk Management Committee are as follows:

1. Assisting the Board of Directors in carrying out its responsibilities regarding the integrity of the company's financial statements.
2. Advising the Board of Directors on the effectiveness of the internal censorship and risk management systems in the company.
3. Ensuring the independence and objectivity of the auditor, internal audit, and risk management functions, and assuring support from the Board of Directors.
4. Maintaining communications between the Board, the internal audit, and the auditor.
5. Assisting the Board of Directors in identifying and evaluating the level of acceptable risk in the company, and ensuring that the company does not exceed that level.

The following are the Audit and Risk Management Committee's duties and functions:

Regarding Risk Management	Regarding Internal and External Audit
• Reviewing risk management strategies and policies before being approved by the Board of Directors, as well as ensuring their implementation. • Reviewing the company's risk management organizational structure, and ensuring the availability of adequate resources and systems to manage risks. • Evaluating the systems and mechanisms for identifying, measuring, and following up on different types of risks the company might face. • Assisting the Board of Directors in identifying and evaluating the maximum level of risk in the company, and ensuring that the company does not exceed that level. • Ensuring the objectivity of risk management personnel. • Reviewing periodic risk reports (quarterly and annually) and submitting them to the Board of Directors. • Reviewing the issues raised by the audit department, which may affect the company's risk management.	• Reviewing the list of decision-making powers between the Board of Directors and the Executive Management and submitting it to the Board of Directors for approval. • Reviewing the company's annual and quarterly audited financial statements, as well as related reports and accounting matters, including the views and the procedures of the executive management and submitting them to the Board of Directors for approval. • Recommending to the Board of Directors the appointment, reappointment, and change of external auditors, and determining their fees. In addition to defining their scope of work and objectives, following up and evaluating them, and making sure they do not provide any other services to the company. • Studying and following up with the external auditors' observations. • Studying the applicable accounting policies, rules, and standards, and providing the adequate recommendations to the Board of Directors. • Assessing the adequacy of the internal control systems applied within the company. • Administrative, financial, and technical supervision of the company's internal audit department. • Recommending the hire, transfer, and dismissal of the Internal Audit department Director, and evaluating his performance and the performance of the department. • Reviewing and approving the annual internal audit plans and their estimated budget that are proposed by the Internal Audit Department. • Reviewing the internal audit's reports results, and ensuring that the correct actions have been taken.

Regarding Risk Management	Regarding Internal and External Audit
	• Reviewing the censorship authority's reports results and ensuring that the necessary measures have been taken in this regard. • Ensuring that the company complies with relevant laws, policies, regulations, and instructions. • Holding meetings regularly with external and internal auditors. • Reviewing transactions with related parties and recommending them to the Board of Directors.

2. Committee Formation

The Audit Committee was formed by the company's Board of Directors in its 136th meeting on 01/04/2007 based on Resolution No.5, in accordance with the company's articles of association and local laws, and based on Board Resolution No.9 in its 193rd meeting. On 22/02/2015, risk management was added to the Committee's tasks, and so the Committee's name was changed to Audit and Risk Management Committee.

The current members of the committee include the following:

1	Mr.Mohammed Sabri Al-Zaidan	Member	Member
2	Dr. Yousuf Mebrek Al-Sellili (Member)	Member	Member
3	Ms. Fatena Abdel Al Ahmad	Secretary	Secretary

In 2021, a change was made to the members of the Audit and Risk Management Committee, where the member Mr. Youssef Mohammad Al Sumait left the Board and the Committee, and the new member, Mr. Yousuf Mebrek Al-Sellili, was appointed as his replacement.

3. Committee Meetings

In 2021, the Committee held 5 meetings:

	Date	Meetin Number
1.	08/02/2021	(57) 1/2021
2.	26/04/2021	(58) 2/2021
3.	26/07/2021	(59) 3/2021
4.	24/10/2021	(60) 4/2021
5.	29/11/2021	(61) 5/2021

4. Committee Achievements

- In 2021, the committee accomplished many achievements, including:
- Reviewing the company's annual and quarterly audited financial statements.
- Reviewing the internal control systems and arrangements taken to manage risks in the company.
- Adopting the internal audit's estimated budget and annual plan for the year 2022.
- Adopting the risk management's estimated budget for the year 2022.
- Reviewing the quarter and annual Risk Management reports.
- Reviewing the Risk Management's Maturity Plan for the year 2021.
- Adopting the performance evaluation criteria for the Internal Audit head and the Risk Management director for the year 2021.
- Conducting an annual evaluation of the Internal Audit head and the Risk Management director for the year 2020.
- Reviewing the results of the internal audit reports completed during the year, including the results of the review of internal control procedures over the financial reports.
- Reviewing the internal evaluation report on the Internal Audit department's performance in the year 2021.
- Following up on the implementation of the recommendations provided by the Committee, the internal audit department, and the external auditors.
- Recommending the Board of Directors to appoint external auditors for the fiscal year of 2021.
- Reviewing changes related to the internal audit charter and the Audit and Risk Management Committee.
- Adopting a strategic plan for the internal auditing.
- Approving the policy of reviewing the internal control systems on financial reports and the implementation schedule for 2021.
- Ensuring the objectivity of the internal audit functions of the year 2021.

5. Objectives of the Company's Internal Audit Department

- The Internal Audit Department provides censorship guarantee and advisory services in an objective and non-biased approach, aiming to add value to the company and improve its operations. By following a systematic and structured approach, the Department helps the company in achieving its objectives to asses and improve the effectiveness of risk management, censorship, and governance. The Internal Audit Department also adheres to international standards of professional practice of internal auditing, to provide practical guidance for managing the internal audit activity; as well as for planning, implementing, and preparing reports, which are formulated to add value to Ooredoo and improve its operations. These tasks are carried out under the supervision of the Audit and Risk Management Committee. Clear instructions are provided by the Board of Directors, the Audit and Risk Management Committee, and the Executive Management, to all business units to carry out their work in accordance with the external and internal financial audit systems and to respond to any issue or topic raised by the auditors.
- The Audit Department completed a number of important tasks in 2021.
- The Internal Audit Department consists of 6 employees:
- Head of the Internal Audit Department (CAE), Internal Audit Director, 2 Internal Audit Senior Managers, Senior Internal Auditor – Technology, and Senior Internal Auditor QAIP & Special Assignment.
- The Internal Audit Department is still recruiting employees in accordance with the audit plan and the estimated budget of 2022.

6. Achievements of the company's internal audit department

- In accordance with the approved annual plan and the instructions of the Audit and Risk Management Committee, the Internal Audit Department carried out several activities during 2021, including:
- Implementing the annual plan approved by the Committee, which includes a review of high-risk activities.
- Submitting annual and quarterly reports to the Committee that include the censorship audit and the supervision on the efficiency and effectiveness of the internal censorship systems that are necessary to protect the company's assets, the validity of financial data, and the efficiency of its operations in its administrative, financial, accounting, technical, and operational aspects.
- Following up on the recommendations of the external and internal auditors to ensure their implementation in the agreed times and to determine the reasons behind the failure in applying internal censorship, and the company's procedures for addressing those failures.
- Evaluating the performance of the Executive Management in applying internal censorship systems.
- Reviewing the internal audit charter.

- Reviewing the quarterly and annual Risk Management reports and commenting on their efficiency and effectiveness.
- Providing consultancy services to all the company sectors.
- Attending a number of training workshops throughout the year.
- Preparing the annual internal audit plan and its estimated budget for 2022.

7. Achievements of the Company's Risk Management

- Based on the Audit and Risk Management Committee's recommendations, the Risk Management Department held many activities in 2021, including:
- Raising risk reports to the committee on a quarterly and yearly basis.
- Preparing and implementing the Maturity Plan of the year 2021.
- Following up and coordinating with the company's management regarding response plans to the complications of the Covid-19 pandemic.
- Updating the risk register and following up on the implementation of the plans developed by various departments for risk management.
- Launching a new system for monitoring risks connected to the various departments (CV-ERM).
- Attending a number of training courses.
- Preparing workshops for company departments with the aim of spreading the culture of risk management.
- Reviewing the deals proposed to be carried out by the company with related parties during the year 2021 and making recommendations thereon to the Board of Directors.

Acknowledgement and Undertaking

Acknowledgement and Undertaking on the Accuracy and Soundness of the Financial Statements for the year 2021

We, the Chairman and members of the Board of Directors of the National Mobile Telecommunications Company "Ooredoo Kuwait" (NMTC), acknowledge and undertake the accuracy and soundness of the financial statements provided to the external auditor. We also acknowledge and undertake that the Financial Statements 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). The Financial Statements represent the financial position of the Company as of December 31, 2021, as per information and reports provided by the Executive Management and auditors. In addition, diligence have been undertaken to verify the accuracy and soundness of the Financial Statements.

Steady results, ongoing value

Consolidated Financial Statements

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

Consolidated Financial Statements and Independent Auditor's Report for the year ended 31 December 2021

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

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of National Mobile Telecommunication Company K.S.C.P. (the "Company") and its subsidiaries (together referred to as the "Group") as at 31 December 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Group's consolidated financial statements comprise:

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

Basis for opinion

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

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

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("IESBA Code") and the ethical requirements that are relevant to our audit of the consolidated financial statements in the State of Kuwait. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our audit approach

Overview

Key Audit Matters
• Revenue recognition • Impairment of goodwill

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

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion This This is a continuation to the paragraph at the bottom of the previous page, please move to there. processes and controls, and the industry in which the Group operates.

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 year. 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.

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

Key audit matter

Revenue recognition

As disclosed in note 16 to the accompanying consolidated financial statements, the Group's total revenue for the year ended 31 December 2021 amounted to KWD 601,732 thousand. Furthermore, as at that date, the Group had contract assets, contract liabilities and deferred income of KD 43,526 thousand (including an amount of KD 3,224 thousand within other non-current assets), KD 3,690 thousand and KD 34,254 thousand respectively. The Group records revenue in accordance with IFRS 15 "Revenue from contracts with customers" where management is required to determine, and assign values to, the different performance obligations contained within the various contracts.

We considered this to be a key audit matter because the process of determining and assessing the contractual performance obligations is complex and judgemental and directly impacts the timing of revenue recognition. In addition, the information systems used in capturing, calculating and recording revenues are complex and deal with a large volume of information. The accuracy of these systems, or lack thereof, potentially has a significant impact on the recognition of revenues and accordingly, the reported profit of the Group.

Refer to notes 3.4, 8, 16 and 26 for the accounting policy, contract assets, revenue break-up and significant accounting judgements and estimates respectively.

How our audit addressed the matter

We audited revenue through a combination of controls testing, risk analytics and other substantive audit procedures, as stated below:

- Understanding and evaluating the significant revenue processes and identifying the relevant controls (including IT systems) and performing validation procedures through tests of key manual, automated and IT dependant controls;
- Testing, on a sample basis, contracts, management's identification of performance obligations, the estimation of standalone selling prices of those performance obligations and the determination of the timing of revenue recorded;
- Involving IT specialists to test IT general controls and certain automated controls surrounding relevant revenue systems on a sample basis;
- Identifying and examining the key reconciliations prepared by management between different IT systems within the revenue process;
- Performing substantive analytical procedures on significant revenue streams after developing expectations of revenues based upon non-financial data principally derived from usage and subscriber numbers, which are the main drivers of these revenues;
- Performing substantive tests of details in relation to certain revenue streams; and
- Assessing the adequacy of the disclosures in the consolidated financial statements relating to revenue against the requirements of IFRSs.

Key audit matter

Impairment of goodwill

As of 31 December 2021, the carrying value of goodwill amounted to KD 158,941 thousand as disclosed in Note 5 to the consolidated financial statements.

An entity is required to test goodwill acquired in a business combination for impairment at least annually irrespective of whether there is any indication of impairment. Management has determined the recoverable amount based on the value in use approach with key assumptions around cash flows, discount rate, terminal value and EBITDA growth rate estimates and forecasted levels of capital expenditure, and has concluded that no impairment is required for the current year.
We considered the impairment of goodwill to be a key audit matter because of its size as at 31 December 2021 and the judgements involved in determining the recoverable amount.

Refer to notes 3.12, 5 (i) and 26 for the accounting policy, impairment testing of goodwill and significant accounting judgements and estimates respectively.

How our audit addressed the key audit matter

We have carried out the following procedures to evaluate management's computation of the recoverable amount of goodwill:

- Involving our internal valuation specialists to assess key assumptions used by management including discount rate and terminal value. Evaluating whether the cash flows in the model used by management to calculate the recoverable amount agree with those approved by the Board of Directors;

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

- Testing of reliability of management forecasting by performing lookback analysis;
- Testing the mathematical accuracy of the cash flow model;
- Performing sensitivity analyses on key assumptions used;
- Assessing the disclosure in the consolidated financial statements relating to goodwill against the requirements of IFRSs.

Other information

The directors are responsible for the other information. The other information comprises the report of the Board of Directors (but does not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the Group's Annual Report, which is expected to be made available to us after that date.

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.

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 the other information that we 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.

When we read the Group's Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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 International Financial Reporting Standards and the Companies' Law no. 1 of 2016 and its executive regulations, 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.

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.

Auditor's responsibilities for the audit of the consolidated financial statements

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.

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

- 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.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year 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 account have been kept by the Company and the consolidated financial statements, together with the contents of the report of the Board of Directors relating to these consolidated financial statements, are in accordance therewith. We further report that we obtained all information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Companies Law No. 1 of 2016 and its executive regulations and by the Company›s Memorandum of Incorporation and Articles of Association, as amended, that an inventory count 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 nor of the Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the financial year ended 31 December 2021 that might have had a material effect on the business of the Group or on its consolidated financial position.

Moreover, we further report that during the course of our audit, we have not become aware of any violations of Law No. 7 of 2010 pertaining to the Establishment of the Capital Markets Authority and the Regulation of Securities' Activity and subsequent amendments thereto and its executive bylaws during the year ended 31 December 2021 that might have had a material effect on the business of the Group or on its consolidated financial position.

Khalid E Al-Shatti
License No.175 A
PricewaterhouseCoopers
(Al-Shatti & Co.)

DATE
Kuwait

National Mobile Telecommunications Company K.S.C.P. AND SUBSIDIARIES

Consolidated financial statements for the year ended 31 December 2021
(All amounts are expressed in Kuwaiti Dinar unless otherwise stated)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER

	Note	2021	2020*
		KD'000	KD'000
ASSETS			
Non-current assets			
Property, plant and equipment	4	**434,978**	481,044
Intangible assets and goodwill	5	**282,835**	313,435
Right-of-use assets	6	**114,545**	121,109
Financial assets – equity instruments		**1,600**	1,920
Other non-current assets		**7,203**	5,029
Deferred tax assets	7	**25,189**	23,839
Contract costs		**1,794**	3,429
Total non-current assets		**868,144**	949,805
Current assets			
Inventories		**11,927**	13,007
Contract costs		**4,543**	3,445
Trade and other receivables	8	**162,493**	151,255
Bank balances and cash	9	**124,411**	104,303
Total current assets		**303,374**	272,010
Total assets		**1,171,518**	**1,221,815**
EQUITY AND LIABILITIES			
EQUITY			
Share capital	10	**50,403**	50,403
Treasury shares	10	**(3,598)**	(3,598)
Translation reserve		**(315,975)**	(291,733)
Other reserves	10	**244,656**	242,941
Retained earnings		**563,265**	553,691
Equity attributable to shareholders of the parent		**538,751**	551,704
Non-controlling interests	11	**93,988**	100,068
Total equity		**632,739**	**651,772**
LIABILITIES			
Non-current liabilities			
Loans and borrowings	12	**12,696**	33,488
Employees' benefits		**12,648**	12,984
Lease liabilities	13	**100,710**	107,846
Other non-current liabilities		**18,577**	15,644
Contract liabilities		**828**	689
Total non-current liabilities		**145,459**	**170,651**
Current liabilities			
Trade and other payables	14	**309,042**	303,571
Deferred income	15	**34,254**	39,473
Loans and borrowings	12	**16,468**	28,536
Lease liabilities	13	**20,143**	17,997
Income tax payables	7	**10,551**	7,944
Contract liabilities		**2,862**	1,871
Total current liabilities		**393,320**	399,392
Total liabilities		**538,779**	570,043
Total equity and liabilities		**1,171,518**	1,221,815

* Refer to note 29 for details regarding certain reclassifications

Mohammed Bin Abdulla Al Thani
Chairman

The accompanying notes from 1 to 29 form an integral part of this consolidated financial statements

National Mobile Telecommunications Company K.S.C.P. AND SUBSIDIARIES

Consolidated financial statements for the year ended 31 December 2021
(All amounts are expressed in Kuwaiti Dinar unless otherwise stated)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER

	Note	2021	2020*
		KD'000	KD'000
Revenue	16	**601,732**	**592,836**
Other income		**4,655**	1,029
		606,387	593,865
Network, interconnect and other operating expenses	*17*	**(311,799)**	(317,743)
Employee salaries and associated cost		**(75,735)**	(65,263)
Management fee expense	22	**(16,515)**	(16,383)
Depreciation and amortisation	18	**(143,627)**	(146,281)
Finance costs	19	**(10,875)**	(11,419)
Finance income		**2,712**	2,833
Impairment losses on financial assets		**(5,978)**	(12,365)
Impairment losses on other non-financial assets	*4*	**(143)**	-
Other losses– net		**(4,039)**	(3,812)
Profit before directors' remuneration, contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS"), National Labour Support Tax ("NLST"), Zakat and income tax		**40,388**	23,432
Directors' remuneration		**(634)**	(637)
Contribution to KFAS, NLST and Zakat	20	**(463)**	(378)
Profit before income tax		**39,291**	**22,417**
Income tax	*7*	**(14,075)**	(15,489)
Profit for the year		**25,216**	6,928
Profit attributable to:			
Shareholders of the parent		**19,250**	3,390
Non-controlling interests	*11*	**5,966**	3,538
		25,216	6,928
Basic and diluted earnings per share (fils)	*21*	**38**	7

* Refer to note 29 for details regarding certain reclassifications.

National Mobile Telecommunications Company K.S.C.P. AND SUBSIDIARIES

Consolidated financial statements for the year ended 31 December 2021
(All amounts are expressed in Kuwaiti Dinar unless otherwise stated)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER

	2021	2020
	KD'000	KD'000
Profit for the year	**25,216**	6,928
Other comprehensive loss		
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation differences	**(28,993)**	(1,629)
Items that will not be reclassified subsequently to profit or loss		
Net changes in fair value on investments in equity instruments designated as at FVTOCI	**(320)**	**(168)**
Other comprehensive loss - net of tax	**(29,313)**	(1,797)
Total comprehensive (loss)/ income for the year	**(4,097)**	5,131
Total comprehensive (loss)/ income attributable to:		
Shareholders of the parent	**(5,312)**	4,926
Non-controlling interests	**1,215**	205
	(4,097)	5,131

National Mobile Telecommunications Company K.S.C.P. AND SUBSIDIARIES

Consolidated financial statements for the year ended 31 December 2021
(All amounts are expressed in Kuwaiti Dinar unless otherwise stated)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to shareholders of the parent							
	Share capital	Treasury shares	Translation reserve	Other reserves	Retained earnings	Total	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
At 1 January 2020	50,403	(3,598)	(293,437)	242,669	575,921	571,958	104,792	676,750
Profit for the year	-	-	-	-	3,390	3,390	3,538	6,928
Other comprehensive income/ (loss)	-	-	1,704	(168)	-	1,536	(3,333)	(1,797)
Total comprehensive income/ (loss) for the year	-	-	**1,704**	**(168)**	**3,390**	**4,926**	**205**	**5,131**
Transactions with shareholders of the parent, recognised directly in equity								
Dividend for 2019 (Note 10)	-	-	-	-	(25,058)	(25,058)	-	(25,058)
Transfer to voluntary reserve	-	-	-	440	(440)	-	-	-
Transactions with non-controlling interests, recognised directly in equity								
Dividend for 2019	-	-	-	-	-	-	(4,889)	(4,889)
Transactions with non-owners of the Group, recognised directly in equity								
Transfer to employee association fund	-	-	-	-	(122)	(122)	(40)	(162)
At 31 December 2020	**50,403**	**(3,598)**	**(291,733)**	**242,941**	**553,691**	**551,704**	**100,068**	**651,772**
At 1 January 2021	**50,403**	**(3,598)**	**(291,733)**	**242,941**	**553,691**	**551,704**	**100,068**	**651,772**
Profit for the year	-	-	-	-	**19,250**	**19,250**	**5,966**	**25,216**
Other comprehensive income/ (loss)	-	-	**(24,242)**	**(320)**	-	**(24,562)**	**(4,751)**	**(29,313)**
Total comprehensive income/ (loss) for the year	-	-	**(24,242)**	**(320)**	**19,250**	**(5,312)**	**1,215**	**(4,097)**
Transactions with shareholders of the parent, recognised directly in equity								
Dividend for 2020 (Note 10)	-	-	-	-	**(7,517)**	**(7,517)**	-	**(7,517)**
Transfer to voluntary reserve	-	-	-	**2,035**	**(2,035)**	-	-	-
Transactions with non-controlling interests, recognised directly in equity								
Dividend for 2020	-	-	-	-	-	-	**(7,254)**	**(7,254)**
Transactions with non-owners of the Group, recognised directly in equity								
Transfer to employee association fund	-	-	-	-	**(124)**	**(124)**	**(41)**	**(165)**
At 31 December 2021	**50,403**	**(3,598)**	**(315,975)**	**244,656**	**563,265**	**538,751**	**93,988**	**632,739**

The accompanying notes from 1 to 29 form an integral part of this consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER

	Note	2021 KD'000	2020* KD'000
Cash flows from operating activities			
Profit before income tax		**39,291**	22,417
Adjustments for:			
Depreciation and amortisation	*18*	**143,627**	146,281
Impairment losses on financial assets		**5,978**	12,365
Impairment losses on other non-financial assets	4	**143**	-
Loss/ (gain) on disposal of property, plant and equipment		**94**	(460)
Finance costs	*19*	**10,875**	11,419
Finance income		**(2,712)**	(2,833)
Provision for KFAS, NLST and Zakat	20	**463**	378
Provision for slow moving inventory		**416**	1,956
Provision for employees' benefits		**2,208**	1,842
Operating profit before working capital changes		**200,383**	193,365
Working capital changes in:			
Other non-current assets		**(2,174)**	42
Inventories		**862**	12,634
Contract costs		**537**	307
Trade and other receivables		**(15,383)**	4,922
Other non-current liabilities		**2,933**	153
Trade and other payables		**4,747**	29,233
Deferred income		**(5,219)**	(3,384)
Contract liabilities		**1,130**	(2,013)
Cash generated from operations		**187,816**	235,259
Employees' benefits paid		**(2,511)**	(779)
Income tax paid	7	**(10,076)**	(18,801)
Net cash generated from operating activities		**175,229**	215,679
Cash flows from investing activities			
(Increase)/ decrease in term deposits		**(8,746)**	11,273
Acquisition of property, plant and equipment	4	**(74,148)**	(99,590)
Proceeds from disposal of property, plant and equipment		**125**	568
Acquisition of intangible assets	5	**(3,843)**	(4,676)
Interest received		**2,712**	2,833
Net cash used in investing activities		**(83,900)**	(89,592)
Cash flows from financing activities			
Finance costs paid		**(4,127)**	(4,521)
Dividend paid to shareholders of the parent		**(7,863)**	(24,587)
Dividend paid to non-controlling interests		**(6,647)**	(4,839)
Payment to employee association fund		**(165)**	(162)
Proceeds from loans and borrowings		**37,576**	86,655
Repayments of loans and borrowings		**(68,407)**	(130,503)
Payments of lease liabilities including interest	13	**(27,338)**	(26,280)
Net cash used in financing activities		**(76,971)**	(104,237)
Net increase in cash and cash equivalents		**14,358**	21,850
Effect of exchange rate fluctuations		**(2,996)**	3,267
Cash and cash equivalents at the beginning of the year		**85,533**	60,416
Cash and cash equivalents at the end of the year	*9*	**96,895**	85,533

* Refer to note 29 for details regarding certain reclassifications

The accompanying notes from 1 to 29 form an integral part of this consolidated financial statements.

1. REPORTING ENTITY

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 Group'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, 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" or "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.

These consolidated financial statements were approved for issue by the Board of Directors of the Company on 10 February 2022 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

The consolidated financial statements for the year ended 31 December 2021 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by International Accounting Standards Board ("IASB"), IFRS Interpretations Committee (IFRIC) and the relevant provisions of the Companies Law No. 1 of 2016 and its executive regulations.

Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except for the following:

- Equity instruments, classified as Fair Value Through Other Comprehensive Income ("FVTOCI"), are measured at fair value;
  Historical cost is based on the fair value of the consideration, which is given in exchange for goods and services.

The consolidated financial statements are prepared in Kuwaiti Dinar, which is the Company's functional and presentation currency, and all values are rounded to the nearest thousands (KD'000) except when otherwise indicated.

Judgments, estimates and risk management

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affects the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Group's accounting policies, the key sources of estimation uncertainty and financial risk management objectives and policies are disclosed in note 26.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The accounting policies set out below have been applied consistently to all the periods presented (except as mentioned otherwise) in these consolidated financial statements, and have been applied consistently by the Group entities, where necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies in line with those used by the Group.

3.1 GOING CONCERN

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

3.2 BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (including structured entities) and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 BASIS OF CONSOLIDATION (CONTINUED)

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the company, other vote holders or other parties;
- rights arising from contractual arrangements; and
- any additional facts and circumstances that indicate that the company has or does not have the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit and loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributable to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A) BUSINESS COMBINATIONS AND GOODWILL

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is measured at fair value, as are the identifiable net assets acquired, and any amount of any non-controlling interest in the acquiree. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in consolidated statement of profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in 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 remeasured and settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within scope of IFRS 9 Financial instruments, is measured at fair value with changes in fair value recognised in the consolidated statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at FV at each reporting date with changes in fair value are recognised in profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassess whether we correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group report in the consolidated financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, which is no longer than one year from the acquisition date, the provisional amounts recognized at acquisition date are retrospectively adjusted to reflect

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 BASIS OF CONSOLIDATION (CONTINUED)

A) BUSINESS COMBINATIONS AND GOODWILL (CONTINUED)

new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date. During the measurement period, the Group also recognize additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of our cash-generating units, or CGUs, that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill acquired in a business combination has yet to be allocated to identifiable CGUs because the initial accounting is incomplete, such provisional goodwill is not tested for impairment unless indicators of impairment exist and we can reliably allocate the carrying amount of goodwill to a CGU or group of CGUs that are expected to benefit from the synergies of the business combination. Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the disposed operation and the portion of the CGU retained.

B) NON-CONTROLLING INTERESTS (“NCI”)

NCI are measured at their proportionate share of the acquiree’s identifiable net assets at the acquisition date. Changes in the Group’s interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

C) SUBSIDIARIES

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

D) LOSS OF CONTROL

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in consolidated statement of profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

National Mobile Telecommunications Company K.S.C.P. AND SUBSIDIARIES
Notes to the consolidated financial statements for the year ended 31 December 2021
(All amounts are expressed in Kuwaiti Dinar unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 BASIS OF CONSOLIDATION (CONTINUED)

E) TRANSACTIONS ELIMINATED ON CONSOLIDATION

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

The subsidiaries of the Group, incorporated in the consolidated financial statements of National Mobile Telecommunications Company K.S.C.P. are as follows:

Name of subsidiary	Principal activity	Country of incorporation	Group effective shareholding percentage	
			2021	2020
Wataniya Telecom Algerie S.P.A. (WTA)	Telecommunication company	Algeria	**71%**	71%
Ooredoo Tunisie S.A.	Telecommunication company	Tunisia	**75%**	75%
Wataniya International FZ – L.L.C.	Investment company	UAE	**100%**	100%
Ooredoo Maldives PLC	Telecommunication company	Maldives	**90.5%**	90.5%
WARF Telecom International Pvt. Ltd.	Telecommunication company	Maldives	**65%**	65%
Wataniya Palestine Mobile Telecommunication Publish Shareholding Company “Ooredoo Palestine” (i)	Telecommunication company	Palestine	**49.26%**	49.26%
Phono for General Trading and Contracting Company W.L.L.	Telecommunication company	Kuwait	**99%**	99%
Fast Telecommunications Company W.L.L.	Telecommunication company	Kuwait	**99%**	99%
Ooredoo Consortium Ltd.	Investment company	Malta	**100%**	100%
Ooredoo Tunisia Holdings Ltd.	Investment company	Malta	**100%**	100%
Al Wataniya Gulf Telecommunications Holding Company S.P.C.	Investment company	Bahrain	**100%**	100%
Abraj Al Kuwait Holding L.L.C. (ii)	Holding Company	Kuwait	**100%**	-
Tunisia Towers Infraco (ii)	Holding Company	Tunisia	**75%**	-
Mediterraneenne Prestations De Services (MPS) (ii)	Holding Company	Algeria	**71%**	-

I. The Group holds an effective 49.26 % (2020: 49.26%) of Ooredoo Palestine and has established control over the entity as it can demonstrate power through holding 49.3% of the voting interests in Wataniya Palestine Mobile Telecommunications Public Shareholding Company (“Ooredoo Palestine”) along with its right to appoint the majority of the board of directors at all time, where major decisions are taken with simple majority. This exposes and establishes rights of the Group to variable returns and gives ability to affect those returns through its power over Ooredoo Palestine.

II. These entities were incorporated during the year ended 31 December 2021 and are dormant.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 CHANGES TO SIGNIFICANT ACCOUNTING POLICIES

1. New and amended standards adopted by the Group

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

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

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

The Phase 2 amendments provide the following reliefs:

- When changing the basis for determining contractual cash flows for financial assets and liabilities (including lease liabilities), the reliefs have the effect that the changes, that are necessary as a direct consequence of IBOR reform and which are considered economically equivalent, will not result in an immediate gain or loss in the income statement.
- The hedge accounting reliefs will allow most IAS 39 or IFRS 9 hedge relationships that are directly affected by IBOR reform to continue. However, additional ineffectiveness might need to be recorded.

The adoption of the above amendments does not have any material impact on the disclosures or on the amounts reported in these consolidated financial statements.

COVID-19-related Rent Concessions – Amendments to IFRS 16 — 1 June 2020/ 1 April 2021

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

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

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

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

c) There is no substantive change to other terms and conditions of the lease. vThe relief was originally limited to reduction in lease payments that were due on or before 30 June 2021. However, the IASB subsequently extended this date to 30 June 2022

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

The adoption of the above amendments does not have any material impact on the disclosures or on the amounts reported in these consolidated financial statements.

National Mobile Telecommunications Company K.S.C.P. AND SUBSIDIARIES
Notes to the consolidated financial statements for the year ended 31 December 2021
(All amounts are expressed in Kuwaiti Dinar unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 CHANGES TO SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Impact of new standards (issued but not yet adopted by the Group)

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

3.4 REVENUE

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

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

For bundle packages, the Group accounts for individual products and services separately if they are distinct i.e. if a product or service is separately identifiable from other items in the bundled package and if a customer can benefit from it. The consideration is allocated between separate product and services (i.e. distinct performance obligations, "PO") in a bundle based on their stand-alone selling prices.

The stand-alone selling prices are determined based on the observable price at which the Group sells the products and services on a standalone basis. For items that are not sold separately (e.g. customer loyalty program) the Group estimates standalone selling prices using other methods (i.e. adjusted market assessment approach, cost plus margin approach or residual approach).

The Group principally obtains revenue from following key segments:

Mobile services

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

Fixed services

The Group offers fixed services which normally include installation and configuration services, internet connectivity, television and telephony services. These services are bundled with locked or unlocked equipment, such as router and/ or set-top box. Similar to mobile service contracts, fixed service revenue with locked equipment are recognized over the contract period, whereas revenue recognition for unlocked equipment is upon transfer of control to the customer.

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.

Customer loyalty schemes

The Group has concluded that it is acting as an agent on customer loyalty scheme arrangements which are redeemed through its partners hence revenue is accounted on net basis.

The Group concluded that the loyalty scheme gives rise to a separate performance obligation because it generally provides a material right to the customer. The Group allocates a portion of the transaction price to the loyalty scheme liability based on the relative standard standalone selling price of loyalty points and a contract liability is recognised until the points are redeemed or expired.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 REVENUE (CONTINUED)

Value-added services

The Group has offerings where it provides customers with additional content, such as music and video streaming and SMS services, as Value-Added Services (VAS). On this type of services, the Group determines whether they are acting as a principal and accordingly recognizes gross revenue if it is a principal, and net revenue if it is an agent.

Connection fees

The Group has concluded that connection fees charged for the activation of services will be recognized over the contract period. The connection fees that is not considered as a distinct performance obligation shall form part of the transaction price and recognised over the period of service.

Multi elements arrangements (Mobile contract plus handset)

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

Installation cost, commissions to third party dealers, marketing expenses

The Group has concluded that commissions and installation costs meet the definition of incremental costs to acquire a contract or a costs to fulfil a contract. The Group has capitalized these expenses as contract cost assets and amortized as per portfolio approach. Recognized contract assets will be subject to impairment assessment under IFRS 9 requirements.

Upfront commission

The Group has concluded that the sale of prepaid cards to dealers or distributors where the Group retains its control over the prepaid cards is assessed as a consignment arrangement. Thus, the Group shall not recognize revenue upon sale to dealers or distributors but upon utilisation or expiration of prepaid cards. Consequently, the commission arising from the sale of prepaid card is recognized as an expense.

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

Commission income

When the Group acts in the capacity of an agent rather than as the principal in the transaction, the revenue recognised is the net amount of commission made by the Group.

Significant financing component

The Group has decided to recognize interest expense at appropriate annual interest rate over the contract period and total transaction price including financing component is recognized when equipment is delivered to customer.

Contract assets and liabilities

The Group has determined that contract assets and liabilities are to be recognised at the performance obligation level and not at the contract level and both contract assets and liabilities are to be presented separately in the consolidated financial statements. The Group classifies its contract assets and liabilities as current and non-current based on the timing and pattern of flow of economic benefits.

Discounts and promotions

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 LEASES

A. Definition of leases

The Group assesses whether a contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

a. The contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
b. The Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
c. The Group has the right to direct the use of the asset. The Group has the right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
    (i) The Group has the right to operate the asset; or
    (ii) The Group designed the asset in a way that predetermines how and for what purpose it will be used.

B. As a lessee

The Group leases several assets including sites, office buildings, shops, vehicles and others. The average lease term is 2 to 20 years. The lease agreements do not impose any covenants but leased assets may not be used as security for borrowing purposes.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate over a period of lease term. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease term determined by the Group comprises non-cancellable period of lease contracts, periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option.

Lease payments included in the measurement of the lease liability comprise the following:

a. Fixed payments; and
b. Lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 LEASES (CONTINUED)

B. As a lessee (CONTINUED)

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets, which do not meet the definition of investment property, separately from other assets and also separately presents lease liabilities, in the consolidated statement of financial position. The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of all class of underlying assets that have a lease term of 12 months or less, or those leases which have low-value underlying assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group has elected not to separate non-lease components from lease components and instead accounts for each lease component and associated non-lease components as a single lease component.

3.6 OTHER LOSSES - NET

Other losses - net represents income / (loss) generated by the Group that arises from activities outside of the provision for communication services and equipment sales. Key components of other losses - net are recognised as follows:

Foreign exchange gain and losses

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

3.7 TAXES

Some of the subsidiaries, joint ventures and associates are subject to taxes on income in various foreign jurisdictions. Income tax expense represents the sum of current and deferred tax.

Current income tax

Current income tax assets and liabilities for the current year and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities.

The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the financial reporting year and any adjustment to tax payable in respect of previous years.

Deferred income tax

Deferred income tax is provided based on temporary differences at the end of the financial reporting year between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit or loss nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unutilised tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unutilised tax losses can be utilised except:

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 TAXES (CONTINUED)

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit or loss nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

The carrying amount of deferred income tax assets is reviewed at each end of the financial reporting year and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each end of the financial reporting year and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the financial reporting year.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Current and deferred tax for the year

Current and deferred income tax are recognized in profit or loss, except when they related to items that are recognized in other comprehensive income or directly in equity, in which case, the current deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred income tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Tax exposure

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgments regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

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.

Tax / statutory levy	Rate
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

3.8 FINANCE COST

Finance costs comprise interest expense on lease liabilities and loans and borrowings, unwinding of the discount on provisions recognised in consolidated statement of profit or loss.

3.9 FINANCE INCOME

Finance income comprises interest income on funds invested that is recognised in the consolidated statement of profit or loss. Interest income is recognised as it accrues in profit or loss, using effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 PROPERTY, PLANT AND EQUIPMENT

Recognition and measurement:

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Assets in the course of construction are carried at cost, less any impairment.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The costs of self-constructed assets include the following:

- The cost of materials and direct labor.
- Any other costs directly attributable to bringing the assets to a working condition for their intended use;
- When the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- Capitalized borrowing costs.

Cost also includes transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in consolidated statement of profit or loss.

Capital work-in-progress is transferred to the related property, plant and equipment when the construction or installation and related activities necessary to prepare the property and equipment for their intended use have been completed, and the property plant and equipment are ready for operational use.

Expenditure

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalized and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalized only when it increases future economic benefits of the related item of property, plant and equipment. All other expenditure is recognised in the consolidated statement of profit or loss as incurred.

Depreciation

Items of property, plant and equipment are depreciated on a straight line basis in the consolidated statement of profit or loss over the estimated useful lives of each component. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

Depreciation of these assets commences from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use. The estimated useful lives of the property, plant and equipment are as follows.

Buildings	5 – 40 years
Exchange and networks assets	5 – 25 years
Subscriber apparatus and other equipment	2 – 10 years

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

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the consolidated statement of profit or loss in the year the asset is derecognised. The asset's residual values, useful lives and method of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

3.11 BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed as incurred. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

3.12 INTANGIBLE ASSETS AND GOODWILL

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the consolidated statement of profit or loss in the year in which the expenditure is incurred.

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

Goodwill

Goodwill represents the excess of the cost of the acquisition over the fair value of identifiable net assets of the investee at the date of acquisition which is not identifiable to specific assets.

Goodwill acquired in a business combination from the acquisition date is allocated to each of the Group's cash-generating units, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

License and other intangible assets

The license and other 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.

Each unit or group of units to which the goodwill is allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than a segment based on the Group's operating segments as determined in accordance with IFRS 8, Operating Segments.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

A summary of the useful lives and amortisation methods of Group's intangible assets other than goodwill are as follows:

	License and other intangible assets	Brand name
Useful lives	Finite (3 – 20 years)	Finite (6 years)
Amortisation method used	Amortised on a straight line basis over the periods of availability.	Amortised on a straight line basis over the periods of availability
Internally generated or acquired	Acquired	Acquired

3.13 FAIR VALUE MEASUREMENT

For measurement and disclosure purposes, the Group determines the fair value of an asset or liability at initial measurement or at each reporting date. 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, regardless of whether that price is directly observable or estimated using another valuation technique. 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.

The principal or the most advantageous market must be accessible to 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.

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 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 categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting date.

3.14 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in consolidated statement of profit or loss.

3.15 FINANCIAL ASSETS

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.15 FINANCIAL ASSETS (CONTINUED)

All recognised financial assets are subsequently measured in their entirety at amortised cost or fair value through other comprehensive or fair value through profit and loss, depending on the classification of the financial assets.

Classification of financial assets

(i) Debt instruments designated at amortised cost Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order 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 on the principal amount outstanding.

Amortised cost and effective interest rate method

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

(ii) Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the fair value and other reserves. The cumulative gain or loss will not be reclassified to consolidated statement of profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in consolidated statement of profit or loss unless the dividends clearly represent a recovery of part of the cost of the investment.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'other losses – net' line item; and
- for equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the investments revaluation reserve.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.15 FINANCIAL ASSETS (CONTINUED)

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on trade and other receivables, contract assets and bank balances. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group recognises lifetime ECL for trade and other receivables and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The Group employs statistical models to analyse the data collected and generate estimates of probability of default ("PD") of exposures with the passage of time. This analysis includes the identification for any changes in default rates and changes in key macro-economic factors across various geographies of the Group. For trade receivables, the average credit terms are 30 days.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

a) significant financial difficulty of the issuer or the borrower.
b) a breach of contract, such as a default or past due event.
c) the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider.
d)

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.15 FINANCIAL ASSETS (CONTINUED)

e) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
f) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure

(iv) Measurement and recognition of expected credit losses

includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

For a financial guarantee contract, as the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

The Group recognises an impairment gain or loss in consolidated statement of profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

(v) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in consolidated statement of profit or loss. On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the fair value and other reserves is not reclassified to consolidated statement profit or loss, but is transferred to retained earnings.

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- The contractual rights to receive cash flows from the asset have expired.
- The Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- The Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 FINANCIAL LIABILITIES

The Group's financial liabilities are measured at amortised cost using the effective interest method.

Financial liabilities measured at amortised cost

Financial liabilities, that are not designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'other losses – net' line item in profit or loss for financial liabilities that are not part of a designated hedging relationship.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in consolidated statement of profit or loss.

3.17 SHARE CAPITAL

Ordinary shares

Ordinary shares are classified as equity. The bonus shares and rights issued during the year are shown as an addition to the share capital. Issue of bonus shares are deducted from the accumulated retained earnings of the Group. Any share premium on rights issue are accounted in compliance with local statutory requirements.

Dividend on ordinary share capital

Dividend distributions to the Group's shareholders are recognized as a liability in the consolidated financial statements in the period in which the dividend are approved by the shareholders. Dividend for the year that are approved after the reporting date of the consolidated financial statements are considered as an event after the reporting date.

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.

3.18 EARNINGS PER SHARE

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the parent by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees, if any.

Where the effect of the assumed conversion of the convertible notes and the exercise of all outstanding options have anti-dilutive effect, basic and diluted EPS are stated at the same amount.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.19 INVENTORIES

Inventories are stated at the lower of cost and net realisable value.

The cost of inventories is based on the weighted average principle, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition

Net realisable value is based on estimated selling price less any further costs expected to be incurred on completion and disposal.

3.20 PROVISIONS

Provisions are recognized when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured as a best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

Decommissioning liability

The Group recognises a decommissioning liability where it has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made.

The Group records full provision for the future costs of decommissioning for network and other assets. When the liability is initially recognised, the present value of the estimated costs is capitalised by increasing the carrying amount of the related network and other assets to the extent that it was incurred by the development/ construction.

Changes in the estimated timing or cost of decommissioning are dealt with prospectively by recording an adjustment to the provision and a corresponding adjustment to network and other assets. Any reduction in the decommissioning liability and, therefore, any deduction from the asset to which it relates, may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to the consolidated statement of profit or loss.

If the change in estimate results in an increase in the decommissioning liability and, therefore, an addition to the carrying value of the asset, the Group considers whether this is an indication of impairment of the asset as a whole, and if so, tests for impairment. If, the estimate for the revised value of network and other assets net of decommissioning provision exceeds the recoverable value, that portion of the increase is charged directly to expense.

Over time, the discounted liability is increased for the change in present value based on the discount rate that reflects current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognised in the consolidated statement of profit or loss as a finance cost.

The Group recognises neither the deferred tax asset in respect of the temporary difference on the decommissioning liability nor the corresponding deferred tax liability in respect of the temporary difference on a decommissioning asset.

Employee benefits

The employee benefits 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.21 FOREIGN CURRENCY TRANSACTIONS

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the end of the financial reporting year.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Foreign currency differences arising on retranslation are recognised in the consolidated statement of profit or loss, except for differences arising on the retranslation of fair value through other comprehensive income which are recognised in other comprehensive income.

Translation of 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 at the reporting date. The income and expenses of foreign operations are translated to Kuwaiti Dinar at the average exchange rate (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 recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control or significant influence is lost, the cumulative amount in the 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 Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to consolidated statement of profit or loss.

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 exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and presented in the translation reserve in equity.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.22 IMPAIRMENT OF NON-FINANCIAL ASSETS

The carrying amounts of the Group's non-financial assets, other than inventories 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. The recoverable amount of an asset or cash-generating unit 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 their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. 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 groups of assets (the "cash-generating unit").

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in the consolidated statement of profit or loss.

Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. 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.

3.23 SEGMENT REPORTING

Segment results that are reported to the Group's Chief Operating Decision Maker ("CODM") include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Financial information on operating segments is presented in note 28 to the consolidated financial statements.

3.24 EVENTS AFTER THE REPORTING DATE

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

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4. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Exchange and networks assets	Subscriber apparatus and other equipment	Capital work in progress	Total
	KD'000	KD'000	KD'000	KD'000	KD'000
Cost					
At 1 January 2020	64,819	1,109,041	146,796	87,697	1,408,353
Additions	1,944	39,209	2,296	56,141	99,590
Disposals	(125)	(23,428)	(24,403)	(59)	(48,015)
Transfers	83	57,775	6,509	(64,430)	(63)
Exchange adjustment	(1,893)	(38,454)	(2,581)	(4,673)	(47,601)
At 31 December 2020	64,828	1,144,143	128,617	74,676	1,412,264
Additions	**130**	**43,418**	**3,198**	**27,402**	**74,148**
Disposals	**(133)**	**(5,130)**	**(2,594)**	**-**	**(7,857)**
Transfers	**1,235**	**36,462**	**(390)**	**(37,519)**	**(212)**
Exchange adjustment	**(1,590)**	**(46,860)**	**(3,411)**	**(3,142)**	**(55,003)**
At 31 December 2021	**64,470**	**1,172,033**	**125,420**	**61,417**	**1,423,340**
Accumulated depreciation					
At 1 January 2020	32,123	750,033	123,868	-	906,024
Provided during the year	3,344	91,811	9,438	-	104,593
Disposals	(115)	(23,419)	(24,373)	-	(47,907)
Transfers	(14)	(49)	28	-	(35)
Exchange adjustment	(1,362)	(27,568)	(2,525)	-	(31,455)
At 31 December 2020	33,976	790,808	106,436	-	931,220
Provided during the year	**3,045**	**94,328**	**7,977**	**-**	**105,350**
Impairment during the year	**-**	**143**	**-**	**-**	**143**
Disposals	**(81)**	**(5,012)**	**(2,547)**	**-**	**(7,640)**
Transfers	**-**	**2,683**	**(2,683)**	**-**	**-**
Exchange adjustment	**(1,214)**	**(36,289)**	**(3,208)**	**-**	**(40,711)**
At 31 December 2021	**35,726**	**846,661**	**105,975**	**-**	**988,362**
Carrying value					
At 31 December 2020	30,852	353,335	22,181	74,676	481,044
At 31 December 2021	**28,744**	**325,372**	**19,445**	**61,417**	**434,978**

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5. INTANGIBLE ASSETS AND GOODWILL

	Goodwill	License and other intangible assets	Brand name	Total
	KD'000	KD'000	KD'000	KD'000
Cost				
At 1 January 2020	172,570	403,560	8,613	584,743
Additions	-	4,676	-	4,676
Disposals	-	(216)	-	(216)
Transfers	-	63	-	63
Exchange adjustment	9,731	(4,716)	489	5,504
At 31 December 2020	182,301	403,367	9,102	594,770
Additions	**-**	**3,843**	**-**	**3,843**
Disposals	**-**	**(136)**	**-**	**(136)**
Transfers	**-**	**(7,473)**	**-**	**(7,473)**
Exchange adjustment	**(12,298)**	**(19,212)**	**(620)**	**(32,130)**
At 31 December 2021	**170,003**	**380,389**	**8,482**	**558,874**
Accumulated amortisation				
At 1 January 2020	11,241	249,181	8,613	269,035
Provided during the year	-	19,245	-	19,245
Disposals	-	(216)	-	(216)
Transfers	-	35	-	35
Exchange adjustment	678	(7,931)	489	(6,764)
At 31 December 2020	11,919	260,314	9,102	281,335
Provided during the year	**-**	**15,834**	**-**	**15,834**
Disposals	**-**	**(134)**	**-**	**(134)**
Transfers	**-**	**(7,160)**	**-**	**(7,160)**
Exchange adjustment	**(857)**	**(12,359)**	**(620)**	**(13,836)**
At 31 December 2021	**11,062**	**256,495**	**8,482**	**276,039**
Carrying value				
At 31 December 2020	170,382	143,053	-	313,435
At 31 December 2021	**158,941**	**123,894**	**-**	**282,835**

5. INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

I. Impairment testing of goodwill

Goodwill acquired through business combinations has been allocated to individual cash generating units (CGUs) for impairment testing as follows:

	Carrying value	Carrying value
Cash generating units	**2021**	2020
	KD'000	KD'000
Ooredoo Tunisie S.A.	**157,014**	168,455
Fast Telecommunications Company W.L.L.	**1,927**	1,927
	158,941	170,382

Goodwill was tested for impairment as at 31 December 2021. The recoverable amount of the CGUs was determined based on value in use calculated using cash flows projections by management covering a period of five years.

II. Key Assumptions used in value in use calculations

Key Assu mptions

The principal a ssumptions used to determine value-in-use include long-term cash flows, discount rates, terminal value growth rate estimates, EBITDA growth rate and CAPEX. The assumptions are constructed based upon historic experience and management's best estimate of future trends and performance and take into account anticipated efficiency improvements over the forecasted period.

Forecast revenue growth rates

Forecast revenue growth rates are based on past experience and management's best estimate of future trends in the market including number of customers, penetrations, average revenue per users, new products and services.

Operating profits

Operating profits are forecast based on historical experience of operating margins and management's best estimate of future trends including new revenue streams, cost saving initiatives and expected efficiency improvements.

Discount rates

Discount rates reflect management's estimate of the risks specific to each unit. Discount rates are based on a weighted average cost of capital for each CGU and ranged from 7% to 12% (2020: 9% to 12%).

Budgeted Capex

The cash flow forecasts for budgeted capital expenditure are based on past experience and include the ongoing capital expenditure required to continue rolling out networks in emerging markets, providing enhanced voice and data products and services, and meeting the population coverage requirements of certain licenses of the Group. Capital expenditure includes cash outflows for the purchase of property, plant and equipment and other intangible assets.

Long-term cash flows and working capital estimates

The Group prepares cash flow forecasts for the next five years, derived from the most recent annual business plan approved by the Board of Directors.

The business plans take into account local market considerations such as the number of subscribers, roaming revenue, average revenue per user, operating costs, taxes, capital expenditure, and EBITDA. The growth rate does not exceed average long-term growth rate for the relevant markets and it ranges from 3.7% to 8.7% (2020: 5.1% to 5.4%).

The Group has also performed a sensitivity analysis by varying discount and growth rate 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.

6. RIGHT-OF-USE ASSETS

	Land and buildings	Exchange and networks assets	Subscriber apparatus and other equipment	Total
	KD'000	KD'000	KD'000	KD'000
Cost				
At 1 January 2020	26,240	131,906	3,723	161,869
Additions	3,831	18,745	1,898	24,474
Reduction on early termination	(3,184)	(1,970)	(279)	(5,433)
Exchange adjustment	(857)	(1,650)	(129)	(2,636)
At 31 December 2020	26,030	147,031	5,213	178,274
Additions	**-**	**17,272**	**3,063**	**20,335**
Reduction on early termination	**(248)**	**(1,911)**	**(103)**	**(2,262)**
Exchange adjustment	**(1,137)**	**(3,605)**	**(282)**	**(5,024)**
At 31 December 2021	**24,645**	**158,787**	**7,891**	**191,323**
Accumulated amortisation				
At 1 January 2020	8,509	26,710	2,343	37,562
Provided during the year	4,200	17,345	898	22,443
Reduction on early termination	(1,843)	(254)	(254)	(2,351)
Exchange adjustment	(236)	(140)	(113)	(489)
At 31 December 2020	**10,630**	**43,661**	**2,874**	**57,165**
Provided during the year	**3,263**	**17,494**	**1,686**	**22,443**
Reduction on early termination	**-**	**(705)**	**(56)**	**(761)**
Exchange adjustment	**(573)**	**(1,325)**	**(171)**	**(2,069)**
At 31 December 2021	**13,320**	**59,125**	**4,333**	**76,778**
Carrying value				
At 31 December 2020	15,400	103,370	2,339	121,109
At 31 December 2021	**11,325**	**99,662**	**3,558**	**114,545**

Following the election of the Group not to recognize right-of-use assets and lease liabilities for short-term and low-value leases, KD 660 thousand and KD 112 thousand respectively (2020: KD 870 thousand and KD 99 thousand respectively), were recognized as expenses during the year. Moreover, variable lease payments which were recognized as expenses during 2021 amounted to KD 334 thousand (2020: KD 661 thousand).

7. TAXATION

The Company is not subject to corporate income tax in the State of Kuwait. The income tax represents amounts recognised by the subsidiaries. The major components of the income tax expense for the year included in the consolidated statement of profit or loss are as follows:

	2021	2020
	KD'000	KD'000
Current income tax		
Current income tax charge	**16,758**	14,294
Deferred income tax		
Relating to origination and reversal of temporary differences	**(2,683)**	1,195
	14,075	15,489

The tax rate applicable to the taxable subsidiaries is in 25.78% (2020: 27.56%). For the purpose of determining the taxable results for the year, the accounting profit of the companies were adjusted for tax purposes. Adjustments for tax purposes include items relating to both income and expense allowed in accordance with respective tax laws of subsidiaries.

The adjustments are based on the current understanding of the existing laws, regulations and practices of each subsidiaries' 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 includes only the identifiable major reconciling items. The Group tax reconciliation is presented as follows:

	2021	2020
	KD'000	KD'000
Profit before tax	**39,291**	22,417
Loss of parent and subsidiaries not subject to corporate income tax	**3,284**	13,206
Profit of parent and subsidiaries subject to corporate income tax	**42,575**	35,623
Add:		
Allowances, accruals and other temporary differences	**14,902**	6,549
Expenses and income that are not subject to corporate tax	**7,600**	9,165
Depreciation – net of accounting and tax	**(75)**	521
Taxable profit of subsidiaries and associates that are subject to corporate income tax	**65,002**	51,858
Income tax charge at the effective income tax rate of 25.78% (2020: 27.56%)	**16,758**	14,294

Movement of deferred tax asset – net:

	2021	2020
	KD'000	KD'000
At 1 January	**23,839**	27,035
Benefit / (expenses)	**2,683**	(1,195)
Exchange adjustment	**(1,333)**	(2,001)
At 31 December	**25,189**	23,839

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7. TAXATION (CONTINUED)

Movement of income tax payable:

	2021	2020
	KD'000	KD'000
At 1 January	**7,944**	12,412
Provided during the year	**16,758**	14,294
Paid during the year	**(10,076)**	(18,801)
Exchange adjustment	**(4,075)**	39
At 31 December	**10,551**	7,944

8. TRADE AND OTHER RECEIVABLES

	2021	2020*
	KD'000	KD'000
Trade receivables	**178,740**	180,497
Contract assets	**40,302**	32,675
Advances and prepayments	**29,016**	24,342
Other receivables	**7,407**	9,650
	255,465	247,164
Less: Expected credit loss	**(92,972)**	(95,909)
	162,493	151,255

* Refer to note 29 for details regarding certain reclassifications.

As of 31 December 2021, expected credit loss include an amount of KD 89,583 thousand (2020: KD 93,266 thousand) provision related to trade receivable.

Unimpaired receivables are expected on the basis of past experience to be fully recoverable. It is not the practice of the Group to obtain collateral over receivables and the vast majorities are therefore, unsecured.

The average credit period on sales of goods and rendering of services varies from 30 days depending on the type of customer and local market conditions. No interest is charged on outstanding trade receivables.

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime ECL using the simplified approach. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The following table details the risk profile of trade receivables based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base.

8. TRADE AND OTHER RECEIVABLES (CONTINUED)

	31 December 2021			31 December 2020		
Aging 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	**%**	**KD'000**	KD'000	%	KD'000
< 30 days	**48,665**	**5.61%**	**2,728**	47,757	5.82%	2,780
31 – 60 days	**6,776**	**11.82%**	**801**	5,241	19.86%	1,041
61 – 90 days	**3,880**	**20.70%**	**803**	5,735	21.17%	1,214
> 90 days	**119,419**	**71.39%**	**85,251**	121,764	72.46%	88,231
	178,740		**89,583**	180,497		93,266

The below table shows the collective assessment of movement in lifetime ECL that has been recognised for trade and other receivables in accordance with the simplified approach set out in IFRS 9.

	2021	2020
	KD'000	KD'000
Balance as at 1 January	**95,909**	86,872
Allowance for impairment	**5,985**	12,286
Amounts written off	**(7,089)**	(2,222)
Foreign exchange differences	**(1,833)**	(1,027)
Balance as at 31 December	**92,972**	95,909

9. BANK BALANCES AND CASH

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following items:

	2021	2020
	KD'000	KD'000
Bank balances and cash	**124,449**	104,348
Expected credit loss	**(38)**	(45)
Bank balances and cash in the consolidated statement of financial position	**124,411**	104,303
Less:		
Deposits with maturity of more than three months	**(11,726)**	(7,463)
Restricted deposits	**(15,790)**	(11,307)
Cash and cash equivalents as per consolidated statement of cash flows at 31 December	**96,895**	85,533

Deposits are made for varying periods depending on the immediate cash requirements of the Group and earn interest on the respective deposit rates ranging from 0.19% to 7.29% (2020: 0.52% to 12.31%).

Deposits with maturity of more than three months were reclassified from bank balances and cash.

The Group has pledged fixed deposits amounting to KD 8,292 thousand as at 31 December 2021 (31 December 2020 : KD 2,752 thousand) as collateral against loans and borrowings (restricted deposits).

Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the central banks of the respective countries. Accordingly, the management of the Group estimates the loss allowance on balances with banks at the end of the reporting period at an amount equal to 12 month ECL. None of the balances with banks at the end of the reporting period are past due, and taking into account the historical default experience and the current credit ratings of the bank, the Group has recorded a reversal of impairment loss of KD 7 thousand during the year ended 31 December 2021 (2020: impairment loss of KD 24 thousand).

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10. EQUITY

a) Share Capital

The authorised, issued and fully paid up share capital as at 31 December 2021 consists of 504,033 thousand shares (2020: 504,033 thousand shares) of 100 fils each, contributed in cash.

b) Treasury Share

	2021	2020
	KD'000	KD'000
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)	**1,792**	1,800

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 No. 1 of 2016 and its executive regulations 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 2,035 thousand has been transferred to voluntary reserve (2020: KD 440 thousand). There are no restrictions on distributions from the voluntary reserve.

e) Dividends

The Annual General Assembly of the Company, held on 1 March 2021, approved the consolidated financial statements of the Group for the year ended 31 December 2020 and the payment of cash dividend of 15 fils per share for the year ended 31 December 2020 (2020: cash dividend of 50 fils per share) to the Company's shareholders existing as at 28 March 2021.

The Board of Directors proposed a cash dividend of 35 fils per share for the year ended 31 December 2021 (2020: 15 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.

10. 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	KD'000	KD'000	KD'000	KD'000	KD'000	KD'000
At 1 January 2020	66,634	32,200	136,303	6,914	(2,794)	3,412	242,669
Other comprehensive Loss for the year	-	-	-	-	(168)	-	(168)
Transfer to voluntary reserve	-	-	440	-	-	-	440
At 31 December 2020	66,634	32,200	136,743	6,914	(2,962)	3,412	242,941
At 1 January 2021	**66,634**	**32,200**	**136,743**	**6,914**	**(2,962)**	**3,412**	**242,941**
Other comprehensive Loss for the year	-	-	-	-	(320)	-	(320)
Transfer to voluntary reserve	-	-	2,035	-	-	-	2,035
At 31 December 2021	**66,634**	**32,200**	**138,778**	**6,914**	**(3,282)**	**3,412**	**244,656**

11. SUMMARISED FINANCIAL INFORMATION OF SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTEREST

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

	WTA	Ooredoo Palestine	Ooredoo Tunisie S.A.
	KD'000	KD'000	KD'000
31 December 2021			
Non-current assets	**240,617**	**50,990**	**106,375**
Current assets	**58,064**	**19,685**	**71,669**
Non-current liabilities	**(25,688)**	**(17,608)**	**(27,906)**
Current liabilities	**(121,739)**	**(17,669)**	**(91,780)**
Net assets	**151,254**	**35,398**	**58,358**
Carrying amount of NCI	**43,864**	**17,960**	**14,590**
Revenue	**188,464**	**33,843**	**133,997**
Profit	**3,693**	**4,048**	**12,417**
Profit allocated to NCI	**1,071**	**2,054**	**3,104**
31 December 2020			
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
Profit	144	2,313	10,447
Profit allocated to NCI	42	1,173	2,612

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12. LOANS AND BORROWINGS

	Current		Non-current	
	2021	2020	**2021**	2020
	KD'000	KD'000	**KD'000**	*KD'000*
Due to local banks	**27**	12,000	**-**	-
Due to local banks related to subsidiaries	**16,441**	16,536	**12,696**	33,488
	16,468	28,536	**12,696**	33,488

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

	Carrying amounts		Fair values	
	2021	2020	**2021**	2020
	KD'000	KD'000	**KD'000**	*KD'000*
Fixed rates	**1,485**	7,035	**1,485**	7,471
Floating rates	**27,679**	54,989	**27,762**	55,346
	29,164	62,024	**29,247**	62,817

The details of long term debts are as follows:

	Description	2021	2020
		KD'000	KD'000
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 (2020: between 5% to 5.15%). These debts are maturing on 2026. These are denominated in Algerian Dinar.	**4,468**	15,202
b)	Debts secured against Wataniya Palestine Mobile Telecom Limited's fixed assets from banks in Palestine. These debts carry an effective interest rate of Nil (2020: 5%) and were repayable in quarterly instalments commencing December 2019. The debts were fully settled during the year. These were denominated in US Dollar.	**-**	7,035
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 (2020: 2.1%). These are denominated in Kuwait Dinar.	**27**	12,000
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 7.62% per annum (2020 : 8.36%). The instalments of principal and interest are payable quarterly. The first instalment of principal was paid in June 2019, the first instalment of interest was paid in June 2018. The last instalments of principal and interest are payable on June 2024.	**8,758**	17,093
e)	Secured debts from banks in Maldives against fixed deposits of Ooredoo Maldives PLC. These loans carry an effective interest rate between 4.29% and 8.5% (2020: between 4.78% and 6.77%). These debts are repayable within the range of 30-54 monthly instalments respectively with accrued interest. These are denominated in US Dollar.	**15,911**	10,694
		29,164	62,024

13. LEASE LIABILITIES

	2021	2020
	KD'000	KD'000
At January 1	**125,843**	126,171
Additions during the year	**20,335**	24,474
Interest expense on lease liability (Note 19)	**6,699**	6,898
Payment of lease liabilities including interest	**(27,338)**	(26,280)
Reduction on early termination	**(1,238)**	(3,542)
Exchange adjustments	**(3,448)**	(1,878)
At 31 December	**120,853**	125,843

	2021	2020
	KD'000	KD'000
Non-current portion	**100,710**	107,846
Current portion	**20,143**	17,997
	120,853	125,843

14. TRADE AND OTHER PAYABLES

	2021	2020
	KD'000	KD'000
Trade payables	**83,903**	90,555
Accrued expenses	**173,932**	171,506
Other tax payables	**17,057**	13,496
Staff payables	**16,229**	10,558
Dividend payables	**6,943**	6,682
Other payables	**10,978**	10,774
	309,042	303,571

15. DEFERRED INCOME

Deferred income pertains to unearned revenue from services that will be provided in future periods. It primarily includes revenue from the unused and unutilized portion of prepaid cards sold. The sale of prepaid cards is deferred until such time as the customer uses the airtime, or the credit expires.

16. REVENUE

The Group derives its revenue from contracts with customers for the transfer of goods and services over time and at a point in time in the following revenue streams. The disclosure of revenue by streams is consistent with the revenue information that is disclosed for each reportable segment under IFRS 8 (note 28).

	2021	2020
	KD'000	KD'000
Revenue from rendering of services	**539,470**	533,145
Sale of telecommunication equipment	**61,383**	58,993
Others	**879**	698
	601,732	592,836
At a point in time	**61,383**	58,993
Overtime	**540,349**	533,843
	601,732	592,836

17. NETWORK, INTERCONNECT AND OTHER OPERATING EXPENSES

	2021	2020*
	KD'000	KD'000
Outpayments and interconnect charges	**(76,316)**	(81,469)
Regulatory and related fees	**(45,318)**	(46,214)
Rentals and utilities	**(11,867)**	(11,398)
Network operation and maintenance	**(44,308)**	(47,367)
Cost of equipment sold and other services	**(70,420)**	(71,710)
Marketing costs and sponsorship	**(9,416)**	(10,704)
Commission on cards	**(29,375)**	(26,814)
Legal and professional fees	**(1,577)**	(1,618)
Provision for obsolete and slow-moving inventories	**(416)**	(1,956)
Other expenses	**(22,786)**	(18,493)
	(311,799)	(317,743)

* Refer to note 29 for details regarding certain reclassifications.

18. DEPRECIATION AND AMORTISATION

	2021	2020
	KD'000	KD'000
Depreciation of property, plant and equipment (Note 4)	**(105,350)**	(104,593)
Amortisation of intangible assets (Note 5)	**(15,834)**	(19,245)
Amortisation of right-of-use assets (Note 6)	**(22,443)**	(22,443)
	(143,627)	(146,281)

19. FINANCE COSTS

	2021	2020*
	KD'000	KD'000
Interest expenses	(3,163)	(4,447)
Interest cost on lease liability (Note 13)	(6,699)	(6,898)
Other finance charges	(1,013)	(74)
	(10,875)	(11,419)

* Refer to note 29 for details regarding certain reclassifications.

20. CONTRIBUTION TO KFAS, NLST AND ZAKAT

	2021	2020
	KD'000	KD'000
KFAS	(203)	(44)
NLST	(186)	(239)
Zakat	(74)	(95)
	(463)	(378)

21. BASIC AND DILUTED EARNINGS PER SHARE

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

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

	2021	2020
Profit for the year attributable to shareholders of the parent (KD'000)	19,250	3,390
Number of shared outstanding:		
Weighted average number of paid up shares (000's)	504,033	504,033
Weighted average number of treasury shares (000's)	(2,871)	(2,871)
Weighted average number of outstanding shares (000's)	501,162	501,162
Basic and diluted earnings per share (KD)	38	7

22. RELATED PARTY DISCLOSURES

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:

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22. RELATED PARTY DISCLOSURES (CONTINUED)

Related party transactions and balances (CONTINUED)

	As at 31 December	
	2021	2020
	KD'000	KD'000
a. Balances included in the consolidated statement of financial position		
Payable to:		
Ooredoo Group L.L.C – fellow subsidiary	14,316	11,889
Ooredoo IP L.L.C – fellow subsidiary	2,035	1,553
Ooredoo Oman – fellow subsidiary	54	-
Receivable from:		
Ultimate parent company	704	1,019
Asiacell Communications PJSC - fellow subsidiary	536	577
Others – fellow subsidiary	13	19

	Year ended 31 December	
	2021	2020
	KD'000	KD'000
b. Transactions included in the consolidated statement of profit or loss		
Revenue from:		
Ultimate parent company	4,273	4,577
Others - fellow subsidiary	9	124
Operating expenses to:		
Ultimate parent company	680	58
Others - fellow subsidiary	59	37
Management fees to Ooredoo Group L.L.C – fellow subsidiary	12,950	12,831
Brand license fees to Ooredoo IP L.L.C - fellow subsidiary	3,565	3,552
	16,515	16,383
c. Compensation of key management personnel:		
Short term benefits	7,608	7,434
Termination benefits	669	691
	8,277	8,125

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

23 COMMITMENTS, CONTINGENT LIABILITIES AND LITIGATIONS

		2021	2020
		KD'000	KD'000
a)	**Capital commitments**		
	For the acquisition of property and equipment	**29,888**	32,181
	For the acquisition of mobile license in a subsidiary	**51,165**	51,452
		81,053	83,633
b)	**Contingent liabilities**		
	Letters of guarantee	**4,903**	3,893
	Letters of credit	**8,941**	8,006
		13,844	11,899

Litigation and claims:

a) Additional tax claims amounting to KD 5,541 thousand on Ooredoo Tunisie S.A. for assessment periods 1 January 2016 to 31 December 2017 from tax authorities in Tunisia. Management has responded to this notification and believes that the prospects of these claims being resolved in the Group's favour are good.

b) Additional tax claims amounting to KD 848 thousand on Wataniya Telecom Algerie S.P.A. (WT A) for assessment periods 1 January 2013 to 31 December 2016 from tax authorities in Algeria.

c) In October 2019, the Algerian Central Bank claimed an amount of KD 22,013 thousand in respect of certain alleged foreign currency violations by WTA. Currently, WTA's appeal against this claim is 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 an amount of KD 1,874 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 294 thousand in respect of non-compliance in 2018 of ARPCE rules. WTA 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 1,314 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 and received a favourable decision on 30 August 2021.

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. In January 2022, the first degree judgement is issued in favour of the Group.

24 FINANCIAL RISK MANAGEMENT

Objectives and policies

The Group's principal financial liabilities comprise loans and borrowings, finance leases, and trade payables. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has various financial assets such as trade receivables, investments and cash and short-term deposits, which arise directly from its operations.

The main risks arising from the Group's financial instruments are market risk, credit risk, liquidity risk and operational risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below:

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign currency exchange rates and equity prices will affect the Group's profit, equity or value of its holding of financial instruments. The objective of market risk management is to manage and control the market risk exposure within acceptable parameters, while optimizing return. The Group exposure is not significant.

Interest rate risk

The Group's financial assets and liabilities that are subject to interest rate risk comprise bank deposits, loans and borrowings. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's financial assets and liabilities with floating interest rates and fixed interest instruments maturing within three months from the end of the financial reporting year.

The following table illustrates the sensitivity of the profit as well as equity to a reasonably possible change in interest rates of 1% (2020: 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.

	Increase	2021	2020
		KD'000	KD'000
Impact on profit	+1	**(413)**	(733)

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

The Group has closely monitored the market and the output from the various industry working groups managing the transition to new benchmark interest rates.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities and the Group's net investment in foreign subsidiaries.

The Group had the following significant net exposure denominated in foreign currencies.

	Net exposure impacting net profit		Net exposure impacting equity	
	2021	2020	2021	2020
	KD'000	KD'000	**KD'000**	KD'000
USD Dollar	**(8,490)**	(14,324)	**1,361**	(7,566)
MVR Rufiyaa	**-**	-	**11,112**	7,173
Tunisian Dinar	**-**	-	**(43,370)**	(48,855)
Algerian Dinar	**-**	-	**(85,868)**	(110,858)
UAE Dirham	**-**	(6,807)	**(4,139)**	(11,836)
Euro	**3,379**	6,806	**-**	-
Others	**1,535**	134	**-**	-

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

Foreign currency risk (CONTINUED)

The following table demonstrates the sensitivity to consolidated statement of profit or loss and equity to a 10% increase in the KD against the other currencies (a reasonably possible change), with all other variables held constant, of the Group's profit due to changes in the fair value of monetary assets and liabilities and the Group's equity on account of translation of foreign subsidiaries.

The effect of decreases in foreign exchange rates is expected to be equal and opposite to the effect of the increases shown:

	Impact on net profit		Impact on equity	
	2021	2020	**2021**	2020
	KD'000	KD'000	**KD'000**	KD'000
USD Dollar	**849**	1,432	**(136)**	757
MVR Rufiyaa	**-**	-	**(1,111)**	(717)
Tunisian Dinar	**-**	-	**4,337**	4,886
Algerian Dinar	**-**	-	**8,587**	11,086
UAE Dirham	**-**	681	**414**	1,184
Euro	**(338)**	(681)	**-**	-
GBP	**(154)**	(13)	**-**	-

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.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group's exposure to credit risk is as indicated by the carrying amount of its assets which consist principally of trade receivables bank balances and deposits.

The Group provides telecommunication services to various customers. It is the Group's policy that all customers who obtain the goods and / or services on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the purchase of service limits are established for each customer, which are reviewed regularly based on the level of past transactions and settlement. The Group's maximum exposure as at 31 December is as follows:

	2021	2020
	KD'000	KD'000
Trade and other receivables	**133,477**	126,914
Bank balances	**121,274**	101,513
Other non-current assets	**3,224**	2,863
	257,975	231,290

The Group reduces the exposure of credit risk arising from bank balances by maintaining bank accounts in reputed banks.

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24 FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (CONTINUED)

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

	2021	2020
	KD'000	KD'000
Kuwait	**100,413**	89,274
Tunisia	**64,083**	61,996
Algeria	**33,415**	30,945
Maldives	**42,007**	35,901
Palestine	**18,045**	13,162
Others	**12**	12
	257,975	231,290

Credit risk measurement

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- internal credit rating;
- external credit rating (as far as available);
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations;
- actual or expected significant changes in the operating results of the borrower;
- significant increases in credit risk on other financial instruments of the same borrower;
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements; and
- significant changes in the expected performance and behavior of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower.

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model. Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 to 90 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at 31 December 2021, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group arises from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position. Considering the Group's large and unrelated customer base, the concentration of credit risk is limited.

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk grades

Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower. Exposures are subject to on-going monitoring, which may result in an exposure being moved to a different credit risk grade.

The tables below detail the credit quality of the Group's financial assets, as well as the Group's maximum exposure to credit risk by credit risk rating grades:

	Rated	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
			KD'000	KD'000	KD'000
31 December 2021					
Cash and bank balances	Rated	12 month ECL	**121,312**	**(38)**	**121,274**
Trade and other receivables (i)	Not Rated	Lifetime ECL	**226,449**	**(92,972)**	**133,477**
Other non-current assets	Not Rated	Lifetime ECL	**3,471**	**(247)**	**3,224**

	Rated	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
			KD'000	KD'000	KD'000
31 December 2020					
Cash and bank balances	Rated	12 month ECL	101,558	(45)	101,513
Trade and other receivables (i)	Not Rated	Lifetime ECL	222,823	(95,909)	126,914
Other non-current assets	Not Rated	Lifetime ECL	3,468	(604)	2,864

i. For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix.

The Group holds no collateral over any of these balances.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet financial obligations as they fall due. The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities whendue, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of the Group's own reserves and bank facilities. The Group's terms of sales require amounts to be paid within 30 to 90 days from the invoice date.

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk (CONTINUED)

The table below summarizes the maturity profile of the Group's financial liabilities at 31 December based on contractual undiscounted payments:

	Less than 1 year	1 to 5 years	> 5 year	Total
	KD'000	KD'000	KD'000	KD'000
At 31 December 2021				
Loans and borrowings	**17,931**	**13,491**	**-**	**31,422**
Trade payables	**309,042**	**-**	**-**	**309,042**
Lease liabilities	**26,263**	**91,671**	**32,683**	**150,617**
Other non-current liabilities	**-**	**5,002**	**13,575**	**18,577**
	353,236	**110,164**	**46,258**	**509,658**
At 31 December 2020				
Loans and borrowings	31,039	36,157	708	67,904
Trade payables	303,571	-	-	303,571
Lease liabilities	24,275	85,990	46,077	156,342
Other non-current liabilities	-	15,644	-	15,644
	358,885	137,791	46,785	543,461

Capital 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 manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance.

25. FAIR VALUES OF FINANCIAL INSTRUMENTS

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique.

Level 1: Quoted prices (unadjusted) prices in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the assets of liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities at 31 December 2021 and 2020:

	2021		
	Level 1	**Level 2**	**Total**
	KD'000	KD'000	KD'000
Financial assets – equity instruments			
Listed equity securities	**80**	**-**	**80**
Unlisted equity securities	**-**	**1,520**	**1,520**
	80	**1,520**	**1,600**

	2020		
	Level 1	**Level 2**	**Total**
	KD'000	KD'000	KD'000
Financial assets – equity instruments			
Unlisted equity securities	-	1,920	1,920
	-	1,920	1,920

The fair value of the financial assets and liabilities, excluding loans and borrowings, approximate their carrying value.

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26. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the consolidated financial statements in compliance with IFRS requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the consolidated financial statements as they become reasonably determinable.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Classification of subsidiaries

The appropriate classification of certain investments as subsidiaries requires significant analysis and management judgment as to whether the Group exercises control, significant influence or joint control over these investments. This may involve consideration of a number of factors, including ownership and voting rights, the extent of Board representation, contractual arrangements and indicators of de facto control.

Recognition of revenue

Management considers recognizing revenue over time, if one of the following criteria is met, otherwise revenue will be recognized at a point in time:

a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

c) the Group's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

Capitalisation of costs

Management determines whether the Group will recognise an asset from the costs incurred to fulfil a contract and costs incurred to obtain a contract if the costs meet all the following criteria:

a) the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;

b) the costs generate or enhance resources of the Group that will be used in satisfying performance obligations in the future; and

c) the costs are expected to be recovered.

Such asset will be amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates.

Credit risk measurement

The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Group measures credit risk using Probability of Default ("PD"), Exposure at Default ("EAD") and Loss Given Default ("LGD").

Contract variations

Contract variations are recognised as revenues only to the extent that it is probable that they will not result in a significant reversal of revenue in subsequent periods. Management considers prior experience, application of contract terms and the relationship with the customers in making their judgment.

26. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Contract claims

Contract claims are recognised as revenue only when management believes that only to the extent that it is probable that they will not result in a significant reversal of revenue in subsequent periods. Management reviews the judgment related to these contract claims periodically and adjustments are made in the future periods, if assessments indicate that such adjustments are appropriate.

Judgments in determining the timing of satisfaction of performance obligations

The Group generally recognise revenue over time as it performs continuous transfer of control of these services to the customers. Because customers simultaneously receives and consumes the benefits provided by these services and the control transfer takes place over time, revenue is also recognised based on the extent of service transfer/ completion of transfer of each performance obligation. In determining the method for measuring progress for these POs, we have considered the nature of these services as well as the nature of its performance.

For performance obligations satisfied at a point in time, the Group considers the general requirements of control (i.e. direct the use of asset and obtain substantially all benefits) and the following non-exhaustive list of indicators of transfer of control:

- Entity has present right to payment
- Customer has legal title
- Entity has transferred legal possession
- Customer has significant risk and rewards
- Customer has accepted the asset

In making their judgment, the directors considered the detailed criteria for the recognition of revenue set out in IFRS 15 and, in particular, whether the Group had transferred control of the goods to the customer. Following the detailed quantification of the Group's liability in respect of rectification work, and the agreed limitation on the customer's ability to require further work or to require replacement of the goods, the directors are satisfied that control has been transferred and that recognition of the revenue in the current year is appropriate, in conjunction with the recognition of an appropriate warranty provision for the rectification costs.

Principal versus agent

Significant judgments are made by management when concluding whether the Group is transacting as an agent or a principal. The assessment is performed for each separate revenue stream in the Group. The assessment requires an analysis of key indicators, specifically whether the Group:

- carries any inventory risk;
- has the primary responsibility for providing the goods or services to the customer;
- has the latitude to establish pricing; and
- bears the customer's credit risk.

These indicators are used to determine whether the Group has exposure to the significant risks and rewards associated with the sale of goods or rendering of services. For example, any sale relating to inventory that is held by the Group, not on consignment, is a strong indicator that the Group is acting as a principal.

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 several leases across various classes of right-of-use assets 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. In cases where lease contracts have indefinite term or are subject to auto renewal, lease term is determined considering the business case and reasonably certain renewal of lease.

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26. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill and other indefinite life intangibles are tested for impairment annually and at other times when such indicators exist.

The factors that the Group considers important which could trigger an impairment review include the following:

- significant or prolonged decline in the fair value of the asset;
- market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating the asset's value in use and decrease the asset's recoverable amount materially;
- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

The Group determines an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount has been determined based on value in use calculations. The cash flows are derived from the budget for the next five 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. The recoverable amount of investment is determined based on the net present value of future cash flows, management assumptions made, including management's expectations of the investment's:

- growth in earnings before interest, tax, depreciation and amortisation ("EBITDA"), calculated as adjusted operating profit before depreciation and amortisation;
- timing and quantum of future capital expenditures;
- long term growth rates ranges during discrete period and terminal period; and
- the selection of discount rates reflects the risks involved.

The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. Refer note 5 for the impairment assessment for goodwill.

In the case of goodwill and intangible assets with indefinite lives, at a minimum, such assets are subject to an annual impairment test and more frequently whenever there is an indication that such asset may be impaired. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and to choose a suitable discount rate in order to calculate the present value of those cash flows (Note 5).

Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives of its property, plant and equipment and investment properties based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment and investment properties are reviewed at least annually and are updated if expectations differ from previous estimates due to physical wear and tear and technical or commercial obsolescence on the use of these assets. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment and investment properties would increase depreciation expense and decrease noncurrent assets.

Useful lives of intangible assets

The Group's management determines the estimated useful lives of its intangible assets for calculating amortisation. This estimate is determined based on the expected pattern of consumption of future economic benefits embodied in the asset.

26. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Provision and contingent liabilities

The Group's management determines provision on best estimate of the expenditure required to settle the present obligation as a result of the past event at the reporting date.

The Group's management measures contingent liabilities as a possible obligation depending on whether some uncertain future event occurs or a present obligation but payment is not probable or the amount cannot be measured reliably.

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilised. The Group believes that sufficient taxable profit will be available to allow or part of the deferred tax assets to be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

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. Inventories 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.

Uncertain tax exposures

In certain circumstances, the Group may not be able to determine the exact amount of its current or future tax liabilities or recoverable amount of the claim refund due to ongoing investigations by, or discussions with the various taxation authorities. In determining the amount to be recognized in respect of uncertain tax liability or the recoverable amount of the claim for tax refund related to uncertain tax positions, the Group applies similar considerations as it would use in determining the amount of a provision to be recognized in accordance with IFRIC 23 Uncertainty over Income Tax Treatment, IAS 37 Provisions, Contingent Liabilities and Contingent Assets and IAS 12 Income Taxes.

Estimation of financial information

The Group accounts for its investment in associate using equity accounting as required by IAS 28. For the investment where information is not available at the reporting date, the Group has estimated the financial information based on the historical trends, quarterly financial information, budgets and future forecasts. Management believes that estimated financial information is reasonable.

Customer loyalty programme

The Company allocates a portion of the transaction price to the loyalty programme based on relative standalone selling price ("SSP"). The Company estimates the SSP of loyalty points by estimating the weighted average cost for redemption of the points based on the actual value of the products redeemed during the year. Inputs to the models include making assumptions about expected redemption rates and the mix of products that will be available for redemption in the future.

Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the

26. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

assets are compensated. The Group monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

<u>Significant increase in credit risk</u>

As explained in note 3, ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets 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.

<u>Calculation of loss allowance</u>

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.

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.

<u>Fair value measurement</u>

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages qualified external valuers to perform the valuation. The management/ valuation committee if any works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in respective notes.

27. IMPACT OF COVID-19

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

The Group has performed a qualitative assessment for its investment in CGUs, considering the minimal impact of COVID-19 on entities operating in telecommunication sector, and compared the actual results for the year ended 31 December 2021 against the budget and industry benchmarks which confirmed that the impairment assessment as at 31 December 2020 remains unchanged.

The Group has updated the inputs and assumptions used for the determination of expected credit losses ("ECLs") as at 31 December 2021. ECLs are estimated based on the relevant forward-looking macroeconomic factors, significant increase in credit risk, and assessing the indicators of impairment for the exposures in potentially affected sectors.

The Group will continue to closely monitor the impact of COVID-19 as the situation progresses to manage the potential business disruption COVID-19 outbreak may have on its operations and financial performance.

28. SEGMENT INFORMATION

Information regarding the Group's reportable segments is set out below in accordance with "IFRS 8 Operating Segments". IFRS 8 requires reportable segments to be identified on the basis of internal reports that are regularly reviewed by the Group's chief operating decision maker, the Group Chief Financial Officer, and used to allocate resources to the segments and to assess their performance.

The Group is mainly engaged in a single line of business, being the supply of telecommunications services and related products. The majority of the Group's revenues, profits and assets relate to its operations in the MENA. Outside of Kuwait, the Group operates through its subsidiaries and major operations are considered by the Group to be reportable segments. Revenue is attributed to reportable segments based on the location of the Group companies. Inter-segment sales are charged at arms' length prices.

For management reporting purposes, the Group is organised into business units based on their geographical area covered. Apart from its operations in Kuwait, the Company also operates through its foreign subsidiaries in Algeria, Tunisia, Maldives and Palestine.

Management monitors the operating results of its operating subsidiaries separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss of these reportable segments. Transfer pricing between reportable segments are on an arm's length basis in a manner similar to transactions with third parties.

Operating segments

The following tables present revenue and profit information regarding the Group's operating segments for the year ended 31 December 2021 and 2020:

		Outside Kuwait					
	Inside Kuwait	Tunisia	Algeria	Maldives	Others	Un-allocated	Total
Year ended 31 December 2021							
Segment revenues	**210,458**	**133,997**	**188,464**	**34,970**	**33,843**	**-**	**601,732**
Segment profit before tax	**1,600**	**21,716**	**5,644**	**10,738**	**4,464**	**(4,871)**	**39,291**
Depreciation and amortisation	**(46,482)**	**(24,325)**	**(55,737)**	**(4,908)**	**(7,304)**	**(4,871)**	**(143,627)**
Finance costs	**(2,158)**	**(3,466)**	**(3,839)**	**(1,113)**	**(299)**	**-**	**(10,875)**
Income tax	**(498)**	**(9,299)**	**(1,951)**	**(1,644)**	**(683)**	**-**	**(14,075)**
As at 31 December 2021							
Segment assets	**339,550**	**178,044**	**298,681**	**74,811**	**70,711**	**209,721**	**1,171,518**
Segment liabilities	**198,903**	**119,686**	**147,426**	**33,327**	**39,437**	**-**	**538,779**
Year ended 31 December 2020							
Segment revenues	209,793	127,656	189,963	34,270	31,154	-	592,836
Segment profit before tax	(6,910)	21,800	2,399	9,166	2,215	(6,253)	22,417
Depreciation and amortisation	(42,956)	(26,377)	(57,397)	(5,705)	(7,593)	(6,253)	(146,281)
Finance costs	(2,557)	(4,546)	(3,022)	(759)	(535)	-	(11,419)
Income tax	(569)	(11,352)	(2,255)	(1,076)	(237)	-	(15,489)
As at 31 December 2020							
Segment assets	335,377	184,408	330,682	66,820	69,916	234,612	1,221,815
Segment liabilities	212,082	124,260	164,238	27,936	41,527	-	570,043

National Mobile Telecommunications Company K.S.C.P. AND SUBSIDIARIES
Notes to the consolidated financial statements for the year ended 31 December 2021
(All amounts are expressed in Kuwaiti Dinar unless otherwise stated)

29. COMPARATIVE INFORMATION

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

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

	Previous presentation	Reclassification	Current presentation	Notes
Consolidated statement of financial position as of 31 December 2020				Operating expenses and selling, general and administrative expenses have been split out further into the financial statement line items alongside; and to separately present network, interconnect and operating expenses, employee salaries and associated cost, management fee expense and impairment losses on financial assets on the face of the consolidated statement of profit or loss to comply with presenting the income statement appropriately by nature.
Operating expenses	(254,996)	254,996	-	
Selling, general and administrative expenses	(156,758)	156,758	-	
Network, interconnect and other operating expenses	-	(317,743)	(317,743)	
Employee salaries and associated cost	-	(65,263)	(65,263)	
Management fee expense	-	(16,383)	(16,383)	
Impairment losses on financial assets	-	(12,365)	(12,365)	
Other expense – net	(2,783)	2,783	-	Reclassified to present other income/expenses; and finance income and costs on a gross basis, as opposed to net to comply with IAS 1.
Other income	-	1,029	1,029	
Other losses - net	-	(3,812)	(3,812)	
Finance cost - net	(8,586)	8,586	-	
Finance cost	-	(11,419)	(11,419)	
Finance income	-	2,833	2,833	
Consolidated statement of financial position as of 31 December 2020				Reclassified contract costs from the "Deferred Contract assets and contract costs" line item to the "Trade and other receivables", "Other non-current assets" and "Contract Costs" line items in order to comply with the requirements of IAS1 "Presentation of financial statements" and IFRS 15 "Revenue from contracts with customers".
Deferred contract assets and contract costs	14,175	(14,175)	-	
Contract costs	-	6,874	6,874	
Trade and other receivables	146,817	4,438	151,255	
Other non-current assets	2,166	2,863	5,029	

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

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