zain

TOWARDS A
SUSTAINABLE DIGITAL FUTURE

2021 ANNUAL REPORT

H.H. SHEIKH NAWAF AL-AHMAD AL-JABER AL-SABAH

AMIR OF THE STATE OF KUWAIT

H.H. SHEIKH MESHAL AL-AHMAD AL-JABER AL-SABAH

CROWN PRINCE OF THE STATE OF KUWAIT

H.H. SHEIKH SABAH KHALID AL-HAMAD AL-SABAH

PRIME MINISTER OF THE STATE OF KUWAIT

WELCOME TO OUR 2021 ANNUAL REPORT

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48.9 MILLION
ACTIVE CUSTOMERS

$5.03 BILLION
IN REVENUE

$2.1 BILLION
IN EBITDA
EBITDA MARGIN 41%

28%
FEMALE EMPLOYEES

$616 MILLION
IN NET INCOME

43 FILS
IN EPS (14 CENT)

$1.1 BILLION
IN CAPEX
21% OF REVENUE

50
NATIONALITIES

18,610 TB
AVERAGE DAILY DATA VOLUME

MARKET LEADER
IN KUWAIT, IRAQ, SUDAN & JORDAN

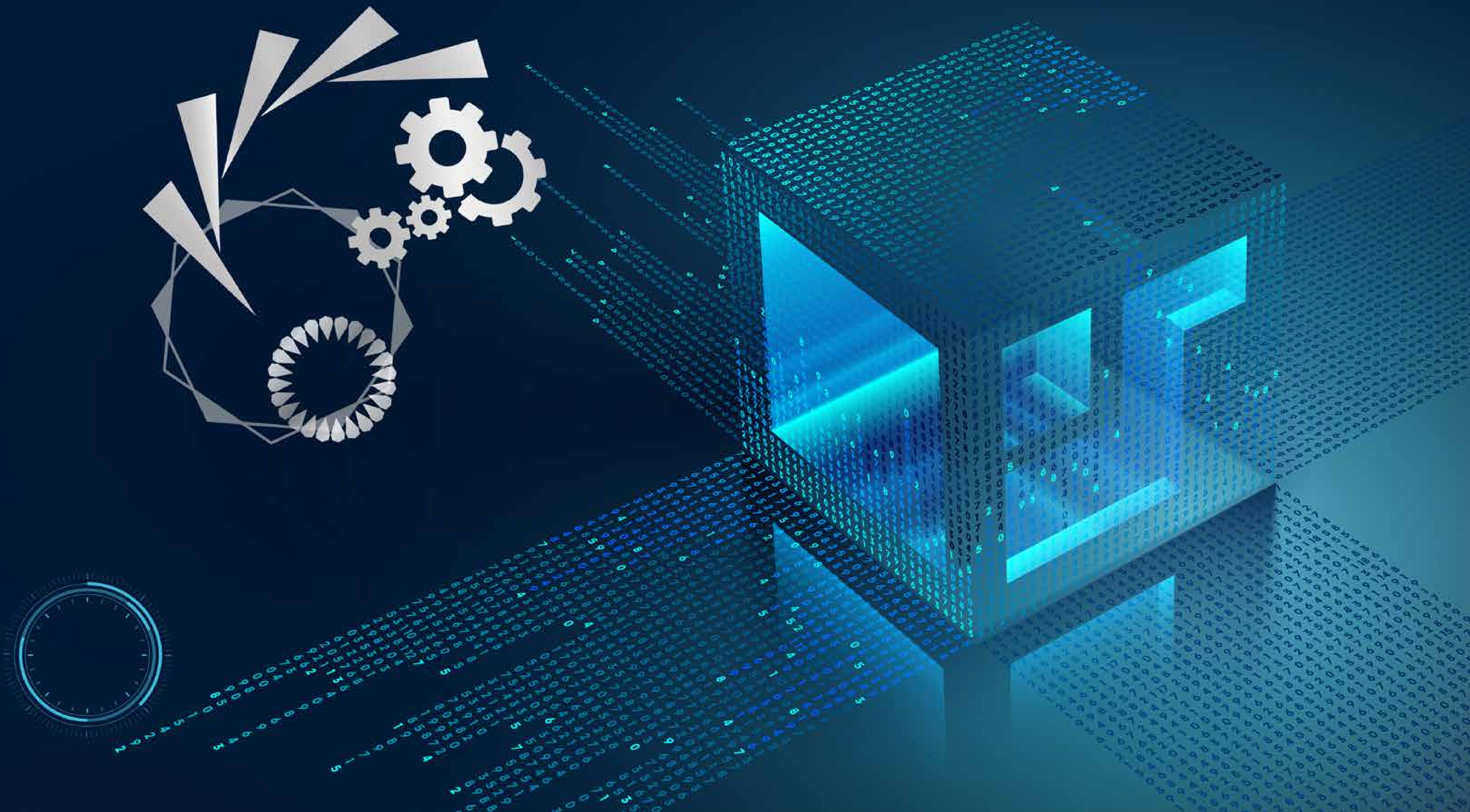
OVER 7,200
EMPLOYEES

$2.1 BILLION
DATA REVENUE REPRESENTING 42% OF GROUP REVENUE

2.5x
IN NET DEBT/EBITDA

5G TECHNOLOGY
IN KUWAIT, KSA & BAHRAIN

01 Strategic Review



Board of Directors Statement

The Board of Directors welcomes all shareholders and affiliated parties to the annual General Assembly, and we are pleased to present the Zain Group annual report in which we highlight the financial results and important achievements of our operations and subsidiaries across the Middle East and Africa for the financial year ended 31 December 2021.

2021 was a successful year in terms of driving shareholder value given the Board and management's focus on operational efficiency, significant investment in network upgrades, and meticulous execution of key elements of our sustainability-conscious 4Sight strategy that empowered Zain to provide meaningful connectivity to the communities, businesses and governments we serve.

As we manage the negative effects of the pandemic on our operations and as economic activity across our footprint generally recovers, Zain is well prepared to exploit the multiple opportunities opening as demand for telecommunications services continues to rise by individuals and enterprises alike. Our 4G and 5G networks, data centers, cloud and other customer facing digital platforms are all future ready and operating at optimal levels.

Throughout the pandemic, our priority remained to enhance customer experiences and align our activities with market demands and needs, adapting to new purchasing behaviors. Early investment in digital services helped us transform our operations and strategic direction, with such initiatives forming the core of our business strategy. We paid attention to the customer, and throughout the year, our focus has been on opening more online channels for end-users to deal with and transact with Zain.

Technology alone is not a sustainable differentiator unless there is an integrated and appropriate suite of services being provided, and Zain has been adding to this array of offerings through ongoing investment in network upgrades and digital innovation, and in employees who aspire to greater achievements.

Zain looks forward unlocking opportunities brought by the 4th Industrial Revolution, establishing a strong foothold within the government and enterprise sector and providing meaningful connectivity to the communities we serve.

Financial indicators

The Group's financial performance for 2021, although solid on multiple fronts, nevertheless reflects the reality of the COVID-19 pandemic's continued disruption on socio-economic activity, and the unavoidable impact of currency devaluations in several key markets that impacted several key financial indicators.

For the full-year 2021, Zain Group generated consolidated revenue of KD 1.52 billion (USD 5.03 billion) while consolidated EBITDA for the period reached KD 628 million (USD 2.08 billion), reflecting a healthy EBITDA margin of 42%. Consolidated net income reached KD 186 million (USD 616 million), up 2% and reflecting earnings per share of 43 fils (USD 0.14).

At its meeting held on 10 February 2022, the Board of Directors of Zain Group recommended a cash dividend of 23 fils per share for the second half of 2021, subject to Annual General Assembly and statutory approvals. This dividend follows the interim 10 fils distributed earlier in 2021, totaling 33 fils per share for the fiscal year ending 31 December, 2021. The total cash dividend distribution for 2021 is USD 473 million, reflecting a 77% payout ratio of earnings, one of the highest in the region.

Furthermore, the Board recommended the distribution of directors' remuneration for the total of KD 435,000 for the financial year ended 31 December 2021. It should be noted that these two recommendations are subject to the approval of the Annual General Assembly and regulatory approvals.

Network investment to empower growth

Our commitment to providing our customers with the best mobile experience and offering them the latest technologies on state-of-the-art networks saw CAPEX in 2021 amount to USD 1.1 billion, representing 21% of revenues, invested primarily on 5G rollouts in Kuwait, Saudi Arabia and Bahrain, coupled with FTTH, and 4G expansion in other markets, as well as spectrum license fees in several key markets.

These investments are paying off as Zain's operations witnessed sustained growth in the data related services sector during 2021, as revenues from data reached more than USD 2.1 billion, representing 42% of total revenues.

We also signed a memorandum of understanding (MoU) with major telecommunications companies in the Gulf Cooperation Council to cooperate in the area of Open Radio Access Networks (RAN). This network will become operational in the coming years and will contribute to significant savings in radio access network CAPEX.

Going beyond traditional telecom services

The Group continues to enhance its business portfolio in ICT and digital services to drive revenue growth, focusing on government and enterprises, Internet of Things, smart cities, cybersecurity, cloud solutions, drones, and emerging technologies as well as in gaming, entertainment and fintech.

Zain seeks to become the preferred service provider for the connectivity in the Middle East, as it looks to provide compelling services to local and international organizations and go beyond the provision of traditional telecommunication services.

Unveiled in October 2021, ZainTech is a regional digital & ICT specialist unifying Zain Group's ICT assets to offer a unique value proposition of comprehensive enterprise digital solutions and transformation services to enterprise and government customers in the MENA region under one roof.

Despite the slowdown in economic activity caused by the COVID-19 pandemic and government easing policies, the company's business division achieved robust growth, driven by an expanding customer base that included home office accounts, SMEs, large corporate accounts, and government agencies.

Unlocking capital from tower infrastructure

Zain Jordan closed the sale and leaseback transaction of towers in Jordan for a total consideration of USD 88 million in Q4 2021, and in Saudi Arabia, following the receipt of a USD 807 million offer from the Saudi Public Investment Fund, a tower transaction is currently undergoing a due diligence process, and we are hopeful of closing the deal in a timely manner.

Innovating for financial inclusion

The Group established strong foundations for its operations by investing in fintech opportunities, providing benefits to needy groups within communities we serve. Our micro-lending platform "Tamam" in Saudi Arabia, as well as in "ZainCash" in Jordan and Iraq, and online payment services in Sudan and South Sudan witnessed impressive takeup.

Zain Kuwait is partnering Boubyan Bank to obtain the approval of the Central Bank of Kuwait to jointly provide digital banking services. Zain's fintech aspirations are aimed at obtaining a digital banking license and be the first telco-led challenger bank across the Middle East.

Corporate governance and compliance

Zain Group adopts a conservative approach to making decisions related to risk management, and adheres to the highest standards of corporate governance, as the Board of Directors works to ensure that the culture of accountability and compliance with laws, regulations and best practices is adopted Group-wide. Every employee across Zain entities is committed to the Group's Code of Conduct, all operating in a transparent manner and championing the principles of good corporate governance. Through these values and principles, the Group looks to have a positive impact on the telecom sector across the communities it serves.

Sustainability and inclusion

Zain Group has implemented a series of pioneering programs to address the social and economic deficiencies in its markets of operation, aligning these programs with the sustainable development goals set by the United Nations. The company has succeeded in achieving qualitative outcomes, and as it continues to focus on growth, sustainability and inclusion, it realizes the importance of its role to provide meaningful connectivity to empower communities.

For marginalized and underserved communities, Zain takes coordinated steps to bridge the digital divide and ensure inclusion. Through its core services and ever-expanding networks, Zain provides a wide range of opportunities to enable flourishing social and economic development in its communities.

Zain is committed to being an inclusive company by providing opportunities for a better future accessible to all, and ultimately leaving no one behind.

To ensure the smooth process of the gradual return to work of Zain staff, the Board of Directors oversaw the implementation of plans as the company continues to place the health and safety of employees first.

Appreciation

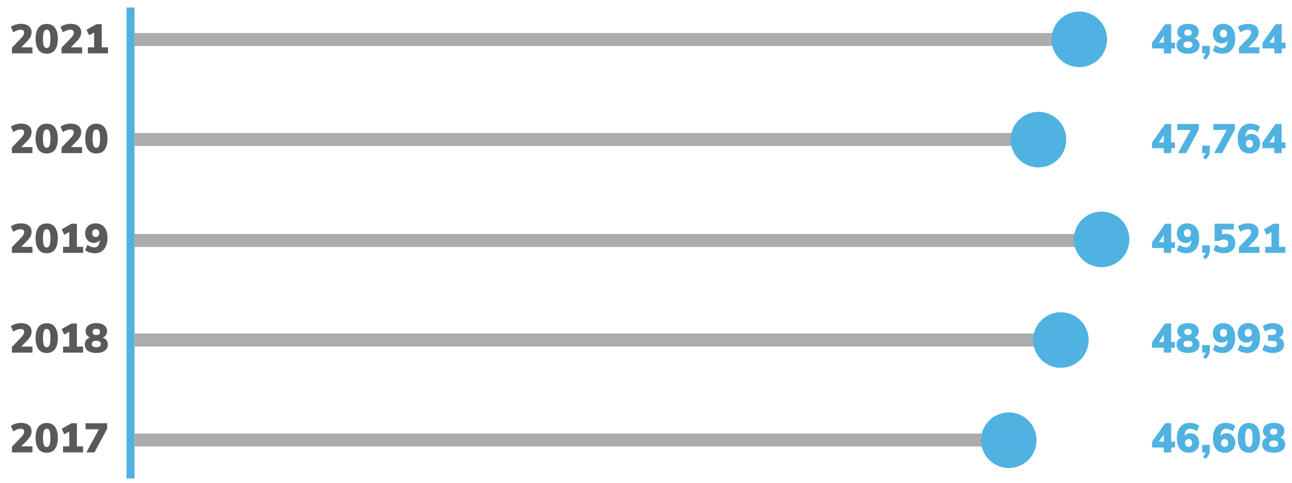
We express our sincere appreciation for the confidence shown to us by our valued customers and shareholders, as well as by all the government ministries and regulatory authorities across our markets given their support in overcoming the challenges of the emerging industry dynamics.

On behalf of all members of the Board of Directors, executive management and employees of Zain, we would like to offer our deepest gratitude and appreciation to His Highness the Amir of Kuwait, Sheikh Nawaf Al-Ahmad Al-Jaber Al-Sabah, as well as to His Highness the Crown Prince, Sheikh Meshal Al-Ahmad Al-Jaber Al-Sabah, and to His Highness the Prime Minister, Sheikh Sabah Al-Khalid Al-Hamad Al-Sabah, and to the esteemed members of the government for their continued support of Kuwait's national organizations.

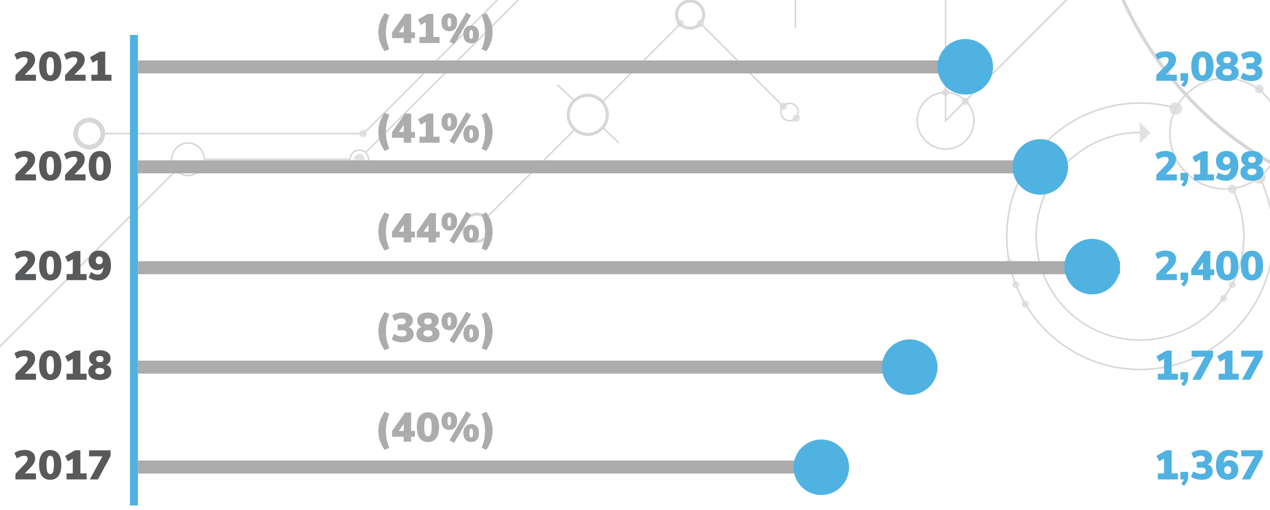
Board of Directors

GROUP KEY PERFORMANCE INDICATORS

Customers (000)



EBITDA (USD m) & EBITDA Margin



Revenues (USD m)

Net Income (USD m)

January

- Saudi Central Bank (SAMA) grants Zain fintech subsidiary, 'Tamam', first consumer micro-financing license in region

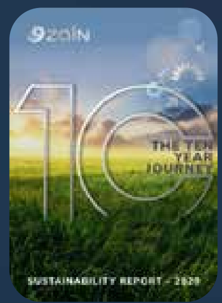
March

- Zain Group holds its ordinary general assembly virtually and agrees to distribute cash dividends of 33 fils

- Zain Group publishes insightful report on 'Women in Technology-Bridging the Gender Gap in STEM Fields'

- Zain highest ranked MEA operator in CDP global index on climate change

- Zain Group publishes 10th annual sustainability report, titled 'The Ten-Year Journey'



- Zain Drone assigned by Kuwait's Public Authority of Industry to acquire precise industrial data

April

- Zain participates in TowerXchange Meetup MENA event, highlighting its '4Sight' strategy and leadership in tower sharing

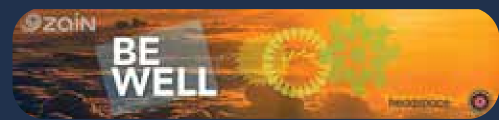
May

- Zain partners with UNICEF to launch Child Online Safety Booklet promoting safe esports and gaming to Schools & Universities

- Zain leverages its unmatched MENA footprint to relaunch its international wholesale business

- Zain recognized in three major categories at the Global Good Governance Awards 2021

- Zain launches 'BE WELL', a Middle East first for organizational mental wellness support across the entire company

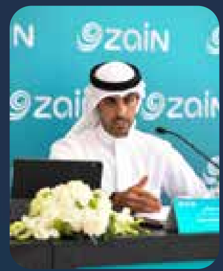


June

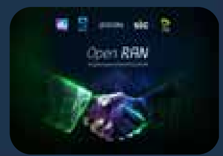
- Zain introduces child online safety campaign entitled 'Internet Monsters'

July

- Zain's Extraordinary General Assembly approves Board's recommendation to distribute quarterly or semi-annual dividends.



- Zain recognized with prestigious World Finance 'Best Corporate Governance Award 2021' for Kuwait.
- Middle East Operators collaborate to support Open RAN solutions in their existing telecom networks, share their industry knowledge and experience setting a clear path to drive innovation for the ICT sector across the Middle East.



August

- Zain Ventures invests in Pipe.com and swvl.com to accelerate their growth across Middle East

October

- Zain holds Ordinary General Assembly; agrees to distribute a semi-annual cash dividend of 10 fils.

- A first for MENA telcos: Launch of ZainTech, a one-stop shop servicing enterprises and governments across the region.

- Zain acknowledged with three awards at the Samena Council endorsed MEA Business Achievement Awards.

November

- Zain esports partners with the Kuwait Olympic Committee to develop the gaming ecosystem

- Zain Ventures participates in ZoodPay, the 'Buy Now Pay Later' Super App series-B $38m round

- Company concludes ZGI 6 virtual edition in collaboration with Brilliant Lab

December

- Zain awarded 'Best Brand' at Telecom Review Excellence Awards 2021
- Zain Jordan agrees to sell and leaseback 2,607 towers to TASC Towers for USD 88 million
- Zain upgraded to "Leadership Level" A- in 'CDP Score Report–Climate Change 2021', ranking it first in region.

KEY MILESTONES

2021

- Zain Jordan completes the sale and leaseback of its towers for $88 million
- Launch of 4G services in Zain Iraq and Zain South Sudan
- Establishment of ZainTech
- Zain KSA's "Tamam" receives first consumer micro-financing license in region.

2020

- Launch of commercial 5G services in Bahrain
- In a regional first, Zain Kuwait successfully completes the sale and leaseback of its 1,620 towers for $130m
- Zain Iraq 2G+3G licence extension and grant of technology-neutral 4G licence for 8 years
- Zain KSA successfully completes capital restructuring and rights issue

2019

- Launch of commercial 5G services in Kuwait and Saudi Arabia

2018

- Zain Saudi Arabia becomes a subsidiary of Zain Group due to step-up acquisition in Q3

2017

- Zain sells 425.7m treasury shares representing 9.84% of its capital to Omantel for $846.1m

2016

- Zain Sudan launched 4G LTE
- Zain KSA mobile operating license extended for additional 15 years
- Zain KSA granted Unification telecommunication license

2015

- Listed Zain Iraq on Iraq Stock Exchange

2014

- Listed Zain Bahrain on Bahrain Bourse

2013

- Zain celebrates its 30th Anniversary

2012

- Zain KSA raised $1.6 billion in rights issue and Group increased stake in the operation to 37%
- Increased stake in Zain Iraq to 76%

2011

- Separated operations between Sudan and South Sudan

2010

- Sold mobile operations in 15 African countries (excluding Sudan and Morocco) to Bharti Airtel for $10.7 billion

2009

- Invested in 15.5% of Moroccan operator Inwi

2008

- Merged MTC Atheer and Iraqna, and rebranded to Zain
- Rebranded from Celtel to Zain in all African operations
- Commenced operations in KSA
- Commenced operations in Ghana

2007

- Won bid for 3rd GSM license in KSA
- Rebranded to Zain in 4 markets
- Acquired a 15-year nationwide license in Iraq
- Acquired 75% of Westel Ghana
- Acquired Iraqna in Iraq

2006

- Acquired the remaining 61% of Mobitel in Sudan
- Acquired 65% of V-mobile in Nigeria

2005

- Acquired Celtel in 13 African nations
- Acquired Madacom in Madagascar

2004

- Awarded management agreement in Lebanon

2003

- Acquired Fastlink in Jordan
- Awarded 2nd GSM license in Bahrain
- Awarded GSM license in Iraq

1983

- Established Mobile Telecommunications Company (MTC) in Kuwait

Statement from the Vice-Chairman & Group CEO

BADER NASSER AL-KHARAFI

“The Group’s solid performance in 2021 reflects the success of the monetization initiatives implemented by the management across all markets”

- Third consecutive cash dividend of 33 fils reflects the strength of our financial solvency
- Solid performance highlights the success of operational and monetization initiatives
- Financials impacted by unavoidable currency devaluations in key markets
- Execution of 4Sight corporate strategy creating lucrative opportunities for new revenue streams
- Leading the region in 5G presence, technology offerings and digital transformation
- Creation of ZainTech, a center of excellence for enterprise digital solutions
- Ambitious targets in fintech sector and the innovative startup ecosystem
- Firm remains committed to corporate sustainability, gender diversity, and inclusion
- Zain Jordan completes transaction to sell & leaseback 2,607 towers for USD 88 million
- Saudi Arabia receives USD 807 million offer from the Saudi Public Investment Fund to purchase +8,000 tower network
- Zain receives non-binding purchase offer for 100% of Zain Sudan and Kuwaiti Sudanese Holding Company for USD 1.3 billion

Adapting to the new normal:

Promoting digital inclusion is of critical importance for governments and businesses at the present time. Given the presence of the pandemic, digital technologies are being relied upon in a growing manner to bridge the digital divide, prepare the workforce for more innovative jobs in the future, and develop secure digital platforms.

Digitalization is allowing for the development of new business operating models that help drive economic growth, as well as being instrumental in maintaining the safety and security of citizens during times of crisis, such as the pandemic.

Zain Group continues to be a technology innovator in the Middle East, accelerating its digital investments in recent years. Zain was one of the first telcos in the region to provide digital applications and platforms to support enterprises and governments, and it has continually built on that competitive advantage and the relationships it has been able to establish over time.

There has been a surge in demand for broadband access due to the pandemic, and Zain has risen to the challenge across its markets. The company continues to diligently deal with other challenges including fluctuations in currency exchange rates, additional taxes, regulatory developments, intensified competition, the rise of unlicensed competitors, and the evolution of purchase patterns and consumer spending.

Zain continues to seek out new growth opportunities, with an aim to provide world-class services to our valued customers while delivering excellent returns to shareholders and maintaining impeccable corporate governance.

Management driving financial performance:

The solid performance in 2021 reflects the success of monetization initiatives implemented by management across Zain markets. The significant investments we have made in 5G rollouts in Kuwait, Saudi Arabia and Bahrain; 4G upgrades and new network sites across Iraq, Jordan, Sudan and South Sudan; and expansion of Fiber-to-the-Home (FTTH) infrastructure; as well as spectrum license fees paid have made Zain future-ready to exploit the next phase of growth.

For the full-year 2021, Zain Group generated consolidated revenue of KD 1.5 billion (USD 5 billion), a year-on-year (Y-o-Y) decrease of 5%. Consolidated EBITDA for the period declined by 5% Y-o-Y, to KD 628 million (USD 2.1 billion), reflecting an EBITDA margin of 41%. Consolidated net income reached KD 186 million (USD 616 million), up 2% Y-o-Y and reflecting earnings per share of 43 fils (USD 0.14).

For the full-year 2021, currency devaluations in Sudan from 55 in January 2021 to 436 (SDG/USD) end of December 2021; in South Sudan from 175 in January 2021 to 426 (SSP/USD) end of December 2021; and a 19% currency devaluation in Iraq from 1,190 to 1,470 (IQD / USD) resulted in a foreign currency translation impact of USD 962 million in revenue and USD 479 million in EBITDA.

Notably, if the USD 962 million currency translation impact on revenue was excluded, Y-o-Y revenue would have grown by 13% to reach USD 6 billion, and EBITDA would have grown by 17% for 2021.

We continue to manage significant currency devaluations in these countries by revamping prices and focusing on monetizing new digital services while seeking lucrative opportunities in the enterprise segment to capitalize on network rollouts.

Cash dividend reflects 77% payout ratio:

The Board of Directors of Zain recommended a cash dividend of 23 fils per share for the second half of 2021, subject to Annual General Assembly and statutory approvals. This dividend follows the semi-annual dividend of 10 fils distributed earlier in 2021, totaling 33 fils per share for the year.

The recommended dividend payout reflects a 77% payout ratio, one of the highest in the region, providing a clear indication of the strength of our financial solvency, and the company's ability to execute on its profitable growth plans despite the continuing challenges of the pandemic and impact of unavoidable currency devaluations on the business.

Data revenues continue to grow:

The Group’s operations achieved significant growth in digital service revenues, generating over USD 2.1 billion, representing 42% of Zain Group’s consolidated revenues for 2021. This represents the expansion of digital infrastructure to enhance the business portfolio in digital services in order to generate sustainable cash flows.

The enterprise and business sectors, government, Internet of Things, smart cities, electronic gaming services, entertainment, and financial technology have been priority areas of activity.

Significant transaction during 2021:

Three transactions highlight 2021. In December 2021, Zain Jordan closed the transaction to sell and leaseback 2,607 towers in Jordan for a total consideration of USD 88 million.

In September 2021, Saudi Arabia received a USD 807 million offer from the Saudi Public Investment Fund to purchase its 8,000+ tower network. The transaction is currently undergoing a due diligence process.

Moreover, in December 2021, Zain received a non-binding purchase offer to acquire 100% of the Group's stake in Zain Sudan and the Kuwaiti Sudanese Holding Company for USD 1.3 billion.

4Sight strategy driving efficiencies and unleashing opportunities:

Several milestones were achieved in 2021 in line with Zain Group's 4Sight strategy vision and strategic pillars centered on evolving the company's core telecom business to maximize value and build on its many strengths. The company is selectively investing in growth verticals beyond standard mobile services to support Zain's vision of becoming a leading ICT and digital lifestyle provider.

Adopting a best-practice approach to transforming the business to meet and exceed customer expectations in the digital era, Zain focused on the digital upskilling of its human capital to adopt a customer mindset targeting operational efficiency and modernization. Across operations, a thorough data governance program was implemented, addressing data quality, availability, compliance, privacy, as well as the capability to monetize Zain's data assets.

Across markets, Zain continuously invests in the latest innovations and introduces the latest and best-in-class services, forging collaborations to design and implement state-of-the-art tailormade solutions. In addition to enabling the digital transformation of large businesses, Zain has been providing SMEs a suite of data hosting and cloud services that grant them access to products and services that they would not normally have access to given their size.

Zain firmly believes that superior broadband connectivity is a key economic growth enabler, as is education, and the digital transformation of societies. Across its footprint, Zain has invested heavily to provide reliable connectivity to customers through its own fiber networks or 4G and 5G technologies.

Optimization of tower network:

Portfolio optimization is a key component of the 4Sight strategy, unlocking capital and allocating resources for more effective and sustainable use. Accordingly, Zain has focused on sharing passive assets with competitors in some markets, thereby reducing its carbon footprint. In Kuwait and Jordan, Zain has moved to sell its towers and lease them back, while in Saudi Arabia, a tower sale is likely to be completed in early 2022. We have partnered with TASC Towers to expand our tower strategy to build on the success of the transaction in Jordan.

Revamping the wholesale business:

In 2021, Zain relaunched its wholesale business, Zain Global Connect, consolidating the capacity, voice and roaming businesses across Zain operating companies, ultimately evolving to become the single interface for all Zain operations. Zain Global Connect also serves as a resource for other international carriers having requirements within Zain's footprint. The wholesale company seeks to become a truly regional carrier, opening up new revenue streams for the Group through local, regional, and international activities.

Network investments to provide meaningful connectivity:

Throughout 2021, Zain Group invested USD 1.1 billion in CAPEX (21% of revenue), predominantly in 5G rollouts in Kuwait, Saudi Arabia and Bahrain; 4G upgrades and new sites across Iraq, Jordan, South Sudan and Sudan; expansion of Fiber-to-the-Home (FTTH) infrastructure; and spectrum license fees.

Zain Kuwait and Zain Saudi Arabia are the leading 5G providers in their respective markets, with 5G network coverage in Kuwait extended nationwide and Saudi Arabia covering over 50 cities. The launch of 4G by Zain Iraq in early 2021, has contributed immensely to the socio-economic development of the country. Similarly, 4G rollouts in Jordan, South Sudan and Sudan are witnessing impressive take-up.

Such investment delivers critical and meaningful connectivity to the communities we serve.

ZainTech offering full suite of digital and ICT services under one roof:

We are confident that the introduction of ZainTech in October 2021 will drive shareholder value and support Zain's vision of becoming a leading ICT and digital lifestyle provider. ZainTech unifies Zain Group's ICT assets to offer enterprises and governments a unique value proposition for comprehensive enterprise digital solutions and transformation services under one roof.

The entity will provide a center of excellence and managed solutions across the ICT stack including cloud, cybersecurity, big data, IoT, AI, smart cities, drones, and emerging technologies. ZainTech leverages Zain's global reach, unique footprint and infrastructure across its operations as well as other key markets in the Middle East to offer a single point of contact for sales and personalized customer care for multi-national corporations with multiple points of presence across the region.

Fostering innovation in fintech:

Innovating and scaling mobile financial services across our operating markets is a key focus as we aim to fulfill our fintech aspirations of creating the first telco-led challenger bank in the region. Through fintech, we provide far-reaching benefits to exposed groups and others.

We are energized by the customer uptake and transaction growth we have experienced with 'Tamam', our micro-financing arm in Saudi Arabia, 'ZainCash' mobile money platforms in Jordan and Iraq, and 'M-Gurush' in South Sudan.

The numbers speak for themselves, as the Group recorded strong fintech-related growth during 2021 reaching 1.5 million customers, 269,000 cards, with a transaction volume of over 24 million, and the value of executed transactions amounting to more than USD 2.3 billion.

We will continue to foster innovations in fintech and have plans to launch fintech services in Kuwait, Bahrain and Sudan in 2022.

Zain Ventures supports the entrepreneurial ecosystem:

We aim to foster digital transformation in our operating markets by investing in innovative digital services to create opportunities that bridge the digital divide, ensure business continuity, and advance socio-economic development. Accordingly, Zain Ventures was established in 2021 to spearhead Zain's existing investment portfolio and diversify its range of activities. Throughout 2021, Zain Ventures expanded its relationship with regional and international venture capital funds and continued its active direct investment in a variety of startups in the region, offering them access to Zain's wide geographical reach and rich customer base in an effort to add value to the startups as they grow.

We expanded our relationship with regional and international venture capital funds, namely MEVP, Wamda, Colle Capital, BECO Capital and Valor Capital. During 2021, Zain Ventures invested in and signed a memorandum of understanding (MoU) with Pipe, a US-based financial technology company, which claims to be the world's first recurring revenue trading platform. We also invested in and signed a MoU with Swvl, a mass-transit industry leader that offers diversified transit solutions; and participated in ZoodPay's series B USD 38 million fundraising, joining other global and existing investors. The ZoodPay Buy Now Pay Later app and its marketplace, ZoodMall, offer over 7 million products to 8 million customers, providing a high-quality shopping experience and cross-border services to merchants and online shoppers.

Impressive growth in the API platform:

Launched in mid-2018, the Zain Group API platform continues to grow, partnering with 16 global OTT and solutions providers and offering 36 different digital innovations, processing 130 million payment transactions since launch. By exposing its APIs, Zain removes a significant barrier to the development of profitable digital partnerships from across the globe, allowing the company to scale its partnerships and prosper in the digital age by enhancing the time-to-market rollout of appealing entertainment and gaming services to customers. Zain is the only mobile operator in the region to offer a Group-wide centralized platform with a unique selling proposition and one-stop shop model for partners offering access to Zain's 50 million customers.

Digital platforms in Saudi Arabia and Iraq deliver the mobile service of the future:

Our aspirations to provide customers a digital lifestyle is evident in Zain Saudi Arabia's digital operator 'Yaqoot' and Zain Iraq's, 'oodi', services that both truly deliver a flexible and transparent mobile experience. Both continue to deliver healthy customer growth in the digital telco space, offering a simple, all-digital mobile experience that frees customers from the traditional retail buying experience.

From the moment customers download these apps, they have all the power necessary to manage their mobile service. Whether it is all-digital sign-ups, customizing plans, tracking spending in real-time, or taking advantage of valuable add-ons and boosters, these apps deliver customers the mobile service of the future.

Zain will foster this customer appealing and lucrative area of the business and rollout similar dynamic platforms across other markets.

Zain esports attracting a large gaming community:

The Middle East is one of the fastest-growing regions for gaming in the world and Zain esports aims to foster the growth of the ecosystem in the MENA region and unlock the potential of talent including players, casters, analysts, and commentators to participate and compete on a regional and international stage.

Since the establishment of Zain esports in November 2020, the entity has held 16 tournaments attracting over 18,000 gaming participants, over 43 million social media impressions, and 5.7 million engagements on its Twitch, YouTube and other social media channels.

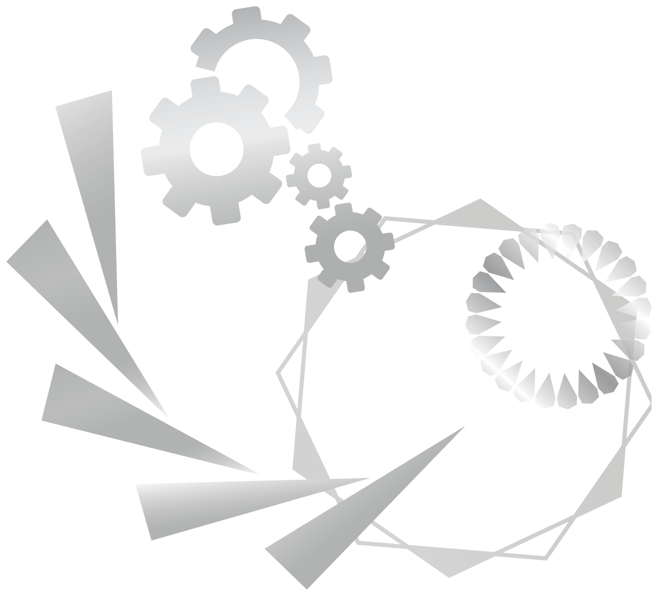
As a good corporate citizen, Zain esports co-published a Child Online Safety booklet in collaboration with Zain Group Corporate Sustainability and UNICEF, which was distributed to various esports clubs in the region.

Gaming is one of the largest use cases for mobile and home broadband services and is destined to help Zain operating companies connect to the gaming community through its state-of-the-art infrastructure.

Regulatory policies critical to our success:

Since the beginning of the pandemic, and in order to support the upsurge in demand, national regulatory authorities granted Zain temporary spectrum or rights to use existing frequencies on a technology-neutral basis across our footprint. Zain also invested USD 379 million in 2021 to acquire additional spectrum licenses in several markets in order to provide sound connectivity and offer a wider array of digital services.

The region witnessed various forms of legislation and regulations implemented by telecom and financial services regulators to accelerate digital transformation, including in the areas of cloud computing, electronic payments, and enforcement of electronic contracts through the judicial system. These initiatives will serve to boost the take-up of digital services, and Zain is primed to maximize the opportunities in this space.



Corporate sustainability at the forefront:

Continuing to drive systemic change in the communities in which Zain operates by providing access to meaningful connectivity, the company is guided by the four pillars of its five-year corporate sustainability strategy, which is centered on Climate Change, Social Business, Inclusion, and Generation Youth.

Zain addresses societal deficits and challenges across its operations through foundational elements that include the furthering of its aim to safeguard the planet, fostering innovation, reducing inequalities, and building prosperous communities.

Climate action also continued to be a critical item for Zain as the effects of climate change are evident across regions. We launched several initiatives across our markets to further reduce our environmental impact and moved towards setting in place mitigation and adaptation plans. We understand the risks that climate change brings to all, and we are identifying future opportunities to drive green solutions.

Our climate efforts were recognized in December 2021 when Zain Group scored an A- in the latest CDP Score Report – Climate Change 2021, which ranks the company within the global leadership band and the highest ranked and only telecom operator in the Middle East and Africa.

Zain is committed to implementing programs that make it a cleaner, more efficient, and environmentally friendly organization. We are committed to evolving our approach to corporate sustainability and will be refining our sustainability targets during 2022 in the expectation of forging greater cohesion across our operations.

Diversity and inclusion uplifts employees:

We believe people are the company's greatest single differentiator, and so Zain takes the subject of uplifting its entire workforce extremely seriously and is proud to be one of the first telecom providers in the region to have established a diversity and inclusion department. We are focused on nurturing a diverse and inclusive culture, through a series of carefully crafted programs and initiatives, and we are beginning to see the fruits of our labor. The pillars of the diversity and inclusion drive are based on five strategic programs: WE, our gender diversity initiative; WE ABLE, our disability inclusive program; ZY, our youth development program; Internal Innovation; and BE WELL, our mental wellness program. These initiatives have all been successful in creating a more inclusive organization, supporting staff as work pressure rises given the pandemic, which has wrought havoc on working norms. There has been a significant evolution in how we approach work and how leadership, culture, and values are established as being fundamental to nurturing an inclusive environment.

Thank you note

I would like to thank all the 7,200 dedicated and talented Zain colleagues across all our operations who have remained committed to their duties and provided exemplary services, helping deliver on the critical role we play in providing meaningful connectivity to the communities we serve.

I would also like to express my personal gratitude to our customers, the Board of Directors, and government agencies and bodies we cooperate with across our footprint. We look forward to a safer and more prosperous future as we learn to live with the pandemic and look ahead with confidence as the world adapts to the circumstances.

Bader Nasser Al-Kharafi

ZAIN PARTICIPATES AT THE 2022 MOBILE WORLD CONGRESS IN BARCELONA

Zain participated at Mobile World Congress (MWC) that took place in Barcelona, Spain between 28 February to 3 March, under its 4Sight strategic theme of "Creating a Sustainable Digital Future" to showcase activities that are turning it into a digital lifestyle service provider; sign a series of memoranda of understanding (MoUs) and introduce several cutting-edge solutions.

Zain Group benefitted on multiple levels from MWC Barcelona, assembling senior management from across its operating companies led by Zain Vice Chairman and Group CEO, Bader Al-Kharafi to discuss issues of strategic importance as well as exchange considerations on the telco's future roadmap, that also witnessed Zain operations entering multiple deals with world leading technology and solutions' providers.

Moreover, Zain executive teams met with and entered strategic and continuous agreements with multiple key industry partners and held meetings with regulatory figures from their respective countries. Agreements and MoUs with leading technology innovators included but were not limited to Huawei, Ericsson, Nokia, Cisco, Microsoft, AWS, Dell and VMware support Zain in advancing its technological lead and customer offerings across all its markets.

A total of 10 demonstration areas were on display on the Zain booth, welcoming hundreds of visitors and highlighting activities in areas that included its 4Sight corporate and sustainability strategy; ZainTech enterprise and government solutions provider; Zain Ventures venture capital and investment arm; Zain Fintech; Zain Global Connect wholesale and connectivity activities; Zain Drone, Drone-as-a-service (DaaS) solutions; Dizlee, Zain's recently rebranded API engagement program; and Zain esports, which incorporated a gaming zone for visitors.

In particular, Zain Saudi Arabia announced the launch of a 5G local area network (5G LAN), becoming the first operator in the Middle East and North Africa to adopt such advanced technology. Zain Saudi Arabia intends to provide its subscribers, mainly enterprise users, with a virtual local 5G network fully reliant on the 5G Stand-Alone technology, supporting an unmatched modern, reliable, and secure experience regardless of the number of connected devices and the nature of network connections.

During MWC, Zain Group along with many regional operators announced the opening of the first regional community lab in collaboration with Telecom Infra Project (TIP) and Intel, following the recent signing of the Open RAN MoU to enhance network experiences for end-users.

Keeping with the theme of regional cooperation among telecom operators, Zain Group signed an MoU to accelerate collaboration to protect the environment, tackle climate change challenges, as well as reduce the carbon footprint through their operations. The memorandum reflects the efforts of the GCC's major telcos in facing environmental challenges, focusing on climate change and advancing the regional sustainability agenda. Zain was recently upgraded to A- in latest 'CDP Score Report – Climate Change 2021', ranking it first in region and among leaders globally.

The Zain booth attracted thousands of visitors over the 4-day conference who were intrigued by the booth's vibrancy and the insightful demonstrations, that included a prominent sustainability focused area at the entrance of the stand. Zain's participation and meetings during MWC Barcelona proved to be very successful in supporting the company's sustainable strategic roadmap and digital transformation.

Strategy

4Sight: Creating our Sustainable and Digital Future

With laser focus and the clear direction set by Zain's leadership and executed via the 4Sight strategy, 2021 saw Zain cementing its vision of creating a sustainable and a digital future. Over the years, Zain has consistently demonstrated its commitment to stakeholders by constantly evolving and capturing growth opportunities. It is this drive to create value for both customers and shareholders and leave a positive legacy, which led to the birth of the 4Sight strategy. Into its third year of implementation, 4Sight remains relevant in guiding Zain on its transformation journey through an ongoing evolution of the telecom business and establishment of carefully curated growth verticals. 4Sight is an ever-evolving and vibrant strategy that responds to dynamics and realities in the world, maintaining Zain's position at the forefront of digital development and as a technological leader in the region.

4Sight pillars guide Zain on its transformation path, however with a little retouch to maintain relevance:

4Sight is centered on evolving Zain's core telecom business to maximize value and build on the company's numerous strengths to steadily grow standalone verticals beyond standard mobile services. Through this strategy, Zain is realizing its vision to enrich the lives of individuals and enable businesses with cutting-edge ICT and digital lifestyle services.

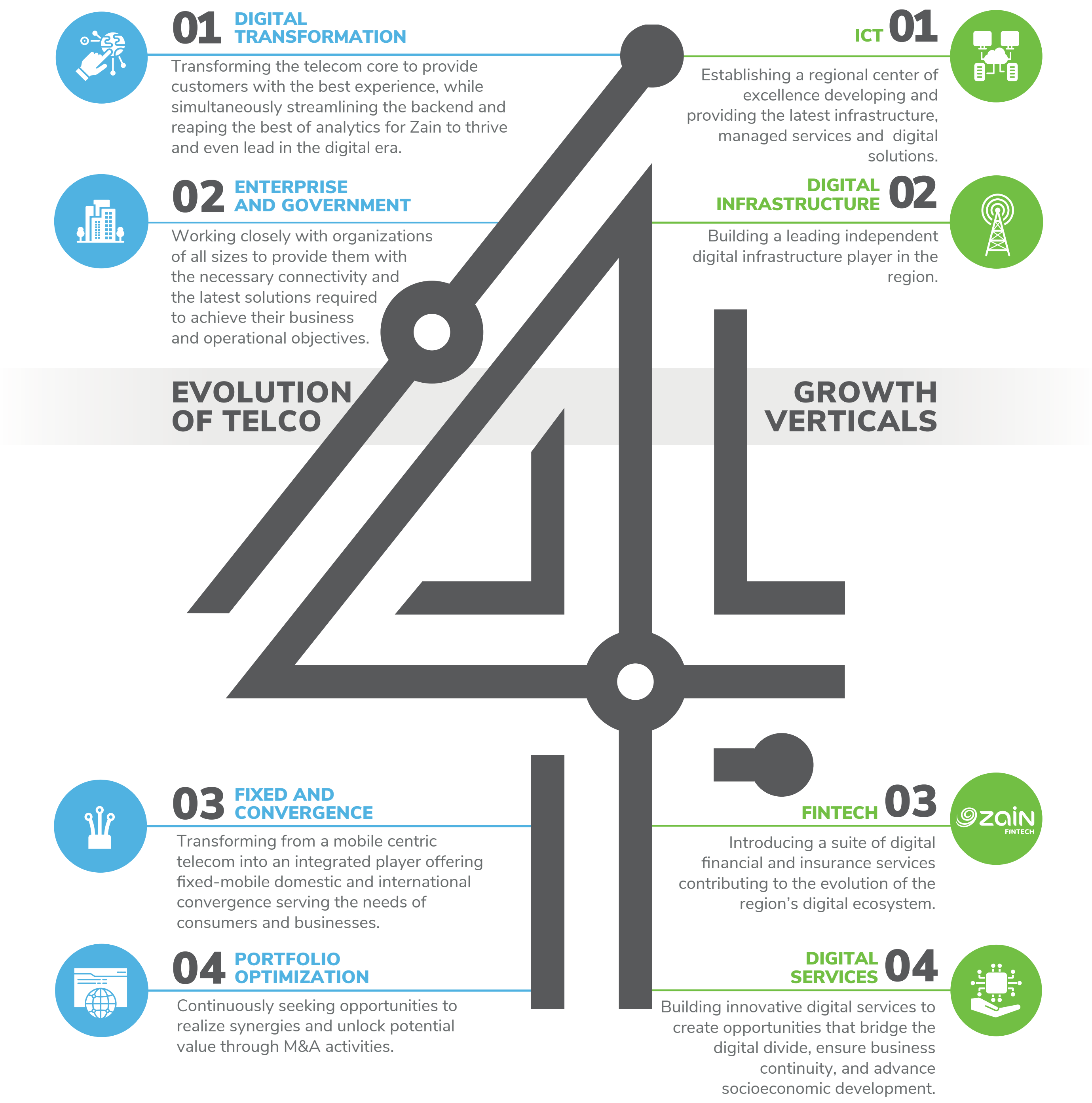
4Sight focuses on the digitization and optimization of Zain's telecom operations to continuously realize efficiencies and unleash opportunities. The pillars of the strategy foster seeking value creation by better management of Zain's assets as well as through a determined approach in identifying and capturing investment prospects.

Since its inception, the 4Sight strategy has spawned a number of growth verticals. Each one of the pillars under the strategy has witnessed the birth of at least one strategic initiative that promises clear growth possibilities for the Group. Zain continues to refine its strategy in response to market dynamics.

Zain achieves concrete progress with the 4Sight strategy in 2021

As the world continues to navigate the uncertainties of COVID and other ensuing challenges, Zain looked to achieve a number of milestones in line with 4Sight's strategic pillars. While previous years saw Zain laying the foundations for a number of growth verticals, 2021 was the year that witnessed Zain realizing its vision and announcing a number of new initiatives, partnerships and organizations. The Group is well-organized and better-prepared to reap the benefits of the hard work that took place over the past few years..

The overview below explains the main achievements under each of 4Sight's pillars:



Evolution of Telco

Digital Transformation

Transforming the telecom core to provide customers with the best experience, while simultaneously streamlining the back end and reaping the best of analytics for Zain to thrive and even lead in the digital era.

Progressing the execution of its 4Sight strategy, Zain Group is adopting a best-practice based comprehensive approach to transforming the business to meet and exceed the expectations of customers in the digital era. This approach encompasses a thorough digital upskilling of human capital, the adoption of a customer mindset that drives the revamp of front and back-end processes, and a revamp of technology solutions, targeting operational efficiency and modernization.

To assure the most effective execution of this transformation, Zain Group is also transforming to become a truly data-driven organization through implementation of KPIs to assure progress and success, and through the launch of an organization-wide Data Governance program. This program addresses data quality, availability, compliance, privacy, as well as the capability to monetize Zain's data assets.

On the B2B enablement front, Zain Group is also transforming from the traditional role of connectivity provider, to a major world-class player in the field of IoT, by building a full stack IoT ecosystem comprised of:

- Extensive coverage through its owned and partner networks
- Best-in-class connectivity management solutions
- A growing portfolio of verticalized use cases and digital solutions

Enterprise and Government

Working closely with organizations of all sizes to provide them with the necessary connectivity and the latest solutions required to achieve their business and operational objectives.

Zain is committed to working closely with organizations of all sizes to provide them with the necessary connectivity and the latest solutions required to grow their businesses efficiently and effectively. Across all Zain markets, the telco continuously invests in the latest innovations and introduces the latest and best-in-class services. Zain successfully anticipates the evolving needs of B2B customers across industries by productization. In 2021, the telco forged a number of significant collaborations with high level public and private organizations to design and implement state-of-the-art tailormade solutions.

In addition to enabling the digital transformation of large businesses, Zain has been providing SMEs a suite of data hosting and cloud services that grant them access to products and services that they would not normally have access to given their size.

Fixed and Convergence

Transforming from a mobile centric telecom into an integrated player offering fixed-mobile domestic and international convergence serving the needs of consumers and businesses.

Zain firmly believes that superior broadband connectivity will accelerate the evolution of information, education, and the digital transformation of societies. Across its footprint, Zain strives to provide reliable fixed connectivity to residential and business customers through its own fiber networks or by strategically partnering with third-party providers. This commitment transcends market limitations, where Zain uses alternative transport networks to fulfill customer needs. Zain provides customers with the latest and best broadband connectivity through the technologies it offers (5G, 4G and fixed LTE).

Portfolio Optimization

Continuously seeking opportunities to realize synergies and unlock potential value through M&A activities.

Zain Group continues to seek opportunities to allocate resources effectively and put them to better and more sustainable use. Zain shares passive assets with competitors in some markets, having decided to sell its towers and lease them back, reducing its carbon footprint.

In 2021, Zain relaunched its wholesale services leveraging its regional footprint. Zain Global Connect consolidates and manages the capacity, voice and roaming businesses across Zain operating companies and will ultimately evolve to become the single interface for all Zain operating company requirements. It will also serve as a resource for other international carriers having requirements within Zain's footprint.

Zain Global Connect aims to become a truly regional carrier and open up new revenue streams for the Group through local, regional, and international activities. To this aim, the company has revamped its strategy and vision to create value for Zain operating companies through maximizing efficiencies. Zain's scale and aggregated demand is also set to allow the business to invest in new assets and better leverage existing ones across its operating footprint.

Growth Verticals

ICT

Establishing a regional center of excellence developing and providing the latest infrastructure, managed services and digital solutions.

4Sight places special emphasis on enterprises and governments, helping businesses of all sizes and governments achieve their strategic, operational, and financial objectives. Zain recently launched ZainTech, a one-stop shop servicing enterprises and governments across the region. ZainTech is the Group's center of excellence providing managed solutions for cloud, cybersecurity, big data, IoT, AI, smart cities and emerging technologies incorporating NXN and Zain Data Park. Additionally, ZainTech leverages the Group's unique footprint and global reach, offering a single point of contact for sales and customer care for multinational corporations.

Digital Infrastructure

Building a leading independent digital infrastructure player in the region.

Zain's strategic intent is to create significant value for shareholders through the unlocking of capital and optimization of infrastructure assets, playing a significant role in the development of the region's digital infrastructure. Stemming from a long-standing vision of separating network operations from the telecom business, and a solid belief that the infrastructure business will flourish under the management of an independent team, Zain has entered into a strategic partnership with TASC Towers. TASC Towers, headquartered in Dubai, is an international tower operator focused on sale and leaseback, build-to-suit, and growth capital investments across the Middle East, North & East Africa, and South Asia.

In December 2021, Zain Jordan entered into a definitive 15-year agreement to sell-and-leaseback the passive physical infrastructure of its 2,607-tower portfolio in Jordan to TASC Towers for USD 88 million. The transaction includes an additional 223 sites transferring to TASC Towers on a managed basis. The deal will lead to increasing Zain Group's stake in TASC Towers without undermining the independence of its management.

Fintech

Introducing a suite of digital financial and insurance services contributing to the evolution of the region's digital ecosystem.

Through the fintech pillar of Zain's 4Sight strategy, the company continued to achieve key objectives in scaling its mobile financial services across its operating markets, providing far-reaching benefits to needy groups within communities and others. The company is keen on fostering innovations in fintech through 'Tamam' in Saudi Arabia, 'ZainCash' in Iraq and Jordan, and 'M-Gurush' is South Sudan, and plans to launch fintech services in Kuwait, Bahrain and Sudan in 2022.

To support digital innovation and solution development in the fintech space and deliver on the ever-increasing demand for mobile money and digital payments, Zain is cooperating with FOO, an associated regional digital fintech solutions entity offering a full spectrum of innovative end-to-end mobility related digital solutions. FOO recently expanded its services to include digital currencies for central banks across the region.

Zain's fintech journey over the years

2015 – ZainCash Iraq received the first license from Central Bank of Iraq to launch a mobile wallet

2016 – Zain acquires strategic stake in the innovative fintech development company FOO

2018 – ZainCash Jordan licensed by Central Bank of Jordan to provide financial services

2019 – M-Gurush launched services in South Sudan in partnership with Trinity Technologies

2020 – Tamam Saudi Arabia acquired the first micro-financing license in the Kingdom and region

2022 – Zain plans to launch fintech services in Kuwait, Bahrain and Sudan

ZainCash Iraq

ZainCash is a mobile wallet licensed by Central Bank of Iraq to offer innovative financial services such as money transfer, electronic bill payment, funds disbursement service, mobile recharge, and ecommerce services. ZainCash Iraq's customer base and volumes grew along with a variety of initiatives to assist the government funding the support of beneficiaries.

ZainCash Jordan

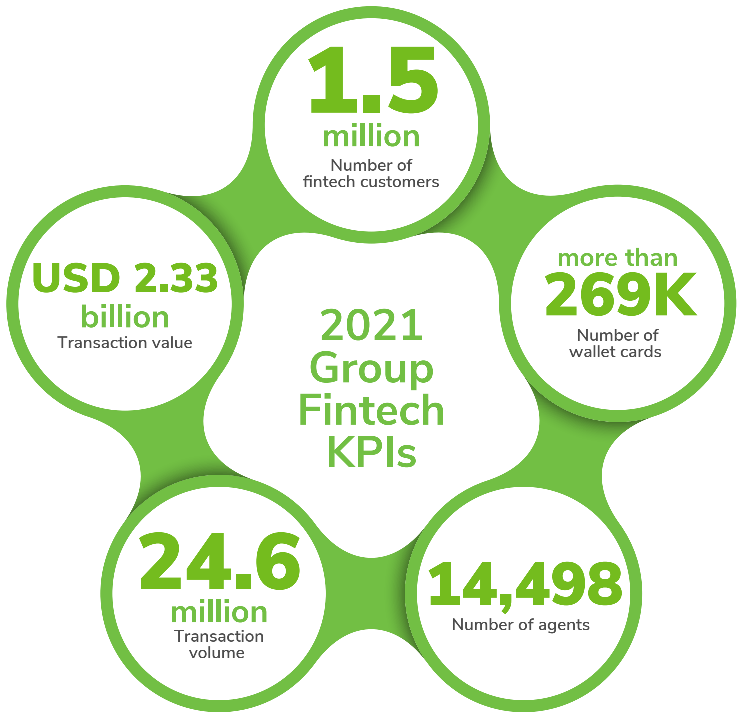
ZainCash maintained its position in the market as the largest mobile financial services provider in Jordan, having rapidly expanded its portfolio to cover more services and verticals, and managed to lead the processing of disbursements for the government's financial aid programs.

Tamam Saudi Arabia

Tamam Finance is Licensed by the Saudi Central Bank (SAMA) and is the first micro-financing operator in the region. The platform is Shari'a compliant and offers consumer micro-finance in minutes via a seamless digital customer experience.

M-Gurush South Sudan

M-Gurush is Zain South Sudan's digital financial services offering delivered in partnership with Trinity Technologies, which is licensed to run mobile money operations and electronic payment services in South Sudan by the Central Bank.



Digital Services

Innovative digital services to create opportunities that bridge the digital divide, ensure business continuity, and advance socio-economic development.

Zain Ventures

In light of the pandemic, Zain continued to push the agenda of fostering digital transformation in its operating markets by investing in innovative digital services to create opportunities that bridge the digital divide, ensure business continuity, and advance socio-economic development.

Zain Ventures was established to spearhead Zain's existing investment portfolio to diversify its reach and open the door to future investment opportunities. Zain expanded its relationship with regional and international venture capital funds including MEVP, Wamda and Colle Capital, to support portfolio companies whenever appropriate.

Throughout 2021, Zain Ventures also continued its active direct investment in a variety of startups in the region, offering them access to Zain's wide geographical reach and rich customer base in an effort to add value to the startups as they grow.

Highlights of Zain Ventures during 2021:

- Invested in and signed a memorandum of understanding (MoU) with Pipe, a US-based fintech that successfully developed a trading platform that transforms recurring revenue into upfront capital for growth without debt or dilution. Pipe is one of the fastest growing fintechs, recognized as the world's first trading platform for recurring revenues with a market valuation in excess of US$2 billion.
- Invested in and signed an MoU with Swvl, a mass-transit industry leader that offers diversified transit solutions, having evolved its services from daily commuting to inter-city travel, to software as a service (SaaS) and transport as a service (TaaS) offerings for businesses, educational institutions, and other critical service organizations. Mass transit platforms benefits the environment by reducing the number of people driving single occupancy vehicles.
- Participation in ZoodPay's series B US$38 million fundraising, joining other global and existing investors. With over ten offices across the Middle East and Central Asia, the ZoodPay Buy Now Pay Later app and its marketplace ZoodMall offer over 7 million products to 8 million customers, providing a high-quality shopping experience and cross-border services to merchants and online shoppers.
- Additional investments in leading VC funds such as MEVP, BECO Capital and Valor Capital.

Shlonik Platform

Another milestone for Zain in 2021 was the state-of-the-art digital platform, Shlonik, developed in collaboration with the Ministry of Health and Central Agency for Information Technology, to manage the quarantine process for those arriving from overseas. The Zain team has played a key role in supporting the authorities in the control of the spread of COVID-19, ensuring the safety of all citizens.

Shlonik is an excellent demonstration of Zain's capabilities as a trusted digital provider for public authorities and the app has gone on to win a series of awards highlighting the importance of private and public sector partnerships. As of end of 2021, the Shlonik app had 1.77 million people registrations.

Zain Group API

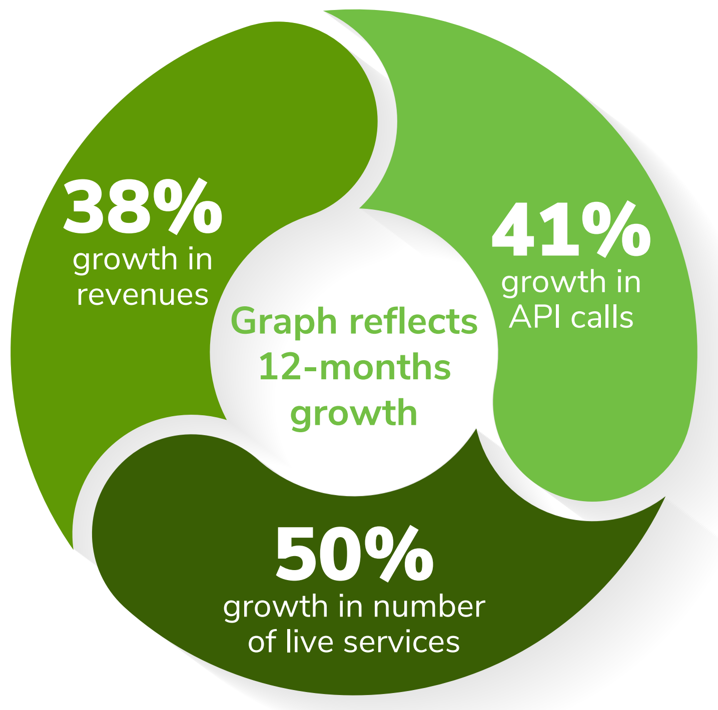
A single digital hub for profitable global partnerships
During 2021, Zain built upon its Zain Group API Program, offering Zain mobile customers access to top-tier regional and international content such as Apple, Google, DOCOMO Digital, OSN, Digital Virgo, Codapay, Starzplay, Bigo Live, Busuu and Centili.

By exposing its APIs, Zain removes a significant barrier to the development of profitable digital partnerships from across the globe, allowing the company to scale its collaborations and prosper in the digital age by enhancing the time-to-market rollout of appealing entertainment and gaming services to customers.

Zain is the only mobile operator in the region to offer a group-wide centralized platform with a unique selling proposition and one-stop shop model for partners (internet service providers, OTT players, international digital brands and other mobile network operators) planning to enter the Middle East and connect to six Zain operations (plus Omantel) counting 50 million customers. As of end of 2021, there were partnerships with 16 leading global OTT and solutions providers offering 36 different digital innovations in mobile media, entertainment, content and financial solutions through direct operator billing

Highlights of the Group API include:

- Launched in June 2018 in partnership with Google Cloud and developed by FOO Solutions
- Consistent growth trajectory in 2021 compared to 2020; net revenues up 38% with successful API calls increasing 41% from 120 million to 169 million
- 36 live services, a 50% annual growth rate
- Over 130 million payment transactions since inception



50 MILLION CUSTOMERS CONNECTED - ONE OF THE LARGEST REACHES OFFERED BY A SINGLE CONNECTION ACROSS THE MIDDLE EAST

130 MILLION TRANSACTIONS PROCESSED SINCE THE LAUNCH OF THE ZAIN GROUP API PLATFORM

150 MILLION SUCCESSFUL API CALLS DURING 2021, UP 41% FROM 120 MILLION IN 2020

Zain esports

A gaming powerhouse
Zain esports' presence as a gaming powerhouse engaging with gamers and youth across the region is creating an ecosystem that reduces reliance on traditional telco services and opens up opportunities to fast-growing and lucrative digital services and online gaming.

Gaming is one of the largest use cases for mobile and home broadband services and is destined to help Zain operating companies connect to the gaming community through its state-of-the-art infrastructure.

The Middle East is one of the fastest-growing regions for gaming in the world and Zain esports aims to foster the growth of the ecosystem in the MENA region and unlock the potential of talent including players, casters, analysts, and commentators to participate and compete on a regional and international stage.

The establishment of Zain esports in November 2020 marked the beginning of an infinite calendar of large and exciting regional online tournaments, and regular community activities that featured attractive prize pools and 24x7, 365 day social media presence.

Zain esports was recently presented with an award at the prestigious SAMENA Council-endorsed MEA Business Technology Achievement Awards 2021, in the category of Innovation Collaborations and Partnerships, for its efforts in fostering the gaming ecosystem. The company also received a nomination for 'Best Marketing Campaign in Gaming' at the annual Effie MENA Awards.

Zain esports co-published a Child Online Safety booklet with Zain Group Corporate Sustainability and UNICEF, which was distributed at the esports club in Al Bayan Bilingual School, a club established by Zain esports to promote career options related to gaming and esports among high school students.

Multiple Tournaments:
The growth of Zain esports saw it holding 16 tournaments during 2021, attracting over 18,000 gaming participants since its establishment, with over 43 million social media impressions and 5.7 million engagements on its Twitch, YouTube and other social media channels.

The year started with a PubG Mobile tournament, which was followed by Rainbow Six Siege and Counter Strike: Global Offensive on PC, cementing Zain esports' presence across gaming platforms. The company adopted a hybrid approach with regards to Ramadan, with regional as well as country-specific tournaments and activations for competitive and casual gamers being organized. The year was capped off with Fortnite: Final Zone, which was the only telco tournament in the region officially licensed by Epic Games.

Publishers such as Ubisoft and Garena have taken note of Zain's credibility and are testing the company's capabilities for ancillary services such as hosting servers within ZainTech data centers.

In 2022, Zain esports plans to develop its own tournament platform complete with e-commerce and related offerings so that its reputation built during late 2020 and all of 2021 can be monetized. The company plans to expand its partnerships with schools and universities, with licensed scholastic esports to be introduced. State-of-the-art esports arenas are also set to be constructed, which are to go live with physical tournaments and workshops by Q3 2022.

Statistics:

18,000+ participating gamers

43 Mn+ Social Media Impressions

5.7 Mn+ Social Media Engagements

24 Influencer Appearances

Social Media Growth

	@zain.esports	@ZainEsports	@ZainEsports
Followers as of Dec 31, 2021	35,063	17,249	21,173
Growth from Dec 31, 2020	73.5%	720%	661%

Zain esports at OPCOs
Later in 2021 with the easing of COVID restrictions, Zain esports shifted to physical tournaments across its operations with a multitude of local partnerships.

Zain Kuwait
In Zain's home base of Kuwait, Zain esports partnered with the esports committee under the Kuwait Olympic Committee to host seven tournaments, across platforms and with offline and online media. The engagement was held across Zain Group premises and the Kuwait Olympic Committee, and was one of the most widely covered esports events in the country at the time.

The partnership and competition were the first of their kind held in Kuwait, and is aimed at unlocking the potential of local talent with the view to creating a Kuwait esports team that will participate in future Olympic Games and other competitions internationally.

Zain KSA
Zain KSA participated in the local gaming ecosystem with their presence in tournaments conducted by local partners. The key highlights were the launch of the Zain KSA Twitch channel and multiple tournaments undertaken with the Playhera platform.

Zain KSA sponsored the second edition of the "Make it and Play it for Youth" competition, as a strategic digital sponsor. The sponsorship is part of Zain KSA's partnership with the Ministry of Communications and Information Technology (MCIT) and its collaboration with the Saudi Arabian Federation of Electronic Sports (SAFEIS) during the 2021 "Gamers without Borders" season.

The competition targeted young talents from ages 9 to 14, to teach them how to program videogames while offering them guidance and the opportunity to develop their talents and skills.

Zain Iraq

Zain Iraq introduced the Zain Esports brand in Iraq, along with the Zain Fi 2 mobile internet device in November 2021. The tournament saw the biggest gaming influencers in Iraq experience the impressive speeds and seamless 4G connectivity provided by Zain Iraq first hand.

Zain Jordan

Zain Jordan conducted 10 esports events in 2021 involving a plethora of public and private partnerships. Most notable of these were FIFA 21 with the West Asian Football Federation (WAFF) and Rainbow Six: Siege tournament with the Royal Tank Museum in Amman. The Rainbow Six event was professionally produced by Zain Jordan's homegrown studio and achieved viewership of over 4,000.

KUWAIT

The Group's flagship, Mobile Telecommunications Company (Zain), was founded in Kuwait in 1983, becoming the first telecom operator to launch a commercial GSM service in the region in 1994. Listed on the Boursa Kuwait in 1985 and now on its Premier market incorporating all the Group's operations and assets across all markets, Zain Group's market capitalization stood at USD 8.5 billion (at a share price of 595 fils) as of December 31, 2021.

Operationally, Zain Kuwait remains the most profitable company within the Group and maintains its market lead in terms of both value share and customer base, serving 2.5 million customers. Its market leadership across key financial indicators is highlighted by its revenue representing 38% of the total market revenue and 63% of the industry's net income.

For the full year 2021, the operator delivered a healthy set of results where revenue, EBITDA and net income grew by 1%, 13% and 7% respectively and data revenue grew by 6% YoY, representing 40% of total revenue.

The operation invested USD 101 million (10% of its revenue) in CAPEX during 2021, expanding its 5G deployment across the country to over 2,000 sites, having the fastest 5G network according to CITRA's metrics. This helped grow its 5G mobile and broadband customers and resulting revenue especially in the Enterprise (B2B) space, capturing the largest 5G customer and revenue market share in the country.

A new customer centric app was launched in Q1'21 with a multitude of new features and a brand-new look & feel, and in December 21, Zain Kuwait launched a full fledge e-commerce platform, a cornerstone to enable fully digitized sales. Today over 70% of the customer base interacts with Zain digitally.

The operator was the first in the country to offer 5G for prepaid customers as part of its eeZee Flexi platform allowing customization or ready-made plans via the Zain app or MyZain website.

Additionally, it was the first operator in Kuwait to offer world-class SD-WAN services serving enterprises, public entities, as well as SMEs.

2021 saw the official launch of the smart meters project with Zain partnering the Kuwait Ministry of Electricity, Water, and Renewable Energy (MEW), in the nation's biggest energy initiative.

Zain's role includes managing the meters' operating systems, as well as the development of a massive database. The project aims to eliminate the requirement for a manual process to obtain meter readings, replaced instead by a state-of-the-art electronic platform that automatically collects meter readings, while also informing MEW's support team of any failures within the system in real-time.

A great milestone for Zain in 2021 was the state-of-the-art digital platform, Shlonik, developed in collaboration with the Ministry of Health and Central Agency for Information Technology, to manage the quarantine process for those arriving from overseas. By end of 2021, the Shlonik app had accumulated 1.77 million registrations.

1983
Year of launch

100%
Ownership

5G
Technology

149%
Penetration

2.5 m
Customers

100%
Coverage

$25
ARPU

39%
EBITDA Margin

40%
Data revenue

2,738
Number of sites

35%
Market Share

Operational & Financial Performance	2021	2020	Growth
Customers (000s)	2,466	2,568	-4%
Revenue (USD m)	1,056	1,047	1%
EBITDA (USD m)	416	367	13%
EBITDA %	39%	35%	-
Net Profit (USD m)	266	248	7%
ARPU	$25	$24	-
CAPEX (USD m)	101	101	-0%

NETWORK KPIs

4,416
Average Daily Data Volume (TB)

100%
2G Population Coverage

100%
3G Population Coverage

100%
LTE Population Coverage

100%
5G Population Coverage

100%
Contact Centre Availability

SAUDI ARABIA

Zain Saudi Arabia (KSA) launched commercial operations in the Kingdom on August 26, 2008, a year after it was awarded its mobile license. Zain Group holds a 37% equity stake in the operation, while the remaining shareholding is held by a Saudi consortium that owns 21%, and 42% is free floating on the Tadawul Stock Exchange (ZAIN KSA, 7030). The company's market capitalization stood at approximately USD 2.8 billion as of December 31, 2021, reflecting a share price of SAR 12.04.

A great milestone for Zain KSA in eliminating all its accumulated losses during 2021, and completely settling the Group Shareholder Loan. The year was also highlighted by the strong performance of B2B revenue, Yaqoot - Zain KSA's digital operator and Tamam, the consumer microfinance arm.

2021 was characterized by the shift of consumer behavior, a major transition from physical stores to online channels. Total customers as of December 2021, reached a total of 8 million customers, which grew by 14% adding 1 million to the overall Group customers base.

For the full year 2021, Zain KSA reported stable revenue while EBITDA and net income dropped by 9% and 17% respectively, mainly due to the CITC deferred waiver agreement, which concluded in 2020. If we exclude the CITC waiver, the EBITDA growth would have been over 10%.

During 2021, Zain KSA invested USD 271 million (13% of revenue) on CAPEX during the year, mainly expanding 5G network coverage to new cities, to reach 4,805 5G sites and 51 cities reflecting an increase of 5G population coverage from 54% to 63%. Data revenue represented 48% of total revenue.

Regarding the TowerCo model, the operator received USD 807 million offer from the Saudi Public Investment Fund (PIF) to purchase 8,000+ tower network that is currently undergoing due diligence. Zain KSA is preparing to launch an MVNO on its network during 2022.

Zain KSA's international roaming significantly expanded as LTE roaming agreements reached 149 countries and 351 operators, along with 5G roaming agreements in 33 countries and 43 operators.

The operator launched Cloud Services Zain Cloud Market Place offering over 15 products to Enterprise customers.

The company received two awards from Telecom Review Leaders' 2021 summit: the "Most Innovative Product Service" award for "Yaqoot" and the "Best 5G User Growth". Zain KSA also achieved the best 4G and 5G mobile data performance in Riyadh from global network benchmarking firm Umlaut and was recognized as the provider of the best 5G network and data performance.

In the first half of 2021, Zain KSA won the Speedtest award for the Kingdom's "fastest fixed network" from Ookla for the third consecutive time. In addition, Zain KSA ranked first in "Meqyas" Q3 2021 report, issued by the Communications and Information Technology Commission (CITC), with the first 5G deployment and the fastest mobile 5G average download speed in Riyadh.

2008 Year of launch

37% Ownership

5G Technology

115% Penetration

8.0 m Customers

99% Coverage

$19 ARPU

40% EBITDA Margin

48% Data revenue

10,003 Number of sites

Operational & Financial Performance	2021	2020	Growth
Customers (000s)	8,027	7,015	14%
Revenue (USD m)	2,111	2,113	0%
EBITDA (USD m)	836	918	-9%
EBITDA %	40%	43%	-
Net Profit (USD m)	57	69	-17%
ARPU	$19	$20	-
CAPEX (USD m)	271	785	-65%

NETWORK KPIs

9,148 Average Daily Data Volume (TB)

99% 2G Population Coverage

98% 3G Population Coverage

94% LTE Population Coverage

62% 5G Population Coverage

100% Contact Centre Availability

IRAQ

Zain has been providing mobile services in Iraq since December 2003. After securing a 15-year license in August 2007, the operator has grown to become the largest mobile operator in the country, with an approximate market capitalization of USD 2.9 billion as of December 31, 2021.

The highlight of the year was the launch of 4G LTE services in Iraq in early 2021, with the customer base witnessing a 2% growth, to reach 16.4 million customers, with 4G subscribers exceeding 1 million since the launch.

Together with the new 4G license, Zain's 2G and 3G licenses have been extended up until 2030 enabling Zain to continue to provide high quality services covering 95% of the population with 4G LTE services including 7 cities with LTE advanced services and 14 cities with Fiber connectivity. The operator invested USD 286 million in Capex during 2021 predominantly in 4G rollout including an additional 200 sites, of which $148 million relates to license fees.

Notably the operator has witnessed an approximate 50% growth in data traffic over the 12 month period and a first for Iraq in September 2021, Zain Iraq rolled out 4G routers enhancing its position in the home internet market.

Adverse economic conditions and impact from currency devaluation (On 19 December 2020, Iraqi Dinar devalued against the USD by 19% from 1,190 to 1,470 vs USD), limited Zyarah religious visitors, impacting the overall economy and the purchasing power in the country. Moreover, continued aggressive competition in 4G affected the operation.

To mitigate the impact, management is taking concrete steps, including revamping prices, and offering new digital services and packages to individual and B2B customers to capitalize on the comprehensive 4G rollout.

For FY 2021, revenue, EBITDA and net income, decreased by 18%, 17% and 47% respectively, predominantly due to the revenue impact from the devaluation of the currency.

Zain Iraq launched a digital operator – branded 'oodi', offering a simple, all-digital mobile experience that frees customers from the traditional retail buying experience. The platform has had instant success attracting an impressive number of customers since its launch in mid-2021.

The operator's fintech arm, ZainCash, saw exponential growth, doubling the number of transactions and is still expected to continue growing at a similar speed in the years to come.

With a focus on digital services to enhance the mobile experience, Zain Iraq is focused on offering a wide range of customer appealing offerings in regard to content, gaming especially esports, digital cards and marketplace businesses, e-health and insurance, and more.

It has partnered with ZoodMall e-commerce platform as well as with delivery platforms Toters and Careem and many other service-based entities to offer more to customers.

With the rollout of 4G LTE and Fiber services, Zain Iraq is well positioned to tackle a multitude of challenges and turn them into an opportunity to increase its market share.

2003 Year of acquisition

76% Ownership

4G Technology

102% Penetration

16.4 m Customers

99% Coverage

$4 ARPU

41% EBITDA Margin

5,095 Number of sites

52% Market Share

Operational & Financial Performance	2021	2020	Growth
Customers (000s)	16,448	16,176	2%
Revenue (USD m)	769	943	-18%
EBITDA (USD m)	312	378	-17%
EBITDA %	41%	40%	-
Net Profit (USD m)	42	80	-47%
ARPU	$4	$5	-
CAPEX (USD m)	286	257	11%

NETWORK KPIs

686 Average Daily Data Volume (TB)

100% 2G Population Coverage

97% 3G Population Coverage

95% LTE Population Coverage

100% Contact Centre Availability

SUDAN

In February 2006, Zain acquired a 61% stake in Mobitel, Sudan's first mobile operator, in a deal valued at USD 1.33 billion. Rebranded to Zain in September 2007, the operator subsequently renewed its license for a period of 20 years.

On 21 February 2021, the Central Bank of Sudan revised its exchange rate policy from "fixed rate" to "flexible managed floating rate". Accordingly, the SDG devalued from 55 SDG to 436 SDG per US Dollar as of December 2021.

For the FY 2021, revenue dropped by 21% mainly due to the currency devaluation impact. EBITDA decreased by 4%, while net income jumped by 70%, mainly due to the decrease in depreciation and amortization, as well as due to a decrease in currency variance loss. To mitigate the currency devaluation impact, the operator implemented major price revamps during the year combined with enhancing its mobile packages.

Zain Sudan invested USD 55 million in CAPEX (17% of its revenue) predominantly for its 4G rollout, resulting in data revenue representing 27% of the operator's revenue.

The operator benefitted from the decision by the government to reduce the VAT from 40% to 35%.

On the fintech side, Zain Sudan supported the government to distribute 2.13 billion SDG to more than 250K customers through the "Thamarat" program.

For the first time since 2007, the Zain Sudan board decided in February 2022 to distribute SDG 15 billion ($30m) of dividends to Zain Group, representing 45% of the operators 2021 net income in SDG terms.

Moreover, Zain Group received non-binding purchase offer for 100% of Zain Sudan and Kuwaiti Sudanese Holding Company for USD 1.3 billion, an offer that is under due-diligence and likely to be resolved during 2022.

With the on-going social-political issues prevailing in the country impacting the economy, the operator is focused on positioning itself as a digital leader though expanding digital channels to increase adoption and enhance the customers mobile experience as well as its presence in social networks.

2006 Year of Acquisition

100% Ownership

4G Technology

77% Penetration

16.3 m Customers

90% Coverage

$2 ARPU

50% EBITDA Margin

27% Data revenue

2,832 Number of sites

48% Market Share

Operational & Financial Performance	2021	2020	Growth
Customers (000s)	16,309	16,572	-2%
Revenue (USD m)	330	417	-21%
EBITDA (USD m)	164	171	-4%
EBITDA %	50%	41%	-
Net Profit (USD m)	103	61	70%
ARPU	$2	$2	-
CAPEX (USD m)	55	110	-50%

NETWORK KPIs

433 Average Daily Data Volume (TB)

90% 2G Population Coverage

73% 3G Population Coverage

44% LTE Population Coverage

100% Contact Centre Availability

JORDAN

In 1994, Zain Jordan revolutionized the telecom sector in the Kingdom by becoming the first operator to introduce mobile services (as Fastlink). In 2003, the operator notched up another first by joining Zain Group's Middle East portfolio, and despite intense competition in this liberalized market, the operator was the first to launch 4G services. Zain Jordan has maintained its status as the country's leading mobile entity from inception.

2021 was a great year for Zain Jordan. The operator remains the market leader, with its customer base growing 3% YoY and now serving 3.6 million customers.

For the full year 2021 Revenue grew by 3% YoY, mainly due to an increase in broadband and FTTH revenue. EBITDA grew by 6% on account of the top line performance and improved collections, maintaining a healthy margin of 46%. Notably, net income for the year jumped by 66%, mainly due to the EBITDA performance and the gain on sale and lease back of towers.

In December 2021, Zain Jordan also concluded the transaction to sell and leaseback 2,607 towers in Jordan for a total consideration of USD 88 million to TASC Towers.

CAPEX for the year amounted to USD 276 million, mainly spent on the renewal of the 900 MHz technology neutral license and Fiber expansion. The FTTH customer base witnessed an approximate increase of 50% and 90% increase in revenue. Notably the operator capitalized on its 4G and FTTH expansion increasing its data revenue by 11% YoY, whereby it represents 50% of its total revenue.

During the year, Zain Cash Jordan signed an agreement with Western Union for international remittances, as well as securing the approval of the Central Bank of Jordan to process credit card solutions.

Focus on fintech saw Zain Cash, the country's most prominent wallet, increase its customer base by over 41% and witness a 124% increase of transactions during the year. With revenue almost doubling, it launched new services that allow direct and instant transfers between banks and wallets as well as launching cross-border remittances through its customer app.

The operator has a major focus on expanding its Enterprise and government offering of cybersecurity, cloud hosting and managed services that are hosted in The Bunker, the regional first-of-its-kind nuclear-grade Tier III Data Center and disaster recovery facility in Amman.

On the consumer side, the operator introduced a postpaid package targeting youth as well as bundling attractive packages for postpaid segment. Zain Jordan implemented initiatives utilizing digital channels including its revamped eShop platform to capitalize on its FTTH and 4G networks, increasing home and broadband revenues and market share. The operator also focused on enriching value propositions by offering streaming applications, cloud services, gaming, and new IoT devices and services.

2003 Year of Acquisition

96.52% Ownership

4G Technology

79% Penetration

3.6 m Customers

99% Coverage

$11 ARPU

46% EBITDA Margin

50% Data revenue

3,201 Number of sites

35% Market Share

Operational & Financial Performance	2021	2020	Growth
Customers (000s)	3,645	3,551	3%
Revenue (USD m)	500	487	3%
EBITDA (USD m)	230	216	6%
EBITDA %	46%	44%	-
Net Profit (USD m)	132	79	66%
ARPU	$11	$10	-
Capex (USD m)	276	68	306%

NETWORK KPIs

2,750 Average Daily Data Volume (TB)

100% 2G Population Coverage

100% 3G Population Coverage

100% LTE Population Coverage

100% Contact Centre Availability

BAHRAIN

Zain Bahrain began commercial operations in the Kingdom in December 2003 as MTC Vodafone until its rebranding to Zain in 2007. With its pioneering efforts in rolling out the latest technologies, Zain has played a key role in placing Bahrain on the global telecom map. Zain Bahrain is listed on the Bahrain Bourse (ZAINBH) with a market capitalization of approximately USD 134 million (share price BD 0.140) as of December 31, 2021.

Zain Bahrain among the top performers for 2021. For the full year, revenue, EBITDA and net income increasing by 5%, 2% and 3% respectively. Data revenue grew by 4% which represents 46% of total revenue.

Zain Bahrain is focused on the continued expansion of 4G and 5G infrastructure, enhancing its indoor coverage in major infrastructure establishments and home broadband connectivity especially in newly developed areas. The company invested USD 44 million in CAPEX to further expand its 5G network which now increased to cover 70% of the population, further modernizing its network infrastructure and expanding its 4G LTE layer which resulted in a significantly enhanced customer experience as the operation's broadband connectivity speed increased by up to six times to bring greater connectivity and respond to increasing demand during the pandemic.

The operator is keen on acquiring a fintech license to offer a full value fintech proposition in Bahrain.

With a continual focus on Bahrainis, youth, and expats, Zain Bahrain rolled out numerous appealing postpaid packages to capitalize on its 5G and 4G networks. It revamped its broadband and VAS offerings, introduced trade-in for devices and undertook many initiatives to increase the Zain brand identity.

The operation enhanced customer facing applications (app, Zbot, eshop, and more) with further AI and experience features to provide comprehensive services to customers digital self-service interactions. It also introduced Apple Pay to allow cash-free, contactless smartphone payments in Bahrain, and boosted mobile and home broadband plans that offer numerous benefits to customers – including Sim Sharing and free OSN subscriptions. Moreover, launched the latest next-gen devices to enhance customer experience with free mobile insurance and extra data allowances.

Keeping its customers safe and connected, Zain Bahrain provided all students using its home broadband services with free access to select educational platforms, including Google Classroom, Google Hangout, Microsoft Teams, University of Bahrain Black Board, and eduNET.BH. The operation further invested in its 'Be Safe' initiative, enabling customers to utilize all of Zain Bahrain's digital channels to complete their transactions from the safety of their homes.

The Board of Directors of Zain Bahrain recommended distributing annual dividends of 8 fils per share to its shareholders.

Operationally, Zain Bahrain focused on the launch and expansion of 5G commercial services to accelerate business opportunities for numerous sectors. The operator's focus on expanding its B2B offerings and portfolio enrichment resulted in it securing major new lucrative deals across different sectors.

2003 Year of launch

65.1% Ownership

5G Technology

106% Penetration

100% Coverage

$18 ARPU

34% EBITDA Margin

46% Data revenue

690 Number of sites

Operational & Financial Performance	2021	2020	Growth
Revenue (USD m)	172	163	5%
EBITDA (USD m)	58	57	2%
EBITDA %	34%	34%	-
Net Profit (USD m)	15	14	3%
ARPU	$18	$18	-
CAPEX (USD m)	44	64	-31%

NETWORK KPIs

569 Average Daily Data Volume (TB)

100% 2G Population Coverage

100% 3G Population Coverage

100% LTE Population Coverage

70% 5G Population Coverage

100% Contact Centre Availability

REGULATORY AFFAIRS

Zain Group's operations are subject to cross-sector, sector-specific and extraterritorial legislation and regulations and national licenses. Our relationship with governments and regulators is essential to ensure policies are developed in our customers' and the industry's interests while also enabling governments to better understand the positive impact we can have on the environment and communities in which we operate. We engage with governments through active participation at industry forums, regulator-led workshops, meetings with ministers, elected representatives and policy officials, and responses to public and industry consultations initiated by regulatory bodies.

As a good corporate citizen, Zain seeks to continue supporting the digital economy agenda of the markets within its footprint. Our regulatory strategy calls for the institution of a strict over-arching regulatory compliance management system and risk evaluation regime, the application of appropriate internal controls underpinned by a focus on eight core areas with critical impacts on the company's business and enablers for the realization of Zain Group's '4Sight' strategy.

REGULATORY FOCUS AREAS UNDERPINNED BY REGULATORY COMPLIANCE

WHERE TO PLAY?

SPECTRUM
- Spectrum Management & Technical Regulation
- Radio Access Network Spectrum
- Microwave Backhaul Spectrum
- National Spectrum Roadmaps
- Cross Border Frequency Coordination

INFRASTRUCTURE
- Service Licences
- Sites/Masts/Active/Passive Sharing/TowerCo
- National/Intercity/Metro Fibre/Open Access
- International Connectivity/Submarine Cables
- Data Centres/Cable Landing Stations

INDUSTRY TAXATION AND LEVIES
- Operator Regulatory Fees
- Consumer Levies
- Value Added Taxation
- Universal Service Fees
- Tracking of Regulatory Financial KPIs

COMPETITION AND MARKET DEVELOPMENTS
- Strategic Market Reviews and Remedies
- Access & Interconnection
- Competition Matters
- Telecom Law Reviews
- Others: New Entrants/OTT Players

CUSTOMER AFFAIRS AND DATA PROTECTION
- Personal Data Protection and Privacy
- Consumer Protection
- SIM-Registration / SIM-Caps
- Customer Complaints Handling
- Others: Billing / Collection / Spam

5G
- 5G Policy Development
- 5G Licensing Rollout Obligations
- Strategic Approach to Verticals
- 5G Security and Privacy
- Demand Stimulation for Use Cases

B2B, IOT AND CLOUD
- B2B Enablement
- IoT Regulatory Framework
- eCall Regulations
- Cloud Computing Frameworks
- Cyber-security regulatory mandates

DIGITAL SERVICES
- Digital Identity / Facilitation of eKYC
- Electronic Transaction Law / E-Signatures
- E-payment Regulations
- AML/CFT Law and Regulations
- Others: Digital Health / E-Sports

HOW TO PLAY?

- Constant alignment with Group Corporate Strategy '4Sight'
- Engagement with Group Divisions and OpCo Plans
- Regulatory Compliance, Risk Evaluation, Prioritisation and Mitigation
- Regulatory Authority Engagement
- Public Consultation Responses
- International Institutional Agenda Alignment
- Increased Management Regulatory Awareness
- Training and Capacity Building
- Best Practices Benchmarking

Zain manages regulatory matters at the Group and at the operating company level with robust internal control frameworks implemented across business jurisdictions. Group-wide impact initiatives are led by Group while individual markets manage and monitor developments locally.

GROUP REGULATORY INITIATIVES

Regulatory Compliance Programme

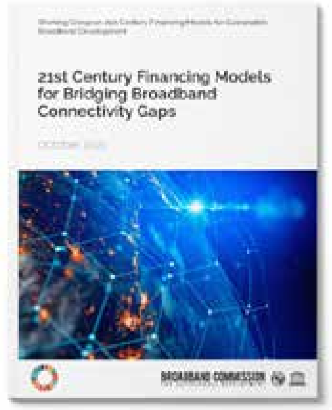
In 2021, Zain launched its Telecom Regulatory Compliance Program, designed to institute internal controls, governance, monitoring and a risk-prioritized resolution approach to regulatory matters. The objective is to adopt a compliance management system aligned with the International Organization for Standardization's ISO 37301 standard and a risk management framework aligned with ISO31000. This approach introduces procedures, policies, tracking tools, and systems to mitigate any adverse outcomes within the regulatory space. Ultimately, the process is designed to institute a culture of regulatory compliance whilst supporting the strategy, preserving shareholder value, and safeguarding licenses.

ISO 37301

ISO 3100 Risk-Management

Working Group on 21st Century Financing Models

In 2021, the UN Broadband Commission's Working Group on 21st Century Financing Models for Sustainable Broadband Development, co-chaired by Zain, issued its comprehensive report. This report outlines policy recommendations for governments and policymakers to foster innovative funding, financing, and investment strategies to bridge the connectivity divide between the connected and the unconnected.



In particular, the report recommends broadening the base of contributors to building infrastructure, earmarking ICT sector contributions to governments and spending it on initiatives supporting connectivity and adoption, reforming Universal Service Funds (USFs) and creating an international fund to support the sustainable development of broadband connectivity.

ITU E.164 Shared Country Numbers

In January 2022, Zain Group was awarded the ITU E.164 shared Country Code (CC) and -3digit Identification Code (IC) numbering range 420 883 following a five month-application process that commenced in 2021. These numbers (combined with ITU E.212 Mobile Network Code (MNC) 49 901 granted earlier in 2015) will help support and expand the Group and operating companies IoT/M2M business. The range gives Zain access to 1 billion numbers.

OPERATING MARKET REGULATORY DEVELOPMENTS

SPECTRUM

New spectrum blocks were acquired in Iraq and South Sudan, while a license was renewed in Jordan. In January 2021, to enhance capacity for 4G deployment in Iraq, the Communications and Media Commission (CMC) granted Zain 2 x 10 MHz in the 1800 MHz band for annual financial consideration of USD 13.533 million with a license tenure until 30 August, 2030. In January 2021, Zain was granted authorization to deploy LTE services in South Sudan at the cost of USD 1 million, and a 2 x 5 MHz block of frequency spectrum was acquired for a total consideration of USD 400,000. In Jordan, a spectrum license for 2 x 12.5 MHz in the 900 MHz frequency band was renewed for 15 years and for technology-neutral use, for a total consideration of JD 156.375 million, payable in three equal instalments (each every five years).

In Saudi Arabia, the Communications and Information Technology Commission (CITC) notably signaled plans to implement several spectrum-related initiatives. These include the launch of the Spectrum Outlook for Commercial and Innovative Use 2023-2021, outlining plans to release more than 23 GHz consisting of 4 GHz of licensed spectrum, 6.2 GHz of licence-exempt bands (including 1.2 GHz in the 7125 – 5925 MHz) and over 13 GHz for light licensing. CITC issued public consultations on fixed links spectrum reorganization, radio spectrum allocation for WLAN and short-range applications in the 5.925 ,5.875 - 5.47 ,5.35-5.15 ,2.4 7.125 – and 71-57 GHz bands and on light licensing regimes. Mid-year, CITC also signaled seminal plans to initiate spectrum trading by inviting stakeholders' views on international best practices for spectrum rights transfers and spectrum leasing. Finally, CITC signaled intentions to launch a spectrum auction covering the 600 MHz, 700 MHz, 700 MHz Supplemental Downlink, 4.0 – 3.8 GHz bands early in 2022.

In Kuwait, the telecommunications operators proposed a plan to the Communications and Information Technology Regulatory Authority (CITRA) to harmonize and enhance the spectral efficiency of the 2600 MHz band by having Band 41 (TDD) across 190 MHz in place of the present combination of Bands 7 and 38. CITRA is also exploring options on the 6 GHz band but has elected to wait until WRC23- before making its final decision.

In Jordan, the short-term measure of granting temporary spectrum to support higher data consumption due to COVID19- has continued, with Zain making use of 2 x 10 MHz of spectrum in the 2100 MHz band for LTE deployment.

Zain continues its advocacy to national regulatory stakeholders on relevant spectrum matters.

- Lowering of spectrum costs for new acquisitions and license renewals
- Guarantee technology neutrality across all bands
- Accelerated release of IMT spectrum in markets with limited spectrum holdings
- Apply light-licensing regime to E-Band Spectrum for Microwave Backhaul
- Grant Longer License Duration in line with international best practice (>20 years)
- Favorable Payment Models: Installment over license tenure; deferred payment schemes
- Regulator-led cross border frequency & synchronisation coordination across all bands
- Proactive Publication of National Spectrum Roadmap for Coordinated Planning

INFRASTRUCTURE

Infrastructure-related regulations, policies, public consultations and initiatives were also proposed throughout Zain's footprint in 2021.

In Bahrain, in line with the fourth and fifth National Telecommunications Plans (NTP4 and NTP5), ultra-fast broadband products and services are delivered over a single national broadband network managed by BNET, a legally and functionally separated entity from Batelco, and offered wholesale to licensed operators. A condition set out in the NTP5 is to consider the appropriate timeline for transferring or decommissioning some or all of the fiber assets held by all licensees to BNET to achieve the single network objective. The Telecommunications Regulatory Authority (TRA) initiated a public consultation on the transfer process, and Zain has developed its strategy in preparation for the procedure. Zain has also secured approval from the TRA and the Ministry of Transportation and Telecommunications to have access to dark fiber on an exceptional basis to connect its core network to strategic partners such as AWS. Zain successfully acquired a National Fixed Service License (with a duration of 15 years at the cost of BHD 35,000). This concession ensures fixed service continuity following the National Fixed Wireless Service (NFWS) expiration in January 2022.

In Kuwait, in November, CITRA launched a public consultation to address licensing requirements for fixed and mobile licenses, signaling a move away from unified (allowing fixed and mobile services within one combined license) to individual, service-specific licences. If implemented, individual mobile and fixed licenses will support international connectivity and the right to deploy fiber.

In Sudan, Zain continued to engage with the Telecommunications and Post Regulatory Authority (TPRA) to obtain a fixed-line telecommunications license to open up opportunities to deploy fiber and fixed-line services and is hopeful that, in due course, this could be granted. Nonetheless, Zain has successfully secured a no-objection mandate from TPRA to act as the landing party for the Africa1- submarine cable.

In Saudi Arabia, the Open Access Agreement (OAA) has been extended to support fiber-to-businesses (FTTB) with the opportunity to enhance B2B offers. The OAA and the underlying framework will continue to be improved, but the launch represents a significant step.

Zain's regulatory strategy advocates critical messages to national regulators on infrastructure initiatives:

- Support right to deploy fibre or regulated access to fibre on fair price and non-price terns
- Liberalisation of international gateway and cable landing stations
- To lower IP transit costs, advocate landing of more submarine cables
- Favourable legislation for passive/active infrastructure sharing & TowerCo establishment
- Offer unified or integrated licences to permitting fixed and mobile services for converged offerings
- Accelerate initiatives to support digital infrastructure: Data centres, IXPs, etc.

INDUSTRY TAXATION AND LEVIES

Notable changes have occurred within the industry taxation and levies space within the Zain footprint.

In Sudan, after extensive engagement with the government, value added tax (VAT) on telecommunications services, planned to be set at %40 from 1 January, 2021, was reduced to %35 effective 1 October, 2021. However, against the backdrop of the political situation and other macro-economic impacts such as removing fuel subsidies, regulatory fees and electricity prices for the commercial sector increased. Furthermore, the operator's payable tax on gross revenues was increased from %7 to %10. Zain raised tariffs to counter these inflationary pressures, achieving TPRA-approved triple-digit voice and data services pricing increases.

In South Sudan, in a similar move, tariffs were raised by double-digits to combat adverse inflationary impacts and foreign exchange impacts.

VAT increased from %5 to %10 in Bahrain effective 1 January, 2022.

Zain continues to advocate key messages on industry costs:

- Lower levels of industry-specific fees (revenue share, licensing, numbering) on national operators
- Where possible, eliminate industry-specific utility prices or differential tax rates
- Create incentive to deploy IoT/M2M by lowering regulatory costs to enable these to thrive
- Lower Government-imposed activation charges on customers (SIM, connection taxes)
- Lower handsets taxes to enhance affordability
- Lower Usage Taxes (excise duties, higher VAT rates....)

COMPETITION AND MARKET DEVELOPMENTS

As expected, there were several market-related and competition-related developments in 2021 within Zain's footprint with specific regulatory impacts.

In Iraq, Zain launched 4G services. While operators were initially restricted to launching handset-based services only by CMC, Zain subsequently introduced 4G mobile broadband routers to address the home broadband market. This approach allowed the market to benefit from all form factors (handsets, tablets, and routers) on LTE in line with international best practices.

Zain Iraq also launched 'Oodi', the market's first digital telecommunications operator, offering services via an innovative mobile application. Before launch, Zain made appropriate representations to CMC, particularly addressing any perceived notions in the market that this constituted a mobile virtual network operator (MVNO) service. Other digital platforms have also been launched, such as 'Yooz' powered by Asiacell.

The fourth mobile operator process has not yet been launched, and developments are being monitored.

In Kuwait, Virgin Mobile, the CITRA-licensed MVNO, is expected to launch in H1 2022.

In South Sudan, a third operator (DigiTel) launched services in July 2021, with population coverage primarily focused on Juba.

In Saudi Arabia, two licensed MVNOs are expected to launch in Q1 2022. Other notable developments in the Saudi market include updating the national numbering plan and signing of an agreement by all three mobile operators to extend 2G/3G national roaming (at no additional cost) to customers in 21,000 remote villages, desert, and universal service areas. In August 2021, CITC introduced revised key performance targets, technical standards and methodologies for deducing operators' compliance with coverage and throughput obligations towards mobile telecommunications services. Compliance is to be assessed using field measurement tools, crowdsourcing and data extracted from systems of service providers.

In Sudan, TPRA, supported by the ITU, conducted an assessment and issued a draft Strategic Market Review (SMR) report, subject to consultation and final approval, identifying dominance in fixed retail broadband and highlighting gaps in the IP transit markets. TPRA's final decision is being awaited.

Zain's regulatory strategy advocates putting in place controls that will foster effective competition:

- Periodic Strategic market reviews to assess effectiveness of any ex-ante obligations
- Implement proportionate remedies – only apply tariff pre-approvals on dominant operators
- Avoid stringent regulations or government behavior that impede competition (e.g monopolies)
- Market liberalisation should consider ability of existing players to sustain and recoup investments

CUSTOMER AFFAIRS AND DATA PROTECTION

Within the Zain footprint, national regulatory authorities have taken steps to address personal data protection, consumer protection regulation, SIM registration and SIM caps.

In Kuwait, in April 2021, CITRA issued the Data Privacy Protection Regulation applicable to public and private sectors.

In Saudi Arabia, a comprehensive national data protection law was enacted on 24 September, 2021 and will come into force on 23 March, 2022. The Saudi Authority for Data and Artificial Intelligence (SDAIA) has been identified as the data protection regulatory authority. SDAIA will issue implementing regulations supplementing most aspects of the law by March 2022. The law regulates the collection, processing, and use of personal data in the Kingdom. Organizations with operations in the Kingdom or those processing data of Saudi residents will have one year to comply with the new requirements. The PDPL is extraterritorial and imposes restrictions on cross border data transfers, subject to forthcoming executive regulations.

In December 2021, the Jordanian Ministerial Cabinet approved the 2021 draft law on personal data protection in Jordan. The draft law aims to create a legal framework that balances individuals' rights to protect their personal data and the processing and storage of such data by other individuals, enterprises and government establishments. Under the draft law, a Personal Data Protection Board will be formed with mandates and authorities to be subsequently identified by the Ministry of Digital Economy and Entrepreneurship.

Zain's regulatory strategy advocates key messages to foster the development of regulations governing customer affairs:

- Enact consumer protection legislation to guard against unfair terms and foster transparency
- Develop Robust Standalone Data Protection Laws Across All Sectors
- Create a safer internet experience for consumers, businesses and society
- Create flexible and reasonable SIM Registration Requirements

5G

In Kuwait, Saudi Arabia and Bahrain, 5G deployments continue to expand with supportive policies and initiatives launched by the respective governments. The markets also witnessed the introduction of 5G-Stand Alone (SA), supporting network slicing and enhanced service delivery for 5G, critical elements for B2B applications. In Saudi Arabia, CITC has decided to allocate spectrum for license-exempt and light licensing use. These bands can accommodate private 5G networks for verticals for connectivity across many mission-critical, industrial, and traditional enterprise organizations. The government of Jordan is also exploring 5G. The TRC and the operators conducted a comprehensive study to examine strategic options for active infrastructure sharing to support 5G.

Zain's regulatory strategy advocates key messages to support the development of 5G rollout:

- Ensure 5G rollout obligations are not onerous
- Licensed spectrum dedicated to MNOs and not to Verticals
- Government-led 5G investment support in exchange for accelerated rollout of 5G
- Government to stimulate 5G demand and cross sector collaboration to support use-cases

B2B, CLOUD AND IOT

In 2021, the main regulatory developments were within the cloud computing space. In Kuwait, CITRA issued several cloud-related policies and regulatory frameworks, including a Cloud-First Policy, a data classification policy and a cloud regulatory framework. The cloud-first policy requires governmental entities to evaluate investing in cloud services before other traditional IT solutions to support digital transformation. The cloud regulatory framework notes that to host government data, cloud service providers must either be registered or licensed by CITRA.

In Saudi Arabia, following extensive certification processes commenced in 2021, CITC granted Zain Class (C) cloud computing service provider registration status, the highest "Service Provider Registration Class" rating awarded to cloud computing service providers. This opens up a significant opportunity for Zain as cloud subscribers who originate or have custody over Saudi government top secret and secret data must contract with the government cloud platform, DEEM, or a Class C cloud service provider.

Zain's regulatory strategy calls for regulatory authorities to put in place enablers to support the development and growth of B2B services:

- Lobby for Unified Licenses or Right to Offer Fixed/Data Centre Services
- Accelerate adoption of Cloud regulations through favourable legislation
- Permit cross-border transfer of non-personal data for centralized processing
- Create favourable regulatory frameworks to IoT/M2M deployment and service provision

DIGITAL SERVICES

In 2021, critical developments in the fintech space included the announcement and the issuance of a policy by the Saudi Central Bank (SAMA) of plans to launch open banking in 2022. Once deployed, open banking will allow fintech entities and other non-banking organizations to create new financial products and services that enhance customer journeys.

Zain's regulatory strategy calls for governments to create enabling legislation to support the growth of digital services:

- Build national digital ID infrastructure and open APIs to support digital identity
- Accelerate adoption of e-KYC and e-Authentication procedures
- Enactment of laws – e-commerce, payment - which are supportive of FinTech growth
- Enactment of laws and regulations which are supportive of digital health
- Enforcement of electronic contracts and signatures in judicial system
- Demand stimulation through acceleration of take-up of e-Government services
- Enactment of legislation which is supportive of e-gaming growth and development
- Promote creation of regulatory sandboxes for emerging technologies

RISK MANAGEMENT

A. Overview:

A robust and agile risk management framework enables the achievement of Zain's strategic objectives by identifying, analyzing, mitigating, monitoring, and governing risks or potential threats to strategic objectives.

Zain Group's Risk Management function plays a critical role within the company, reporting to the Board Risk Committee (BRC), which meets at least quarterly to discuss the risk profile of the organization. The BRC oversees the implementation of a strategic risk assessment exercise covering all of Zain's operations, while also reviewing and approving the risk management framework on an annual basis.

In addition, the BRC oversees compliance with risk management policies and procedures, and reviews adequacy of the risk management framework in relation to the risks faced by the organization.

Framework:

The risk management framework has been benchmarked against leading global risk management standards and guidance such as ISO 31000 and the Committee of Sponsoring Organization (COSO) framework.

Figure 1: Zain Risk Management Framework (alignment to ISO 31000)

This framework continues to use an impact-likelihood matrix to determine the risk rating of events facing the company across its operations. The impacts are assessed across multiple parameters that include financial, reputational, climate change, markets, customers, and employees, among others. The rating also takes into consideration the pre- and post-mitigated status of the risks, providing information on both the status of inherent and residual risk status to the organization. The risk management function has developed key risk indicators (KRIs) that are monitored and analyzed by Zain Group and its operating companies to ensure that risk profiles are within the acceptable risk appetite set by the BRC.

The table below illustrates some of the key risks across Zain Group and how they are being addressed through the various mitigation strategies.

Table 1: Key Risks for Zain

	Description	Impact	Mitigation
Evolving Regulatory Regime	As our business is undergoing a digital transformation, regulatory implications bring new challenges.	Increased cost of operations (license fees, cost of regulatory compliance) leading to reduced profits, delay or rejection in launching new businesses and services to create new revenue streams.	Collaborate with market regulatory authorities and other stakeholders, engaging on market issues, with a clear focus on common benefit. Innovation on new products and services to enhance revenues and overcome increased regulatory costs.
Cybersecurity	As technologies advance rapidly, cybersecurity threats are also evolving and need continuous monitoring.	Customer data breach, financial, reputational, or regulatory consequences.	Ongoing enhancement of our cybersecurity capabilities by updating: 1. Policies and procedures 2. Latest security tools 3. Training and awareness programs 4. Periodic security assessments
Over the Top (OTT) applications	Disruptive technologies are being adopted at an extremely fast rate, where competitors are infringing on traditional voice and SMS revenue streams.	OTT applications continue to impact revenue for all mobile network operators.	Transform business from a pure telecom to a digital lifestyle provider by creating innovative products and services, and reinventing business models.
Geopolitical & macro-economic situation	Zain operates in multiple markets, and changes to macro-economic indicators impact operations significantly. Geopolitical hindrances lead to reduced access to capital and technology.	Reduced customer spending leads to reduced revenues impacting the execution of the company's strategy. Weakening currencies impact the profitability of Zain's operations and asset valuation.	Ensure cost optimization initiatives and access to long- and short-term capital options through varied sources of funding. Employ various hedging instruments to prevent value erosion of assets. Ongoing improvement of our business continuity capabilities across operations.
Talent management	Digital transformation strategies require transformation of workforce capability and skills as talent acquisition needs are pronounced in domains such as machine learning, data science, Ai and software-based networks.	Business initiatives leveraging digital platforms and new skill sets will be affected, leading to disruption to the digital transformation program.	Re-structuring organization structure to align with a digital future while maintaining an effective balance between external hires, contractors, and internal re-skilling program. Initiatives to attract digital/tech talent by creating a compelling value proposition for prospective talent.

TECHNOLOGY

TREMENDOUS DEMAND FOR DATA

The COVID-19 pandemic has forced individuals, families, and companies to rely more heavily on online communications, thus creating tremendous demand for fast access to the internet, information, and data that are requested almost simultaneously. This evolution urged Zain to increase the rollout of 5G networks in Kuwait, Saudi Arabia, and Bahrain, whilst advancing existing 4G networks across its footprint to meet customer demand. Zain continued to manage its OPEX, improve network downtime, Mean-Time-To-Resolution (MTTR), resolve customer issues, and maintain service availability while investing in network infrastructure.

ZERO TOUCH NOC/SOC AND CLOSED-LOOP AUTOMATION

Zain has already embarked on the progression to automation by employing machine learning and artificial intelligence to achieve Zero-Touch and Closed-Loop Task Automation and could automate many of NOC/SOC tasks including cross-domain alarm correlation and aggregation, trouble-ticket life-cycle management, and network/service performance automatic monitoring and reporting. Additionally, machine learning and AI have recently been employed to serve certain use-cases including SMS fraud analysis and power consumption management. Zain is continuously assessing existing tools and processes to make necessary changes to achieve swift and seamless transformation towards full automation and Zero-Touch in the NOC/SOC.

5G STANDALONE

During H2022 ,1, Zain will witness a new era of digital lifestyle coming to life with the deployment of 5G Standalone (SA). This technology is considered as the cornerstone of future digital services as it will enable Zain to achieve the dream of “Zero Touch” operations and facilitate new services in a more efficient way with minimal latency.

Cloud native infrastructure that eases the functionality of 5G SA is in place in a number of operations. This type of infrastructure is considered leading tech, many future applications (such as augmented reality (AR), virtual reality (VR), and telepresence) benefiting from the fast speed, ultra-low latency, resiliency and agility provided by cloud native infrastructure.

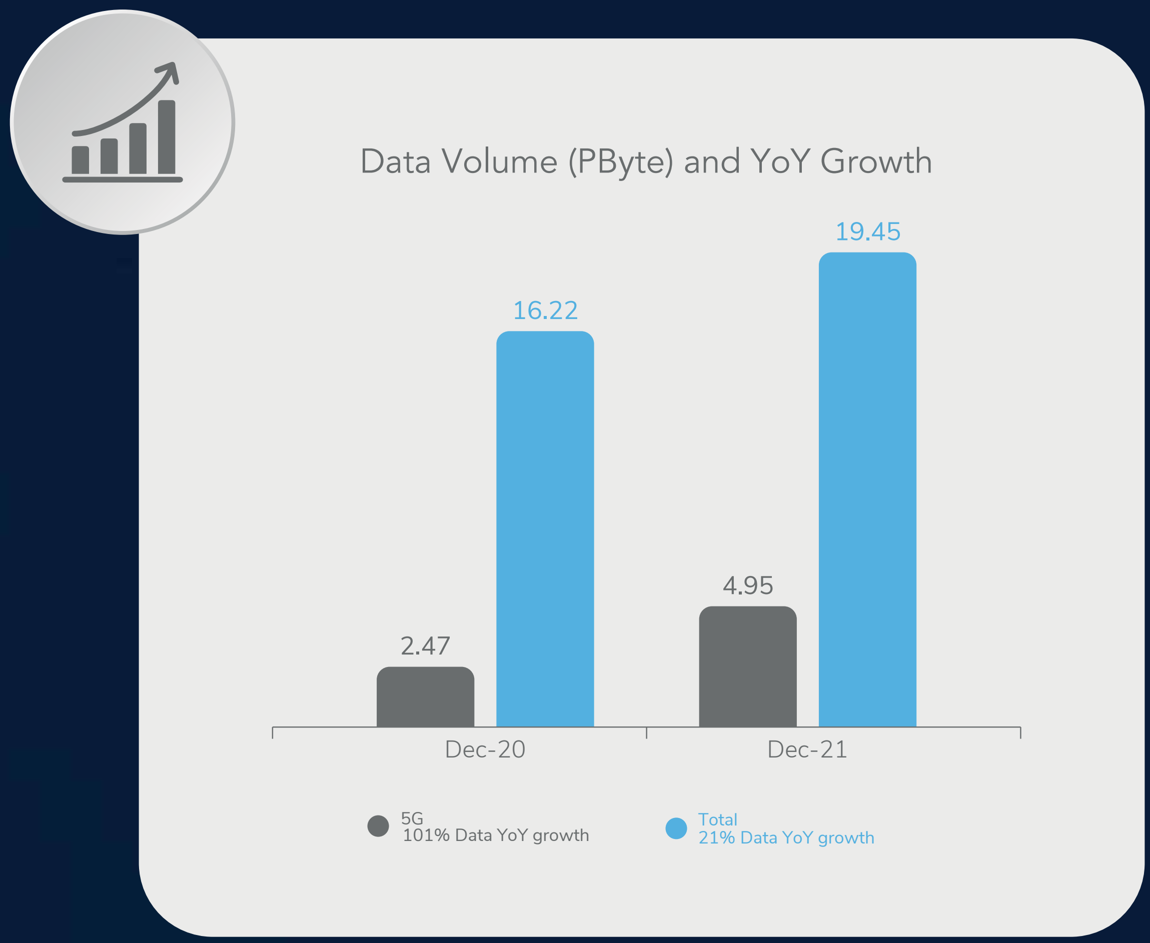
Zain believes that the future is bright and full of fabulous digital services that will change lifestyles dramatically. All Zain operations are working extremely hard to evolve to the state-of-the-art infrastructure that appears like a fertile opportunity for future technologies.

OPENRAN

Being an innovation-driven company, Zain carried out the first OpenRAN trial in the region. OpenRAN is cloud native technology that segregates software from hardware, allowing interoperability between vendors, allowing equipment from multiple vendors to work together. These open standards are set to replace vendor-proprietary interfaces with a fully disaggregated RAN.

OpenRAN brings forward stable and scalable architectures that enable operators to assemble best-of-breed networks, as well as the use of external artificial intelligence (AI) and machine learning capabilities. With open management, orchestration and automation interfaces, OpenRAN introduces greater flexibility in implementation and operations to further optimize CAPEX and OPEX.

OpenRAN standards would also make the technology available to software and application developers who could quickly create innovative features and services to respond quickly to end-user needs.



TECHNOLOGY

INTERNAL CARBON PRICING

In 2021, Zain evaluated its previous green power solution investments to understand the relationship between the CAPEX invested for such solutions and the amount of avoided CO2 emission. This led to the creation of an Internal Carbon Pricing (ICP) measure, which will be used to drive the selection and implementation of solutions that return the lowest CO2 emission. Zain altered its technical and commercial requirements to include an energy efficiency dimension that is rooted in the need for its suppliers and partners to constantly improve the level of efficiency of their solutions.

SCOPE 3 INVENTORY

Following a successful screening of its Scope 3 emissions in 2020 using the Quantis Suite tool, Zain elaborated a more comprehensive Scope 3 inventory process in 2021 based on the Greenhouse Gas (GHG) Protocol guidelines. It is worth mentioning that Scope 3 emissions are those that come from activities not owned or controlled by Zain but related to Zain. This new process provided Zain with a structured and transparent approach to addressing the energy used in the value chain of the company.

INFRASTRUCTURE AUDIT

Zain initiated a comprehensive program for its data center audit with Uptime Institute, with the aim to improve the power usage effectiveness (PUE) of those facilities. The key findings of the first audit that took place in our operation in Iraq will lead to an action plan that will help improve the energy efficiency of our data centers in this operation. Similar audits will be conducted across Zain operations.

DIGITAL BSS TRANSFORMATION

As a leading digital lifestyle provider in the region, Zain invested in its business support system (BSS), moving from traditional BSS to digital BSS in most of its operations as part of a digital transformation program.

Digital BSS is a Cloud Native architecture, based on microservices latest technology, capable of exposing standard API.

- Channel management to optimize customer interaction and engagement across all touchpoints, providing a unified customer experience
- Enable more AI/machine learning-based targeted campaigns
- Provide unified product management to streamline operations by centralizing products and offering information, and enables superior digital experiences for B2C, B2B and B2B2X businesses
- Revenue management - enables multidimensional convergence across all combinations of network technologies, services, and lines of business. It helps drive new revenues, delivering digital services, and transforming pricing, consumption and customer experience

ZAIN IOT CONNECTIVITY MANAGEMENT PLATFORM

Zain is targeting becoming the preferred IoT connectivity services provider in the Middle East. The company envisions enabling the availability of a consolidated services portfolio across the region for local and international enterprises. The development will also enable Zain to extend its service reach by partnering with leading carriers in other regions and providing a wealth of functionality addressed to provide new value to customers and drive innovative business models.

Zain has established an IoT Connectivity Management Platform (CMP) that is a next generation cloud-based BSS system focused specifically on IoT business enablement, supporting several IoT use cases with state-of-the-art technology, features and services with a rich automation engine, APIs and microservices.

The development of the CMP follows the principles of services-oriented architecture (SOA), where several sub-systems that have been designed for a specific task are connected via different communication mechanisms.

Zain's CMP focuses on supporting several stakeholders in the delivery of IoT connectivity services in areas that include product management, sales, billing and accounting, business analysis, service delivery, business operations and fulfillment, and customer care supported by several self-service portals.

24,362 Sites

19.5 Peta Byte Daily Data Volume

10,250 Ton saving

60% Internet Traffic Saving by CDNs

40,000km Fiber Rollout & **4,450** Fiber Nodes (Fiber to Site & FTTH) **25%** growth vs 2020)

7,443 5G Sites (Kuwait, KSA & Bahrain) **25%** of Total Data traffic is 5G

Delivering a full suite of digital and ICT services to enterprises and governments across the MENA region

Launching of ZainTech

Unveiled in October 2021, ZainTech is a regional digital & ICT entity unifying Zain Group's ICT assets to offer a unique value proposition of comprehensive digital solutions and services under one roof.

ZainTech incorporated NXN and Zain Data Park under a single umbrella. NXN is the award-winning end-to-end smart city digital services provider acquired by Zain Group in 2016, driving the development of ZainTech's digital products and big data offerings. Zain Data Park was formed in 2020 to provide government and enterprise customers with the best IT support services focused on cloud hosting and managed services across the ICT stack.

ZainTech is positioned to drive transformation of enterprise and government customers in the MENA region by providing a center of excellence and managed solutions, including cloud, cybersecurity, big data, Internet of Things (IoT), AI, smart cities, drones & robotics, and emerging technologies.

ZainTech will leverage Zain's global reach, unique regional footprint, and infrastructure across its operations in Kuwait, Saudi Arabia, Bahrain, Jordan, Iraq, and the United Arab Emirates, as well as in other key markets in the Middle East. ZainTech's blueprint balances centralization of business lines and excellence centers with local engagement and in-market support, working closely with the B2B teams across the Zain operations.

ZainTech forms a key pillar in Zain Group's 4Sight corporate strategy, based on evolving Zain's core telecom business to maximize value and building on the company's many strengths to create and invest in growth verticals beyond standard mobile services. This ultimately supports Zain's vision of becoming a leading ICT and digital lifestyle provider.

Market Trends

The COVID-19 pandemic has accelerated the shift of companies to digital operations for better productivity, transparency, and real-time data availability. The digital solutions and IT market is growing at double digit rates presenting a healthy opportunity for ZainTech.

Across the GCC, IoT and big data/AI applications are expected to grow at a 18% CAGR between 2018 to 2023, while the security and cloud operations are expected to grow at 24% over the same period. (Source: IDC digital solutions and IT spending, Strategy& analysis)

We have witnessed a growth in the adoption of hybrid cloud solutions in the Middle East as enterprises commit to multi-cloud public platforms and coordinated private infrastructure.

Saudi Arabia has experienced growth in cybersecurity services to enhance national resilience and protect infrastructure from cyberattacks.

There has also been strong demand for smart city solutions in the region, especially in Saudi Arabia and the UAE. ZainTech is well positioned to take advantage of this expansion of smart city activity regionally.

2021 in Review

Smart Digital Services & Consulting

In August 2021, and for the second year in a row, NXN (now ZainTech) was recognized in five different categories of Gartner's global Hype Cycle for Smart City Technologies and Solutions, 2021. These were: City Operations Center, Smart City as a Service, Data Exchange, Greenfield Smart City Framework, and Smart City Framework.

In Saudi Arabia, ZainTech worked with Al Madinah Al Munawarah Development Authority (MDA) to develop the strategy for their IT department in alignment with MDA's vision and mission. The outcome of the project were:

- A well-defined IT Guiding Principles, including: vision, mission, goals, and objectives.
- A current state assessment that highlighted the top strengths and key challenges within the IT department.
- Benchmarking against IT departments across three international similar entities to MDA.
- Future state of the IT department, and the desired role and impacts on MDA and the city.
- Finally a well aligned transformation roadmap of initiatives with clear priorities spread over the next 5 years.

In the UAE, ZainTech worked with a leading new e-commerce zone to develop their Smart District Masterplan, to enable it to become the region's leading smart e-commerce free zone. The roadmap of smart initiatives and digital services and capabilities will pave the way for this new eCommerce zone to offer turnkey, a-la-carte e-commerce solutions to various types and sizes of companies wishing to offer online sales across the MEASA (Middle East, Africa, and

South-Asia) region. The same roadmap will provide digital solutions and platforms needed to manage the free zone in a smart, efficient and customer-friendly manner, attracting and retaining top companies and employees and building an ecosystem to help grow the e-commerce sector in the country and the region. Innovation, customer-experience, efficiency, sustainability, and competitiveness are just a few of the e-commerce zone top priorities that gave rise to the development of their three-year smart roadmap.

Data volume in the telecom sector is growing at an incredible rate and organizations need to find solutions to various data challenges that may arise. By 2030, it is forecasted that data collection and analysis will become the basis of all future service offerings and business models. Zain Group understands the strategic and critical need for consistent governance and management of its data assets, hence the Group and operations in Jordan, Iraq and Saudi Arabia initiated a robust data management and governance initiative.

ZainTech devised a comprehensive plan to support the Group and OPCOs' transformation program, and transition into a full-scale digital service player to differentiate operationally via innovation, personalization and service excellence. ZainTech put in place a comprehensive data strategy for the data management and governance practices.

As the digital arm of Zain Group, ZainTech embarked on a journey with Zain Bahrain to modernize the operator's data warehouse operation. The solution is based on Cloudera's big data platform to implement enterprise data warehouse systems conforming with the TM Forum's SID information model. This is the first enterprise level data warehouse implementation using a big data platform within the telecom industry. The idea is based on the concept of a single big data lake that can fulfil the requirements of all business functions and users, which was a key driver of the engagement.

The project includes predictive analytics capabilities for the telco.

Phase 1 of the project was completed in 2021. In the next three phases, which will be finalized by the end of 2022, the aim is to further enrich the solution through improving the efficiency and completeness of data availability to business users for better data-driven decision-making.

The solution is also capable of sharing data using APIs that are provided by third-party applications to ensure its openness and acceptance of data coming from multiple data sources.

Cloud & Cybersecurity

Leveraging Zain's regional data center network, which includes The Bunker in Jordan – the only military nuclear grade data center in the Middle East, ZainTech's hosted managed services portfolio includes a wide range of cloud services, from virtual machines to virtual private data center services. These assets can be implemented in a variety of scenarios on the customer premise, at a Zain data center, or on a hybrid basis.

In 2021, we grew the C&C team by almost 80%, primarily in the technical departments that helped in ramping operations in Jordan, Iraq, and Saudi Arabia. We also onboarded over 40 customers across several sectors.

In 2022, ZainTech will continue to enhance its cloud & cybersecurity portfolios, and digital offerings. We will rely on attracting high caliber talent and leveraging M&A and alliances to rapidly build capabilities and local market presence.

Partnerships

In 2021, ZainTech partnered with Obrela Security Industries, a global managed detection and response cybersecurity solutions provider, to launch services across the MENA region. Through the partnership ZainTech is set to deliver best-in-class cybersecurity solutions to Zain Group's operations as well as enterprise and government customers. Obrela offers real-time, proactive threat monitoring, detection, and response tools, powered by the latest advancements in artificial intelligence and machine learning.

Certifications & Verifications

In 2021 we acquired several certifications and verifications that validate our service offerings and attest our business processes.

We were awarded an ISO/IEC 27001 certification, which is an information security management standard. ISO 27001 structures how businesses should manage risk associated with information security threats, including policies, procedures and staff training. ISO 27001 includes a risk assessment process, organizational structure, information classification, access control mechanisms, physical and technical safeguards, information security policies, procedures, monitoring and reporting guidelines.

ZainTech received a verified badge from VMware Cloud, signaling to our customers and prospects that our foundational cloud technologies and services are based on VMware Cloud infrastructure, including VMware vSphere, VMware vSAN, and VMware NSX.

This verification confirms the following with regards our operation of VMware Cloud:

- Integration and interoperability
- Flexibility
- Cost optimization

We achieved a Star 1 level from the Cloud Security Alliance, which encompasses the key principles of transparency, rigorous auditing, and harmonization of standards outlined in the Cloud Controls Matrix (CCM). For this level security assessment, organizations use the Cloud Controls Matrix to evaluate and document their security controls.

ZainTech is also designated as a Trusted Cloud Provider by the Cloud Security Alliance, which allows organizations to demonstrate their commitment to holistic security and serves as a reference point for customers looking to identify cloud providers that are aligned with their security requirements.

B2B - Group

2021 was another successful year for Zain government and enterprise segments, with growth across all operating companies, portfolio lines of business, and B2B market segments.

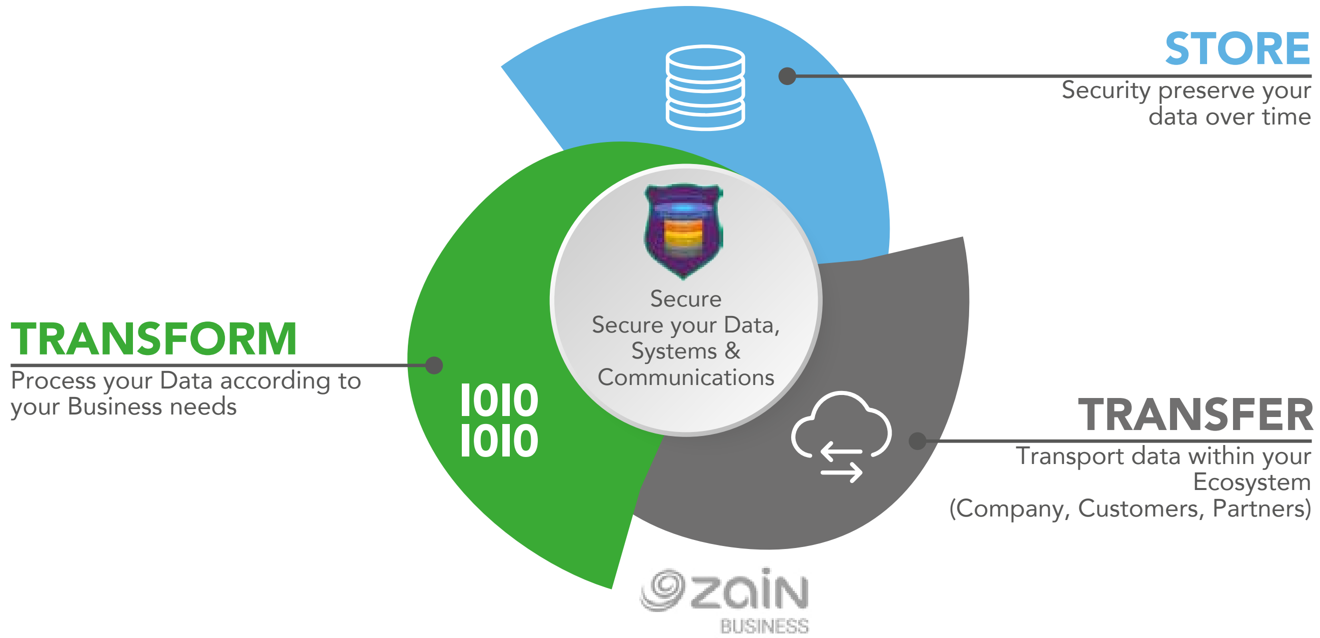
Zain's mobile core business witnessed a growth consolidation, despite being affected by a reduction in roaming revenues due to COVID-19 travel restrictions. The main growth drivers in mobility have been Zain Saudi Arabia's fast paced new customer acquisition, and the implementation of the SME strategy across Zain operations. Zain mobile products are at the cutting edge of technology innovation, enabling the latest 5G and 4G technologies to deliver the best value for customers. Excellent products, extensive sales reach, and attentive after-sales care have contributed to Zain's growth.

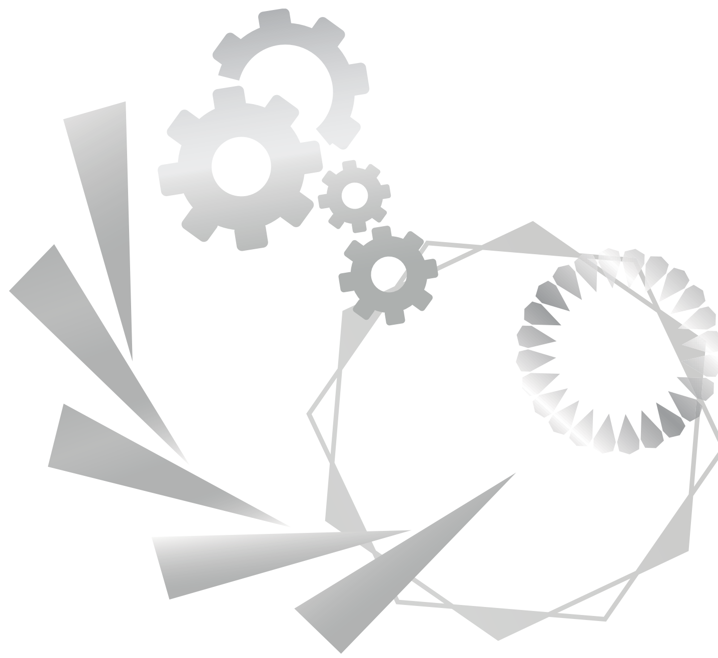
Our fixed line business is the fastest growing revenue stream, with our operations having taken an access agnostic approach, and are reaching customers through multiple access technologies, including fiber, microwave, 4G, 5G, and GPON. The multi-access technology concept adds flexibility, support to customer evolving needs, and re-affirms our SLA commitments, which meet the requirements of our most demanding customers. Zain is the go-to carrier for advanced, high-bandwidth, stringent SLA connectivity services such as direct internet connectivity, Layer 2 and Layer 3 VPN, and international lease lines.
Zain B2B business units, with the support of ZainTech, Zain's digital arm, are transitioning the company from being a core telecom service provider to an ICT player, as our portfolio expands to incorporate cloud, cyber security, digital products, digital solutions and data analytics. Zain B2B is implementing the vision of becoming an integrated data management provider – managing the data life-cycle for our customers. Combining Zain's connectivity and IT capabilities, the company offers an integrated data management value proposition, as we transport data across customer locations. Through our connectivity core, we provide customers with the resources to transform data in our Zain cloud, and we move data over time with our cloud storage offers, while securing our customers' data through our comprehensive cyber portfolio.

After-sales customer care is one of Zain B2B's top priorities and we have implemented a multi-channel contact strategy, enabling customers to contact Zain through their account manager, and 24x7 contact centers by phone or email. The digital customer experience, through portal and app self-service, has been the fastest growing contact channel for B2B customers, and remains an area of ongoing investment and improvement as Zain makes available more online services annually.

Zain Business, the B2B brand used across our Zain footprint, was created as an ICT brand to support Zain positioning as an ICT player. In 2021, Zain Business ran a campaign across opcos under the moto "Future-proof your business".

Zain B2B will keep on delivering on the growth story as we expect the SME opportunity, the fixed market, and the move into IT and digital services to keep fueling revenue growth for years to come.





B2B – Saudi Arabia

Zain Saudi Arabia's B2B operation has experienced great top-line performance, with high growth across all portfolios and segments. The B2B management has explored the many growth opportunities in the market, excelling on the implementation of mobile, fixed and ICT strategies, which enhanced the portfolio, the market reach, and customer care.

B2B initiatives implemented in 2021

Lease lines	Expanded fixed-mobile convergence portfolio, by offering SLA-based fixed services, such as VPN and internet over 5G. 5G lease line launch is part of Zain's journey to provide high-performance multi-access service to customers
Launch of DWDM services	Enhanced the fixed portfolio with very high broadband services, to cater for the needs of the most demanding government entities and corporates
Drone as a Service	Drone as a Service provides customers with the ability to execute asset inspections, surveillance missions, reality modeling, and aerial filming in a faster and more economically and efficient manner. The service is tailored to the needs of oil and gas, construction, utilities, agriculture and security industries.
PTT service launch	Mobile-based Push-to-Talk enables two-way communication with enhanced features such as video, data and location live sharing. It is a service tailored to "blue lights" forces, to improve their surveillance and security operations by making available a richer set of data to field operators
DDoS launch	Distributed denial of Service is a security feature available to Zain Saudi Arabia customers. Through Zain's advanced network and massive Internet connectivity, the telco manages the impacts of potential cyber attacks
Zain Cloud	Launched IaaS cloud offering, which is available through an online marketplace, enabling customers to self-service advanced IaaS and SaaS solutions
Fleet management	Launched fleet management services, enabling companies to optimize their fleets by monitoring and managing location, routes, cargo, and other parameters in real-time
Customer Satisfaction 91%	Zain Saudi Arabia achieved 91% customer satisfaction in a survey executed by an external entity – a recognition of service excellence, by our customers
Increased the net promoter score 25%	Zain Saudi Arabia increased its Net Promotor Score (NPS) by 25% in 2021 – a big step forward in our commitment to excelling in customer management and service
	Zain Cloud certifications acquired in 2021: • ISO 9001 – a high standard quality certification, ensuring our customers that Zain consistently meets their needs as well as regulatory parameters • ISO 27001 – International standard for information security, which attests that Zain implements best practices in managing people, processes and technology • ISO 27017 – security standard for cloud providers, confirming Zain's high security standards in cloud-based products • ISO 27018 – security standard to ensure security and privacy on the cloud • Star level 2 – Security, Trust, Assurance and Risk (STAR), level 2 is the highest level of security certification for cloud providers

B2B – Kuwait

Zain Kuwait is the leading B2B provider in Kuwait, and maintained revenue growth momentum in 2021, despite the impact of the pandemic on enterprise customers and the overall economy. The SME strategy stabilized mobile revenues, the sales push on fixed led to sales growth, and the IT portfolio launch was responsible for an impressive growth in this nascent revenue stream.

	SD-WAN launch	Zain Kuwait launched a Software Defined Wide Area Network, a service that enables customers to build their data networks in a hardware light manner, with built-in management flexibility
	VSaaS launch	Zain Kuwait launched Video Surveillance as a Service, a cloud-based service that supports video analytics use cases, such as facial recognition, perimeter security, behavioral analysis, object detection, license plate recognition, etc. The VSaaS solution is the ideal smart security product for multi-site sophisticated enterprise and government customers
	New Sabahiya data center	Certified tier 3 datacenter to host both Zain Cloud and customers-owned IT stacks (co-location), providing Zain customers with a state-of-the-art hosting data facility

B2B – Jordan

Zain Jordan is the mobile B2B leader in the market, with a very high share of government and corporate customers. The management team is delivering growth by tapping into the SME segment, strengthening the fixed play, and successfully diversifying into the IT business. SMEs, being the backbone of the economy in Jordan, is a strategic sector, which Zain believes will help fuel growth in mobile and fixed portfolios. The organic growth dynamic managed to compensate both the regulatory interconnect rate drop and the pandemic led lack of roaming recovery.

MANAGED CLOUD INFRASTRUCTURE AS A SERVICE PLATFORM AS A SERVICE SOFTWARE AS A SERVICE NETWORKING & SECURITY	Monitoring & Response	Launched a comprehensive cyber security portfolio in partnership with ZainTech – Zain Group's digital arm. Jordan hosted the cyber fusion center for Zain Group, which is the central nerve that connects all security operation centers, across Zain's footprint. The cyber portfolio is being cross sold to Zain corporate and governmental customers
CONSULTANCY ADVISORY & ENDPOINT NETWORK APPLICATION	Cloud Advisory	Zain Jordan enhanced its cloud portfolio with ZainTech providing a full suite of cloud services. Combined with the Bunker, a data center built on a nuclear grade facility, Zain Jordan has the most comprehensive cloud and data center-based services offering in the Kingdom. Cloud offers are gaining traction in key sectors, with banking and financial institutions, signing up for large scale data center and cloud deployments.
unicef	B12 with UNICEF	Introduced an e-learning platform, used by over 10,000 refugee students in Jordan
	G-PON lease lines	Zain Jordan is using its extensive fiber network to provider internet and VPN lease lines to corporate customers. The launch of G-PON leased lines is part of Zain's bid to provide high performance multi-access service to customers, and, with committed SLA, is a first in the Middle Eastern region

B2B – Iraq

The economy in Iraq was affected by a 19% forex devaluation, which is responsible for the flat year-on-year (YoY) USD based revenues. In local currency terms, B2B revenues grew through the acquisition of new mobile customers. The fixed operation, under Horizon ISP, continued delivering an excellent YoY performance, through sales team expansion, which led to growth of the customer base.

Zain Iraq launched fixed-mobile substitution services over 4G, enabling fast and reliable internet and data connectivity to enterprise customers. 4G based fixed-line products are part of Zain's journey to provide high performance multi-access services to customers
With Iraq's investment in electricity smart meters, Zain has been recognized as the operator of choice to connect smart meter projects
Zain Iraq expanded its fleet management solution portfolio. These solutions have been a key success factor in new customer acquisition in the IoT segment

B2B – Bahrain

Zain Bahrain experienced revenue growth fueled mainly by the fixed business, where customer acquisition is driving growth. The mobile business is still affected by reduced roaming revenues due to the impact of the pandemic, but is being positively impacted by the implementation of the SME strategy.

EWA	EWA smart meter connectivity	Zain Bahrain is the leader in smart meter connectivity in Bahrain, and is continuously expanding both the number of connected meters and the market share in IoT
FORTINET	Launch of security portfolio	In partnership with Fortinet, Zain launched a comprehensive cyber security portfolio – Unified Threat Management, to protect customers' networks and data assets. The portfolio includes anti-virus, anti-malware, firewall, intrusion prevention, VPN, web filtering, and data loss prevention
5G	Lease lines	Expanded the fixed-mobile convergence portfolio, by offering SLA-based fixed services, such as VPN and Internet over 5G. The 5G lease line launch is part of Zain's journey to provide high performance multi-access service to customers

B2B – Sudan

Zain Sudan successfully navigated the forex devaluation in the country and posted an overall slight revenue decrease in USD terms. In local currency, revenues witnessed an excellent performance fueled by price hikes and customer base expansion. Regulatory constraints have prevented Zain Sudan from tapping into most of the growth opportunities, such as fixed and to some extent, IT.

Drones & Robotics

Key Milestones

Since its establishment in Kuwait in 2018, Zain Drone expanded to Saudi Arabia in 2019 and in 2020 it joined forces with NXN to cater to the Drone-as-a-Service (DaaS) market in the UAE. In 2021, Zain Drone extended its services into robotics, partnering with industry leaders to offer services in the UAE.

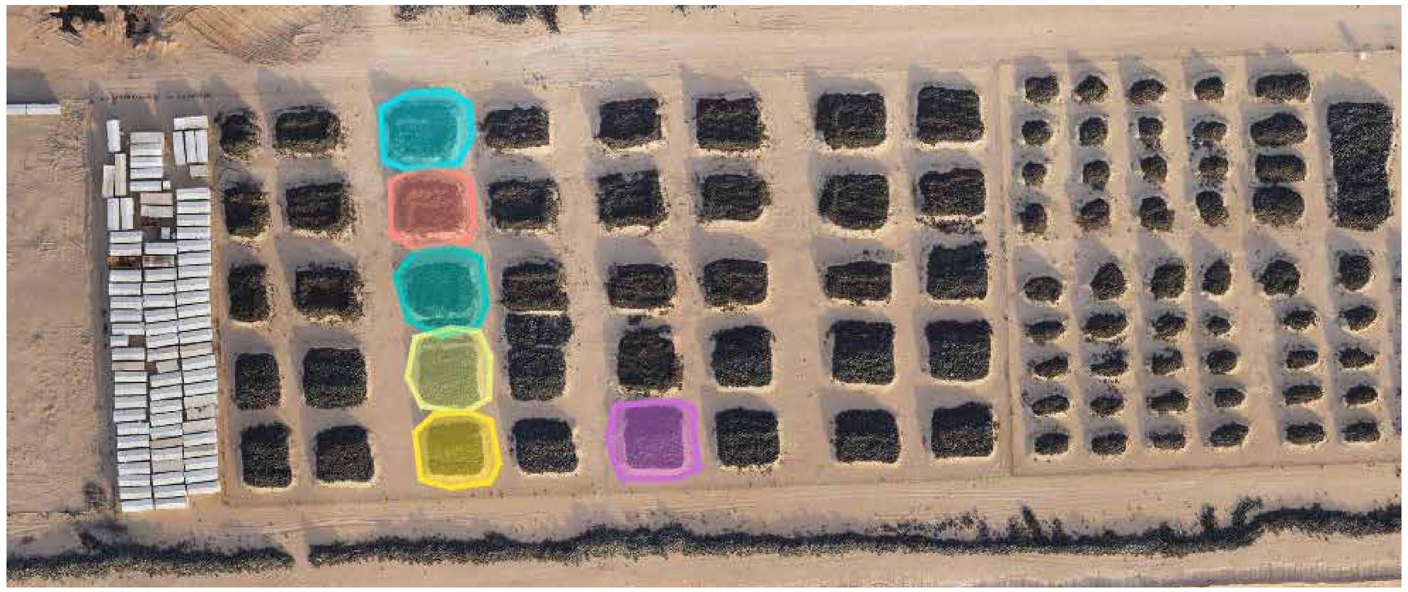
Zain Drone is exploring expansion opportunities across ZainTech's footprint, including in Sudan, Iraq and Jordan, offering services that address use cases in agriculture, inspection, and surveillance.

Major 2021 Projects

In 2021, Zain Drone helped several organizations graduate to data-driven decisions.

Surveying and Mapping

Zain Drone was awarded a service contract by Kuwait Company for Process Plant Construction & Contracting (KCPC) in which drone services were used by the Scientific Center of Kuwait (TSCK) to provide progress monitoring reports on the construction of the scientific center's extension.



Zain Drone was subsequently awarded a project to monitor six industrial areas over the course of one year for Kuwait's Public Authority of Industries (PAI). By surveying and mapping the areas and detecting changes in topography, Zain Drone enabled PAI to verify and detect violators. The project has been successfully completed, leveraging the higher resolution data captured by drones and replacing satellite imagery used previously.

Zain Drone executed several projects with multiple companies in Kuwait, including National Industries Company, providing volumetric measurements for asset management. The sector has benefited immensely by shifting to drone services, which provide a competitive advantage to conventional methods.

Agility, a well-regarded Kuwait-headquartered entity, utilized advanced drone technologies provided by Zain Drone for its warehouses. These included:

- Internal inspections of roofs, racks and pallet placement walls
- External inspections of roofs utilizing thermal technology to allow for the verification of potential leaks and insulation issues
- Digital twin generation of warehouses, whereby a cloud-based software solution was used to support inspection teams in centralizing information and generating digital reporting systems

Precision Agriculture

Zain Drone extended its service offerings to the Public Authorities for Sports, providing it with an application related to precision agriculture for Kuwait stadiums where multi-spectral cameras were used to monitor the plant health and stress levels. A second application used mapping technologies to create an elevation profile for enhancing the irrigation system of the football fields.

Oil and Gas

Zain Drone delivered on a project with the Kuwait National Petroleum Company's (KNPC) new Clean Fuel Project (CFP) refinery. In a first-of-its-kind project in Kuwait, KNPC constructed a refinery to produce clean fuel compatible with Euro- 4 and Euro- 5 standards to reduce emissions and pollution. Zain Drone was contracted to create a digital twin for all the CFP assets in Al-Ahmadi and Mina Abdullah refineries. The entire project was filmed aerially by Zain Drone, and will be showcased by KNPC in CFP's opening ceremony that will be attended by His Highness Shaikh Nawaf Al-Ahmad Al-Jaber Al-Sabah.

Zain Drone also conducted a flare stack inspection for the Ahmadi refinery generating a digital twin of the asset and providing annotated pictures and videos of potential findings that needed to be attended to by the KNPC inspection and maintenance teams in order to assist in their maintenance efforts.

Certifications and Agreements

In 2019, Zain Drone was the first drone service provider in the region to obtain the ISO 9001:2015 certification for its drone operations (an international standard that specifies the requirements for a quality management system QMS). Zain Drone has successfully demonstrated its adherence to the standard's requirements and had its certificate renewed in 2021 for the third year in a row without any non-conformities.

In 2021, Zain Drone continued to form alliances with multiple industry leaders. The company entered into a partnership agreement with Esri, an international supplier of GIS mapping software and geodatabase management applications.

The solid in-house expertise possessed by Zain Drone, the engagement of international experts, and the sound relationships the company possesses with regional governmental entities, as well as its access to the latest technology and communication infrastructure, provides it with exceptional leverage in offering advanced technologies.

Diversity & Inclusion:
Uplifting our People

Zain is one of the first telecom providers in the region to have established a Diversity and Inclusion (D&I) office, an indicator of how seriously the company takes the subject of uplifting its entire workforce and benefiting society.

Operating on the belief that its people are the company's greatest single differentiator, the company takes pride in its ongoing efforts to support and uplift employees. The remit of D&I is to nurture a diverse and inclusive culture, and through a series of carefully crafted programs and initiatives, we are beginning to see the fruits of our labor.

The diversity and inclusion pillars consist of five strategic programs:

- **WE,** our gender diversity initiative;
- **WE ABLE,** our disability inclusive program;
- **ZTwentyTwo,** our youth development program;
- **ZAINIAC,** our internal innovation drive
- **BE WELL,** our mental wellness program

Mandate VS Movement:

To integrate D&I into the company culture, Zain seeks to transition from an initial stage defined by compliance, where the workforce is considered largely homogeneous, to becoming programmatic, with diversity being seen in terms of demographics and targets. We then seek to further transform to a culture that is leader-driven, as diversity is set as a personal priority for CEOs and executives, finally transitioning to a stage where D&I is completely integrated into all aspects of the organization.

The Diversity & Inclusion Baseline:

Initially, the D&I department was established at a time when Zain counted over 7,200 employees across the Group. Of those, 717 were youth (under 25 years of age), and 43 were people with disabilities (PWDs). As for leadership, 14.5% of the leadership pool consisted of women.

The Targets:

With initiatives ranging from gender, disability, youth, innovation, well-being, and mentoring, targets have been set to achieve a more balanced workforce.

D&I has set the below targets:

- Award winning innovation platform
- Measures for Wellbeing introduced
- Data driven decisions implemented
- WE leadership targets met
- 90% accessibility across all touchpoints
- Youth Leadership Program Targets met
- 80% actively using Headspace
- Biases and stigmas on mental wellbeing carefully lifted through our surveys
- 25% long term mentoring partnerships
- 50% of our employees have undergone mentoring
- Annual D&I award ceremony

BE WELL:
A groundbreaking regional first

To cultivate a holistic approach to D&I and given the pandemic, stress and burnout has seriously impacted many employees' well-being, in May, 2021, Zain introduced a groundbreaking, first in the region mental wellness strategy named BE WELL.

BE WELL offers Zainers three different approaches towards fostering a mindful and productive working environment:

1

HEADSPACE for Zainers. The only app committed to advancing mindfulness meditation through clinically validated research. Headspace for Work is the company's science-based employee mental health solution, working with over 2,000 companies across the globe to help build healthier, more productive cultures and higher performing organizations. With this free access to Headspace, BE WELL aspires to nurture a sense of focus, wellbeing and calmness among Zainers to enable a more productive and healthier work environment.

2

Free counseling and therapy sessions are offered by Kuwait Counseling Center to all Zainers groupwide. The Center provides Zain employees confidential and comprehensive assessments and therapy sessions that can help and support them through these tough times.

3

Mental Wellness Awareness:
BE WELL hosted a series of workshops in collaboration with Ayadi, the GCC's first teletherapy platform. The workshops were open to all Zainers and were especially beneficial for managers to support them in identifying signs of depression, anxiety, and/or stress in their team members. The workshop topics focused on depression, anxiety, stress and burnout, and were hosted by trained psychotherapists and counselors.

ZTWENTYTWO

Youth Targets:
Dedicated towards youth development, programs such as reverse mentoring, graduate development, and leadership tracks are a prime focus for Zain. The company invests heavily in youth and focuses on upskilling them to take on bigger roles as they grow in their careers. Targets such as creating 150 Reverse Mentoring relationships, increased youth promotions, and recruitment of high-caliber youth following a year-long development program are all aimed at Zain creating an ideal workplace for high potential youth.

Reverse Mentoring 2021 Launch:
Reverse Mentoring takes the approach of the younger and less experienced employee acting as a mentor for a more senior executive. This program evolves the conventional mentorship experience by transforming the roles of mentor and mentee to involve a conversation with more depth, learning, and growth for both parties. The 2021 edition of the program successfully launched with 211 mentors and mentees registered, all committed to inspiring change and creating an influence in the organization.

Role Models Program:
Role Models, an impact driven education provider focusing on life skills that promote social and emotional well-being and dynamic thinking, collaborated with Zain to enhance future job prospects of children of Zain staff; increase their academic attainment; and improve their mental health and well-being, especially in a time where COVID has restricted social interactions and affected children's lives dramatically.

Introducing CODE 7 by Generation Z:
The CODE 7 program opened its doors to fresh graduates majoring in any computer science-related field to join a year-long course focused on artificial intelligence, innovative sustainable projects, data science, and a deep dive into the fast-paced world of technology. The aim is to transform the Generation Z program into one that creates Zain's future data gurus. For the first time, the registration was made exclusive to specific educational backgrounds, fit to undergo an immensely technical journey, with a heavy influence of data.

CODE 7 Program:
Following a rigorous assessment period, the CODE 7 team members were selected. The team spent their year with Zain's brightest and most innovative minds, learning more about technology, science, and the path Zain intends to take under its 4Sight strategy. Four of the team registered in the University of Austin Texas Data Science and Machine Learning course, graduating as certified data scientists.

Technology Web Series:
Linking their learnings at Zain with their educational backgrounds, the Code 7 Team launched a monthly series on future trends and technology sharing interesting facts on the future of artificial intelligence, virtual reality, transportation, 3D printing, and upcoming trends. Made by the youth for the youth, the series aimed to influence its young audience and spark some interest into delving into STEM fields, allowing space for viewers to engage in conversations on innovative technology.

WE ABLE

Targets:
With the aim of making Zain disability inclusive across all its operations, Zain has partnered with renowned organizations such as the Valuable 500 and the International Labour Organization Global Business and Disability Network to further ensure the success of WE ABLE.

The strategy has four main targets:
- Increase the number of people with disabilities within the Zain workforce by 2025. Currently with 43 PWD, the aim is to increase that to 100 by 2025
- Ensure all training programs are Disability Inclusive by 2025
- Guarantee that accessibility across all Zain touchpoints are 100% Disability Inclusive by 2025
- Identify innovative and assistive technologies enabling more people with disabilities to join the company and succeed

Reasonable Accommodations Statement:
Continuing efforts to ensure inclusivity across all Zain operations, the company created a reasonable accommodations statement across its career websites with the aim to remove barriers for people with disabilities when coming into Zain. **"Zain is committed to the full inclusion of all qualified individuals. As part of this commitment, Zain will ensure that persons with disabilities are provided with reasonable accommodations."** Moreover, the D&I team created a guide for Zain's line managers and HR teams to follow.

Development of Zain's Internal Accessibility Guidelines:
To ensure internal accessibility is aligned with what is communicated externally, accessibility guidelines have been created to act as a framework for all of Zain's operations to follow to ensure it is applied across all touchpoints, including training and building accessibility. The accessibility guidelines consist of information on how to host accessible trainings, be they virtual or physical.

Disability Etiquette Training:
Raising awareness on the importance of disability inclusion in the workplace, the company launched a WE ABLE Disability Etiquette program for over 70-line managers group-wide. The program consisted of seven workshops on topics such as 'Inclusive Policy Training', 'Accessibility for Buildings' and 'Recruitment Training'. The goal was to foster acceptance of disability in the workplace and ensure that Zain is not only diverse in terms of demographics, but also inclusive in its culture.

WE ABLE – Four-Month Virtual Program:
In line with WE ABLE's goal of working towards providing an inclusive environment, a four-month long virtual program was launched for all employees to educate them on disability awareness. The virtual session provided room for people with disabilities to reflect upon their own experiences on topics that are prevalent in their day-to-day lives.
Topics included:
- Disability etiquette and word association
- Designing for disability
- PWD and workplace
- PWD rights
- Technology and disability
- Recruitment of PWD
- Disability and COVID-19

GROW development program:
In an effort to move closer to achieving Zain's goal of fostering a disability inclusive environment, and to support WE ABLE's targets, the D&I team launched a one of its kind development program under the name of GROW,
a three-month development program for PWDs, guiding 28 fresh graduates on the ideal path towards succeeding and thriving in their careers. The graduates were selected from Zain's markets to undergo thirty hours of virtual sessions hosted by experienced Zainers, which resulted in them acquiring valuable skillsets and knowledge related to mastering job interviews, business technology, teamwork and team building, google tools, and career planning.

The GROW program concluded with numerous assessments and a Zain committee review to measure candidates' progress and their overall performance. As a result, 10 talented participants were recruited into several Zain operations.

International Day of Sign Language:
On 23 September 2021, International Sign Language Day (IDSL) was celebrated and highlighted group-wide, pointing to its importance for people with hearing impairments. The theme for IDSL 2021 was "Sign Language is for Everyone", which revolved around and shed light on how people with hearing impairments across the world may work together to promote the acknowledgment of their right to use sign languages in all aspects of life.

IDPWD:
International Day of People with Disabilities is celebrated annually on 3 December to raise awareness of people with disabilities and focused on how not all disabilities are visible. The campaign emphasized the need for awareness on invisible disabilities such as chronic illnesses, and mental health disorders. To mark the event, virtual talks and workshops were held as well as Zain taking part in the #PurpleLightUp movement to show its support and to highlight the economic contribution of the 386 million employees with disabilities around the world by lighting up its headquarters in purple lights.

GAAD:
In celebration of the tenth Global Accessibility Awareness Day (GAAD), and in line with WE ABLE's ambitions in ensuring accessibility across all touchpoints, the D&I team organized virtual workshops across Zain operations to raise awareness on digital accessibility and inclusion.

GENDER DIVERSITY & INCLUSION:

Targets:
With the gender D&I initiative, WE, Zain has been relentlessly working on narrowing the gender divide in leadership roles at the company. At Zain, leadership roles are defined as directors and above. With the development of a year-long middle management succession program, Zain is looking forward to drawing closer to 25% of its leadership consisting of women.

International Women's Day:
International Women's Day (IWD) is an annual celebration of women all around the world. The theme for IWD changes every year, with the 2021 theme being #ChooseToChallenge. This theme shed light on the importance of calling out gender bias and inequality. As a form of celebration, Zain created a social media campaign to recognize real women who have taken on unconventional fields where they are a minority but have still successfully challenged the norms and made a name for themselves.

MBA Scholarship at ESADE Business School:
In October 2019, WE Champions Elham Abuelhassan (Zain Sudan) and Fay AlRasheed (Zain Kuwait) embarked on their Executive MBA journey at the prestigious ESADE Business School in Spain. Although the pandemic hit six months into the program, both Elham and Fay adapted quickly to online learning for several months. During this challenging time, they learned to persevere, be patient and resilient with all the changes that occurred in terms of their education. 18 months later, they were able to present their final business presentation in Barcelona to their professors, coaches, and classmates.

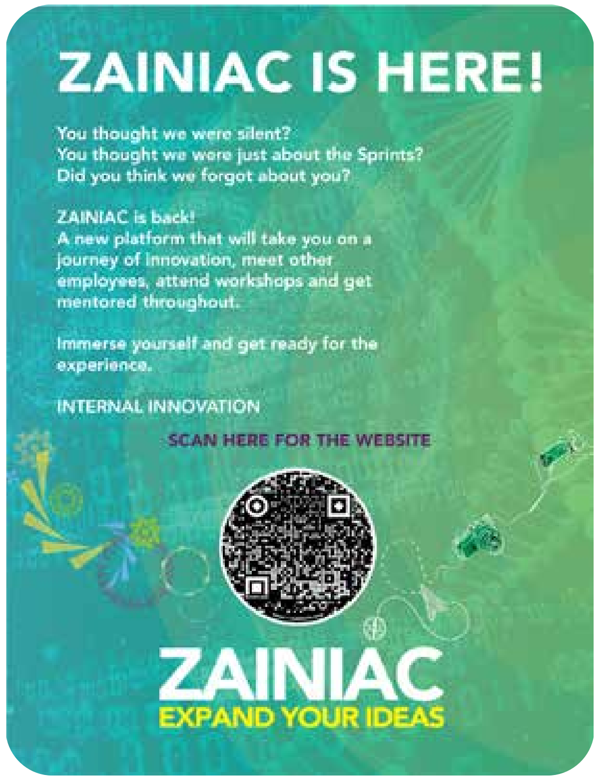
Zain's investment in employees is cultivating an environment of growth and development, witnessed by the graduation of Elham and Fay from the ESADE Business School.

Diversity & Inclusion:
Uplifting our People

Our Internal innovation agenda seeks out to promote innovation from within, and through our ZAINIAC platform and Intrepreneurship strategy, we are doing just that.

Through Zainiac, ultimate goals are:
- To certify 3,500 Zainers on a startup mindset and to date we have managed to certify 1518 Zainers
- To develop an award-winning innovation platform that gathers everyone under one space to create an impact on Zainers
- To partner with world leading entities and academics to bring a unique innovation mindset to our Zainers thus contributing to our 4Sight Strategy and supporting the digital transformation

In line with Zain's digital lifestyle strategy and the need to create simplicity and efficiency, Zainiac's innovation platform seeks to improve, evolve, enhance, and change the way employees think and act.



GENDER DIVERSITY & INCLUSION:

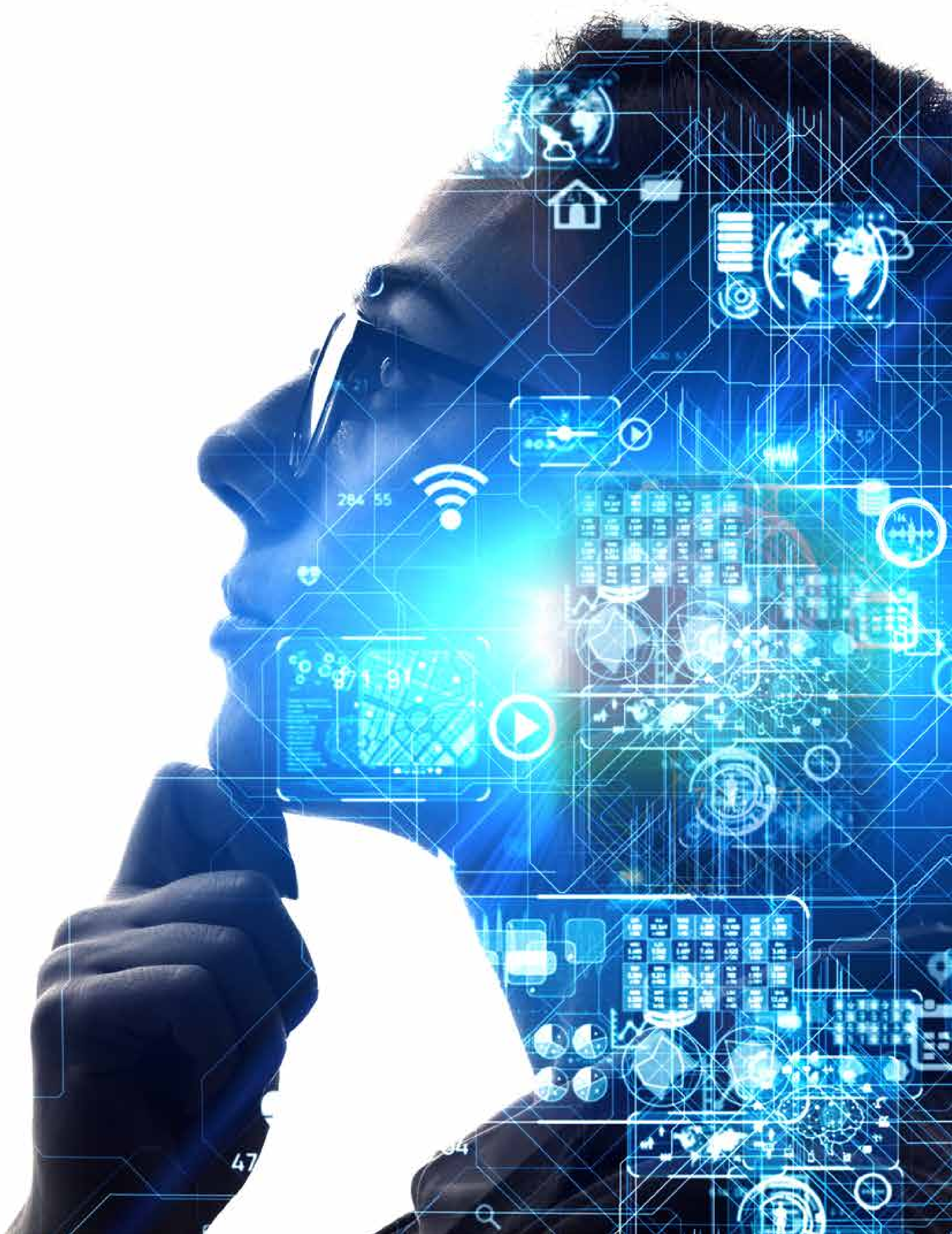
MENTORING

Inception:
With a focus on cultivating a culture of mentoring, Zain aims to transform leaders, employees, and teams through its inclusive and diverse programs. Zain's mentoring journey began with the need to identify mentors in the start-up arena to bolster knowledge and efforts in the intrapreneur ecosystem. With Zainiac, a group of elite mentors was created to support idea owners through the ideation stage until mentees were ready to present it to executives. This two-way partnership has enabled the sharing of stories, ideas, and foster collaboration and teamwork that results in successful outcomes for all involved.

Pushfar Launch:
In 2021, Zain collaborated with Pushfar to create a centralized program around mentoring that could be used throughout all markets of operation. Since the launch of the online mentoring platform, the adoption of a mentoring culture has accelerated with over 450 employees signed up.

Future Aspirations:
Zain's focus over the next 12 months is to increase the number of mentors to 1,750, which will result in a quarter of the organization utilizing the platform to achieve their goals, as well as maintain momentum and fruitfulness of sessions. The D&I team revamped pre-existing mentor and mentee guides to support employees taking up mentorship.

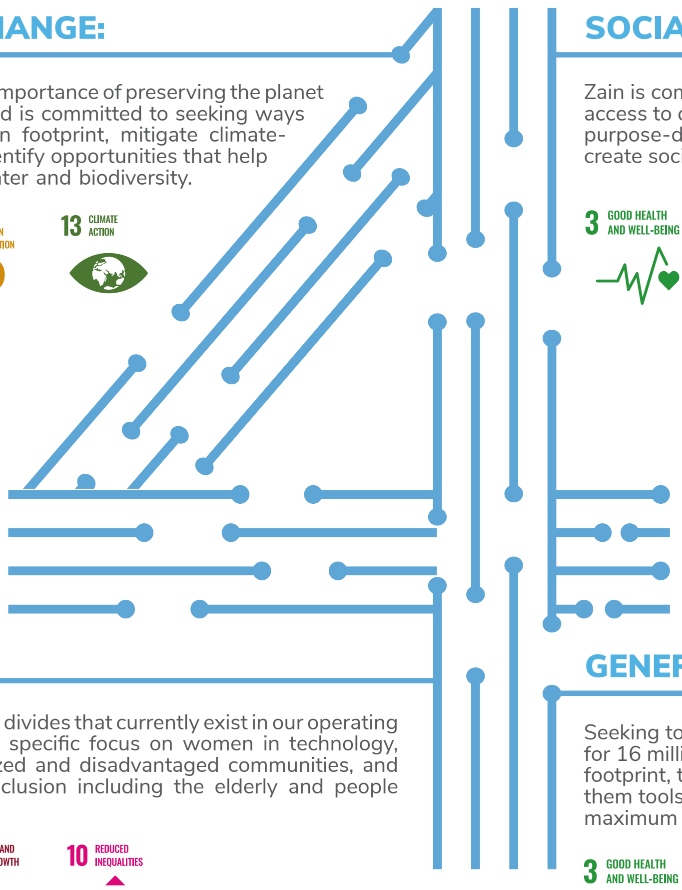
Commitment and National Mentoring Day:
To recognize National Mentoring Day on 27 October, as well as to showcase Zain's commitment to fostering a culture that embraces mentorship, CEOs of operations have given a full hour of their time to mentor a Zainer. Selected on a first-come-first-serve basis, mentees were matched with their CEOs for a one-on-one mentoring session.



CORPORATE SUSTAINABILITY

Throughout 2021, challenges arising from the pandemic continued to arise and impact the world. The situation highlighted ongoing socio-economic discrepancies, the digital divide, and supply chain disruption. Additionally, the impacts of climate change are evident now more than ever through the rise in temperatures, increase in droughts and extreme weather events.

Zain assumed a proactive role by focusing on recovery and adaptation while leveraging the opportunities at-hand to address the socio-economic and environmental challenges faced by the communities in which we operate. This approach allowed the company to achieve the targets it set in its corporate sustainability strategy 2020-2025, which aims to deliver systemic change. This five-year strategy, based on the UN's Sustainable Development Goals (SDGs), is anchored on providing meaningful connectivity centered on four focus areas:

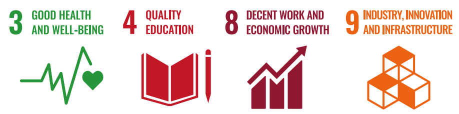


1 CLIMATE CHANGE:

Zain recognizes the importance of preserving the planet and its resources and is committed to seeking ways to reduce its carbon footprint, mitigate climate-related risks, and identify opportunities that help preserve energy, water and biodiversity.

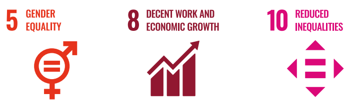
2 SOCIAL BUSINESS:

Zain is committed to providing inclusive access to connectivity while reinventing purpose-driven products and services that create social and financial value.



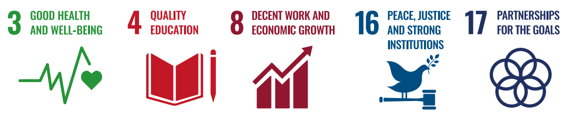
3 INCLUSION:

We aim to bridge the divides that currently exist in our operating communities with a specific focus on women in technology, upskilling marginalized and disadvantaged communities, and promoting digital inclusion including the elderly and people with disabilities.



4 GENERATION YOUTH:

Seeking to empower and build resilience for 16 million children and youth across Zain's footprint, to safeguard future generations by providing them tools that will enable them to reach their maximum potential.



All topics and material mentioned in this section can be found in greater detail in Zain's 2021 Sustainability Report.

link to report:
https://zain.com/SR2021

1. CLIMATE CHANGE

Zain continues to take a strong stance in addressing its environmental impacts across its operating markets. The company achieves this by assessing the risks and opportunities posed by climate change, setting clear targets and metrics for measuring and disclosing its emission reduction targets, and through waste and water management strategies and to spreading awareness.

This year, Zain continued to disclose its climate management to CDP, earning an A- score in 2021. This is marks significant progress for Zain given the company previously achieved a B score for its 2020 disclosure. Through its membership to CDP, Zain demonstrates its adherence to the Task Force on Climate-Related Financial Disclosures (TCFD), following the organization's recommendations under the Governance, Risks & Opportunities, Strategy, Targets and Emissions modules. Risks and opportunities for CDP are disclosed based on the TCFD scenario-based risk and opportunity guide. Further information regarding this area may be found in Zain's Sustainability Report or its official website.

Zain further developed its environmental management processes by expanding its Scope 3 inventory to accurately assess its GHG emissions. This allows Zain to disclose and report in a more concise manner and identify areas for CO 2 emissions reduction. This year, Zain further expanded its scope by including the following categories: Employee Commuting and Business Travel across all operations and Capital Goods, Leased Assets, Use of Sold Products, and Investments.

CATEGORY 1 - UNSTABLE POWER GRID		
SUDAN 15%	SOUTH SUDAN 25%	IRAQ 20%

CATEGORY 2 - STABLE POWER GRID			
BAHRAIN 5%	KUWAIT 7%	JORDAN 10%	SAUDI ARABIA 8%

CO_2 EMISSIONS REDUCTIONS (2020 – 2021)

	Units	Bahrain	Iraq	Jordan	KSA	Kuwait	Sudan	South Sudan	Total
Scope1 – Fuel	Liters (million)	0.79	56.8	0.8	59.3	7.1	27.6	1.9	153.7
Scope2 - Electricity	KWh (million)	63.8	154.7	113.1	546	75.7	61.6	5.9	1,020.7
Scope1 emissions	Kg CO2 (million)	2.1	152.1	1	158.8	19	73.9	5	412
Scope2 emissions	Kg CO2 (million)	43.9	110.9	47.5	336.1	46	19.2	4.6	608.1
Scope1 & 2 emissions	Kg CO2 (million)	46	263	48.5	494.9	65	93.2	9.6	1,020.1
CO2 emissions per base station [Scope1 & Scope2]	Kg ('000)	67.7	52.7	14.9	48.4	43.7	31	37.9	
Baseline-year 2020 Decrease/ increases in emission per base station [Year 2017 vs 2020]	%	-3.78%	-34.31%	-8.78%	7.07%	15.04%	24.64%	-46.07%	

Summary of Scope 1, 2 and 3

	CO_2-eq value (kg/year)
Scope1	412,014,339
Scope2	608,106,798
Scope3	655,243,891

*Details on Scope 3 disclosure are available at Zain's 2021 Sustainability Report and Zain's official website.

2. SOCIAL BUSINESS

Zain recognizes the transformative role its products and services play in socio-economic development. Providing inclusive access to connectivity empowers societies at large, particularly as it relates to marginalized and disadvantaged communities. Through its core and non-core services, Zain continued to roll-out services that provide social and financial value. Below are some examples of the services provided by Zain across its markets:

1. The company continued to provide access to free wi-fi connectivity to 10 refugee centers across Jordan. This year, Zain was able to attain 4,012 unique new users to this service, raising the total to 728,000.
2. 6 network sites underwent expansion in remote and rural areas in Iraq to provide access to connectivity for 14,798 people in rural communities in 2021.
3. Zain Jordan continued to provide Basma Line+, a mobile bundle package targeting 353 people from the deaf and mute community.
4. Zain Kuwait launched two postpaid packages dedicated to people with disabilities in collaboration with the Communication & Information Technology Regulatory Authority (CITRA) and the Public Authority of the Disabled in Kuwait.

Responsible Supply Chain:

Supply chains across the world were disrupted due to the impact of COVID19-. During 2021, Zain continued to leverage its existing supply chain management processes to ensure it managed its suppliers in a sustainable and responsible manner. In addition, the company continued to expand its pool of local suppliers to help boost economic growth and ensure business continuity.

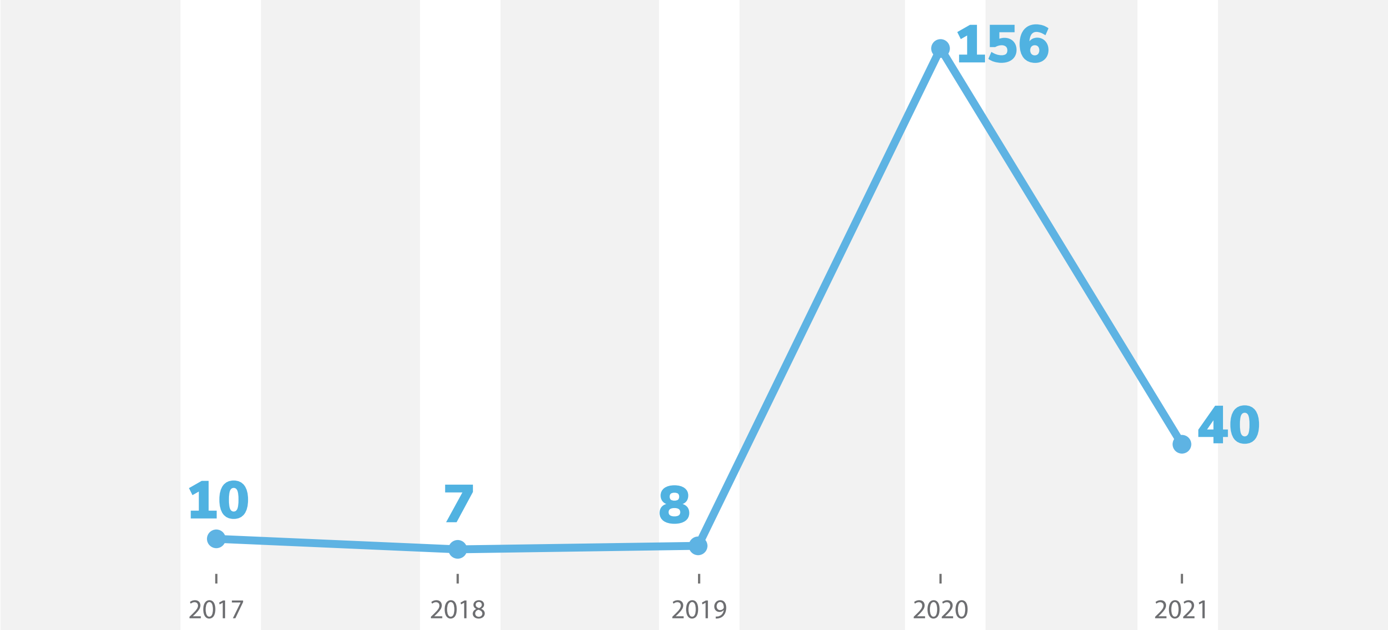
Operation	Local Spend	Foreign Spend
Bahrain	19%	81%
Iraq	11%	89%
Kuwait	39%	61%
Jordan	40%	60%
Saudi Arabia	76%	24%
Sudan	60%	40%
South Sudan	0%	100%
Total:	**54%**	**46%**

Zain set the following targets to guide the establishment of a responsible and ethical supply chain

Target to be achieved by 2025	Status
Embedding waste management policies into supplier contracts, including aspects of the circular economy model.	
70% of Group suppliers and 50% of local suppliers to complete Zain's supplier self-assessment questionnaire.	
Training 70% of Group suppliers and 50% of local suppliers on Zain's social and environmental standards.	

The below table indicates the number of suppliers that have completed Zain's social and environmental self-assessment questionnaire. The company decided to take a phased approach here it focused on Bahrain and Zain Group suppliers. This method allowed the company to gain further insights to better manage the self-assessment process and ensure accuracy and validity in supplier submissions. As the company only focused on Bahrain and Zain Group's suppliers, it resulted in a lower response rate.

PROGRESSION OF SUPPLIER SELF ASSESSMENT QUESTIONNAIRE



In 2021, the number of responses only reflects Bahrain and Group suppliers.

3. INCLUSIVITY

Committed to being an inclusive company, Zain recognizes the importance of ensuring its scope of activities is representative, accessible, and bridges the divides that exist in our markets. The company continues to work towards the designated focus areas that fall under this pillar to address deficits and challenges such communities face. Below are the targeted communities Zain continues to support actively:

- Bridging the gender gap in STEM (Science, Technology, Engineering and Math) fields
- Addressing the challenges and digital discrepancies faced by the elderly community and people with disabilities
- Empowering and upskilling marginalized and disadvantaged communities

Women in Tech Mentorship Program

- To foster the development of girls and women in STEM, Zain Group launched the Women in Tech program across all its operating markets where female STEM students are matched with seasoned experts from Zain's operations for mentoring. By creating successful matches, the program enables future generations of girls and women to enter the field with the promise of becoming change-makers in the industry.

32 MENTEES AND MENTORS participated in the pilot phase of the program, which took place September – December 2021.

EIGHT MENTORSHIP SESSIONS were conducted for each one-on-one pairing

TWO-DAY GENDER BIAS TRAINING was provided to participants. The training was conducted by WISE campaign, a UK based leader in creating positive cultural change in STEM sectors with over 37 years of industry experience.

People with Disabilities:

- Zain Bahrain established the 'Enablement Line', a hotline for people with hearing impairments to serve as a customer service line.
- In Bahrain, Iraq and Saudi Arabia, Zain trained 75 sales agents in sign language to better serve the hearing impaired.
- Zain Iraq launched priority cards for customers with registered disabilities. The priority cards are used by customers to bypass waiting lines at Zain's branches and kiosks, providing faster service.

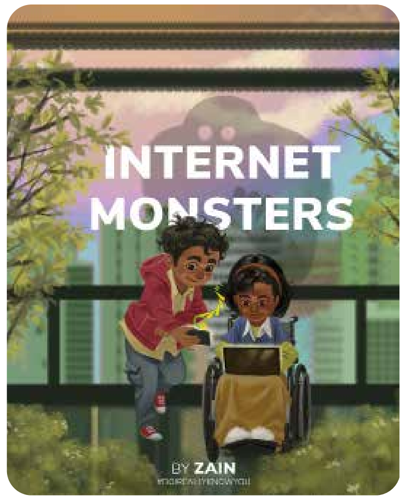
4. GENERATION YOUTH

The pandemic impacted development across the globe due to the shutdown of schools and the subsequent shift to online learning. Youth also became more susceptible to mental health issues coupled with other challenges leading them to become more vulnerable to physical and online abuse. These developments come against a backdrop of the region experiencing the largest youth bulge and highest youth unemployment in the world.

Zain aims to empower and enable the youth in its markets to achieve their maximum potential to become contributing members of society. Through this pillar, Zain continued to focus on child online safety, youth unemployment, digital literacy, and mental health and well-being.

Child Online Safety:

- This year, Zain launched a one-of-a-kind social media campaign entitled 'Internet Monsters' raising awareness of online safety for children, which achieved 66.3 million impressions across Zain's footprint, highlighting the company's focus and leadership in the space of child online safety across the region..



Please click here to watch the teaser:
https://www.instagram.com/p/CPxgNyXFJ6b/

- Drove the implementation of blocking mechanism of Child Sexual Abuse Materials (CSAM) across Zain networks. Zain Kuwait fully implemented the blocking mechanisms while Iraq and Jordan look to implement it in 2022.
- Achieved a score of 7.0 in 'The State of Children's Rights and Business 2021 Global benchmark' conducted by Global Child Forum in collaboration with Boston Consulting Group. This was the highest score achieved in the region in the telecom sector.

Global MoU with UNICEF:

This year, Zain's global MoU with UNICEF focused on the implementation of a three-year regional partnership to support the rights of children and youth across Zain's operating markets.

Below are some of the initiatives launched in this regard during the year:

- Zain and UNICEF collaborated to develop an online safety booklet in collaboration with Group Investment and Digital Services to help youth stay safe whilst enjoying online gaming activities. The booklet reached over 6,000 people and was shared with all operations and will be distributed in schools. It is readily available on Zain's website and the Zain Esports webpage.
- Through the partnership with UNICEF, Zain launched an e-learning passport in Jordan and Sudan, offering 15,500 students access to educational platforms.
- Zain Sudan cemented its relationship with UNICEF by introducing initiatives promoting child online safety and launching an e-learning passport reaching 2,112 students.

02 Governance

Corporate Governance Report 2021

Corporate governance is an ongoing commitment shared by the board of directors, executive management, and all Zain employees. The board of directors believes that good corporate governance greatly helps the long-term success of our business, and that we always strive to maintain our position at the forefront of commitment to the principles and standards of governance. Our commitment to continuous development is reflected in the board's review of governance practices to ensure that they enhance stakeholder value.

Zain's Board of Directors continuously develops and evaluates internal guidelines and procedures to ensure the quality, transparency, and excellence of corporate governance practices. The corporate governance rules included in the executive regulations issued by the Capital Markets Authority (CMA) in Kuwait - through seventeen modules - promote the positive development of companies, including The Capital Markets Authority's rule for establishing a unified corporate governance framework for entities that are subject to the CMA's rule.

Recently, Kuwait has taken great steps towards raising awareness in the concepts of corporate governance, with the aim to ensure compliance by all companies, through laws and regulations that promote corporate governance principles. This report addresses the eleven principles on which corporate governance laws in Kuwait are based. The principles include, but are not limited to, disclosure to achieve transparency, qualifications and independence of board and management teams, avoiding conflict of interest, ensuring accounting integrity, and transparent reporting of the board of directors and the executive management remuneration.

The board plays an important role in ensuring that the company conducts its business consistent with the highest standards of governance and ethical behavior and that it contributes positively to society. One of the Group's business priorities is to comply with legal and regulatory business requirements and to demonstrate this through developing our operations to reflect latest changes in corporate governance best practices.

Zain's business environment depends on better empowerment of decision makers through diversity and inclusion, working with integrity and honesty, and following and adhering to the company's code of ethical conduct to achieve our targets.

The board understands the importance of protecting the rights of stakeholders. Accordingly, Zain's work environment is based on strategic goals and a corporate culture that is characterized by strong values that define the Group's priorities when making decisions under difficult circumstances such as those that have occurred since the outbreak of COVID-19. The commitment of the board and the executive management to ethical standards leads the Group to take quick and decisive action to respond and address changing circumstances, risks, and opportunities by achieving sustainable value. The board of directors is working to expand business resilience as a result of the pandemic and the resulting economic fluctuations.

The board of directors is working to raise awareness regarding issues related to environmental, social and governance issues in response to global trends and best practices. Accordingly, the board of directors has developed new policies and is working to increase transparency in addition to focusing on social responsibility. Such policies and procedures are flexible, and take into account both short- and long-term challenges and risks.

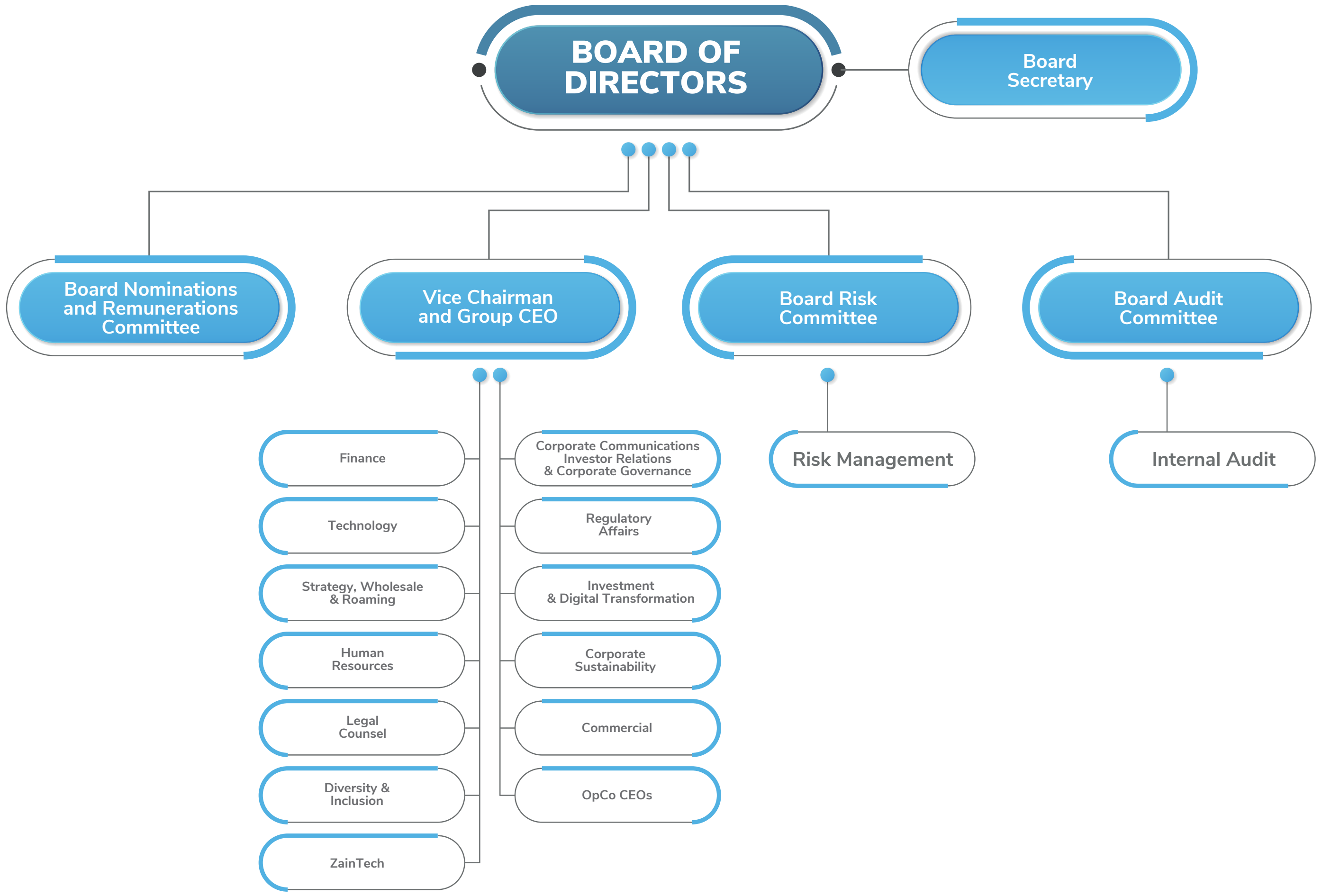
Zain Group has placed sustainable growth at the forefront of its priorities, as the board of directors and executive management believe in building positive relationships between all stakeholders, by strengthening corporate governance. The information contained in this report is based on corporate governance laws and their amendments issued by the CMA, the Ministry of Commerce and Industry (MOCI), Boursa Kuwait, and other relevant regulatory authorities in Kuwait. Additionally, Zain is committed to complying with all laws and regulations of the jurisdictions in which it operates. In a fast-paced, ever-changing environment, Zain decided to focus on efforts to promote innovation, open the way to future challenges and enhance true competitiveness by implementing an innovative way of working.

In 2021, Zain was presented with the "Best Corporate Governance award" in Kuwait. World Finance is a print and online magazine providing comprehensive coverage and analysis of the financial industry, international business, and the global economy. The jury awarded this accolade in recognition of the integrity and transparency of Zain's practices. Zain has adopted a sound investor relations and corporate governance framework that enhances the overall governance environment within the company in line with applicable laws, regulations, and leading practices. Wherever possible, the company looks to exceed the requirements of the corporate governance regulations.

Zain's operations are based on a set of principles designed for the protection of the rights of stakeholders, and enhancing added value to all parties. The company ensures that any developments to its policies contribute through corporate activities to the communities in which it operates. The group pursues growth through innovative management, it works to create new and unique value through partnerships and projects, and its internal policies are based on global values, principles, and practices in corporate governance.

The Board of Directors approved the Corporate Governance Report for the year 2021.

Rule I: Construct a Balanced Board Composition



About the Board of Directors

The following list includes a brief about members of the Board of Directors and contains information such as the date of appointment and the educational and practical experience of each member in addition to their position in the Board.

Composition of the Board of Directors:

Name	Classification	Education	Professional Experience	Date of Election/ Appointment
Ahmed Tahous Al Tahous **Chairman**	Non-executive	Bachelor's Degree in Business Administration	35 years in the banking and investment sectors In the global and Kuwaiti markets	19 Mar 2020
Bader Nasser Al-Kharafi **Vice Chairman & Group CEO**	Executive	Master of Business Administration & Bachelor's degree in Mechanical Engineering	Industrial and banking sector, Investment and business sectors, Non-profit institutions, Telecommunications, and mechanical engineering sector	19 Mar 2020
Abdulrahman Mohammad Ibrahim Al Asfour **Independent**	Independent	Bachelor's Degree in Business Administration – Accounting Major	Technical expertise in the application of IT solutions, audit, and finance	19 Mar 2020
Talal Said Al Mamari Representing Fajr Al Naseem Co.	Non-executive	Bachelor's Degree in Business Administration	Finance experience in the telecommunications sector	19 Mar 2020
Zaki Hilal Saud Al Busaidi Representing Jawharat Al Jibla Co.	Non-executive	Master's degree in Public Administration from Exeter University	20 years in the civil service sectors, port services, investment, and insurance and communications	19 Mar 2020
Atif Said Rashid Al Siyabi Representing Abeer Al Shuruq Co.	Non-executive	Bachelor of Engineering in Computer Hardware and Networking Technology from Coventry University	17 years in information technology, business development, innovative technological solutions and information systems, investment and communications	19 Mar 2020
Aladdin Baitfadhil Representing Danat Al Qiblah Co.	Non-executive	Bachelor's degree in Electrical and Electronics Engineering from Sultan Qaboos University.	18 years in the information and communication technology sector	12 Oct 2020
Nasser bin Suleiman Al-Harthy Representing Naseem AL Dilta Co.	Non-executive	Master's degree in business administration (MBA) from the University of Victoria, Australia	21 years in the investment, economic, financial, information management, legal and compliance sectors	12 Oct 2020
Yousef Khaled Al-Abdulrazzaq	Non-executive	Bachelor's Degree in Business Administration – Finance Major	Audit and investment expertise within the general reserve sector and investment funds	19 Mar 2020
Hatmal Farouq Al Qadi	Secretary	Master of Laws (L.L.M)	Legal Consultancy Telecommunications sector	12 May 2015

Board of Directors' Meetings

NAME	Meeting No. 1 23/2/2021	Meeting No.2 9/5/2021	Meeting No.3 14/7/2021	Meeting No.4 10/11/2021	Meeting No.5 8/12/2021	Meeting No.6 27/12/2021	Total Meetings Attended
Ahmed Tahous Al Tahous Chairman	✓	✓	✓	✓	✓	✓	6
Bader Nasser Al-Kharafi Vice Chairman & Group CEO	✓	✓	✓	✓	✓	✓	6
Talal Said Al Mamari	✓	✓	✓	✓	✓	✓	6
Zaki Hilal Saud Al Busaidi	✗	✓	✓	✓	✓	✓	5
Atif Said Rashid Al Siyabi	✓	✓	✓	✓	✓	✓	6
Aladdin Baitfadhil	✓	✓	✓	✓	✓	✓	6
Nasser bin Suleiman Al-Harthy	✓	✓	✓	✓	✓	✓	6
Abdulrahman Mohammad Ibrahim Al Asfour Independent	✓	✓	✓	✓	✓	✓	6
Yousef Khaled Al-Abdulrazzaq	✓	✓	✓	✓	✓	✓	6
Hatmal Farouq Al Qadi Chairman	✓	✓	✓	✓	✓	✓	6
ATTENDANCE PERCENTAGE	89%	100%	100%	100%	100%	100%	

*The table includes all Board meetings held during 2021

* All the above meetings were conducted by modern means of communication in accordance with health guidelines issued by the regulatory authorities in Kuwait and to maintain safety and security standards for members of the Board and employees during the Covid-19 pandemic

Management of Board Meetings

The board secretary ensures that all members of the board have the resources required to perform their duties. The secretary is also responsible for organizing the meetings of the board and its committees, and ensuring that the minutes of those meetings reflect the proper practice of the duties of the board of directors. The secretary acts as a communication channel between the board and the executive management, by ensuring that the required information is available to the board members in a timely manner. The role also entails cooperating with the board members to prepare for meetings through providing proper notice, and promptly distributing materials such as agendas and minutes.

The secretary provides support to the Chairman of the board when preparing the agendas of the meetings, submitting the required documents, supervising and following-up on the results of the meetings, and adhering to the approved work plans.

Once the minutes of the board meetings are approved by the board, they become an official record of the company, providing documentation of the achievements of the board members and the challenges they face. During its meetings, the board approves the main policies, and sets a timeline of goals and business plans.
The secretary of the board records the minutes of all meetings, maintains records of committee meetings, oversees procedures related to board membership, maintains official files and board records, and publishes notices of scheduled meetings as specified in the company's policies. Necessary to support the board's increasing responsibilities, the role of the secretary is entrusted with the tasks of compliance and performance, managing the board affairs, distributing discussion papers and proposals submitted to the board and its committees by management, in addition to ensuring that meetings between the board and executive management are held in line with legal and regulatory requirements and internal policies.

The board secretary invites the concerned parties to meetings of the board and its committees based on their instructions; the secretary also ensures that the necessary records are created and properly updated and maintained. The reports are prepared in accordance with legal requirements and obligations, as per the relevant regulatory authorities. Accordingly, the board secretary advises on the responsibilities and duties of the Board of Directors as per laws and regulations and company's policies and charters including the code of ethical conduct.

The secretary ensures that these records are available when needed. He is committed to maintaining various requirements such as deadlines for submitting files to board members at least three days prior to the scheduled meetings, as described in the company's internal policies and charters. These files include meeting agenda, minutes of previous board meetings, and all supporting documents related to the agenda. Among the preparation procedures for the board meeting, the secretary determines the duration of the meeting to ensure the availability of sufficient time to cover all items on the agenda, with the exception of emergency meetings.

The responsibilities of the secretary also include recording all the decisions and discussions of the members of the board and recording the results of the voting processes that take place in those meetings. Under the supervision of the Chairman, he also ensures that the decisions taken by the board are implemented, through the company's policies approved by the board. Each member of the Board has the right to access these documents and files through the secretary, who communicates with the concerned departments to provide the information required by the members of the Board to make sound and effective decisions.

The secretary keeps pace with the external environment to stay fully informed of corporate governance trends, emerging issues, and best practices - particularly those related to the telecommunications sector, as provided by the Chief Communications Officer. Furthermore, the Secretary informs the board of trends and best practices in corporate sustainability, as directed by the Chief Sustainability Officer, which leads to effectively support the strategic goals of sustainability in the company.

Additionally, the board secretary assists the new members of the Board of Directors and provides support to them through the induction program that includes information about the company, its business and activities, the responsibilities of the Board, its committees and the executive management, the duties involved in these functions, an overview of the group's operations, results, and meetings with the executive management, and budget planning throughout the year.

Acknowledgment by the independent member that the controls of independence are met, and a copy of the declaration is attached to the Arabic report as per regulatory requirements.

Rule II: Establish Appropriate Roles and Responsibilities

The roles and responsibilities of the Board of Directors and executive management

The main role of the board of directors is to set strategies, goals, and objectives for the benefit of the company in the short and long term. It puts in place mechanisms to monitor progress in achieving these goals and clarifies the plans for the future so that investors have a clear picture of the long-term outlook. The board works towards taking advantage of future opportunities, while identifying and managing real and potential risks.

In accordance with effective corporate governance guidelines, the board of directors has developed a clear written description of the roles of board members, Chairman, CEO, and board committees. It has developed and written internal charters, codes of business conduct, and policies relating to environmental, social, and governance (ESG) issues, conflicts of interest, whistleblowing, etc.

The company's board of directors consists of nine members who have extensive knowledge, skills, and expertise in multiple areas. Their duties and responsibilities include ensuring that the goals of the company, the management and all employees are aligned. The role of the board of directors also includes monitoring the implementation of strategic plans and compliance with relevant policies, rules, laws, and regulations.

The board of directors is also responsible for managing the risks to an appropriate level according to the applicable laws and regulations and within the company's objectives to maximize the shareholder's value while assuming full responsibilities towards the shareholders and all stakeholders. Moreover, the board performance is regularly evaluated in order to enhance efficiency, effectiveness, transparency, and accountability. The board of directors sets the company's values and standards, ensuring that they are in line with its strategic objectives and the corporate culture. It also ensures that the company's obligations are understood by its shareholders and other stakeholders, including employees, suppliers, customers, law authorities, and the environment in which the company operates.

The board bears full responsibility for the management and supervision of the group and its activities. It strives to lead the company's business within the approved regulatory framework, which is based on the applicable regulations, laws, internal control systems and international standards. The board continuously reviews the implementation of good corporate governance.

The company has established a governance structure that enables the board of directors to focus on key areas of responsibility that affect the long-term success of the business. This structure involves forming three board committees, namely, the Audit Committee, the Risk Committee, and the Nominations and Remunerations Committee. These committees are formed according to the laws.

The board supervises compliance with the laws, company objectives, articles of association, and decisions of the General Assembly, while adhering to the principles of governance, standards of best practices and work ethics. This includes allocating sufficient time to adopt the company's vision, mission, directions, and strategies. Board members attend meetings and review and approve the main strategies and policies, as well as the financial objectives and operational plans of the company.

Adopting innovation and its inherent risks requires the board of directors and the executive management to develop new ways to work together. With an increase in the pace of change in the business environment, driven by technological and social changes, one of the main competitive advantages that a company should possess, is the ability to constantly innovate. As innovation affects the company's position in creating value, efficiency, and effectiveness in operations, board members play an important role in guiding and supporting innovation within the company.

Responsibility for implementing the approved strategy rests with the CEO and executive management, which in turn leads to delegating the required work to the right employees within the company. Board members develop a clear strategy and business model, and work closely with the executive management within a set timeframe to drive continuous business growth in a changing world. This is pivotal to the company's growth and success.

The board approves the quarterly and annual financial statements, budgets, investments, and operations of the company and its subsidiaries. The board also reviews and approves material agreements, appoints members of the executive management, and monitors the performance of its committees. The board is also concerned with evaluating the adequacy of the internal control and audit systems, reviewing the main potential risks, and developing a comprehensive risk management manual. It also ensures that the executive management has effective systems and procedures to manage risks, implement adequate and effective internal controls, and search for new business opportunities either through new technologies and products or different markets and sectors.

The role of the board is crucial in ensuring the establishment of an effective control environment through a set of standards, processes and structures that provide the footing for the implementation of internal control across the organization. During the year 2021, the board approved the anti-corruption policy that ensures maintaining an appropriate work environment in light of the relevant anti-corruption regulatory framework. The board of directors is also responsible for overseeing a system that supports the anti-corruption policy effectively. It monitors the performance of the executive management accordingly to ensure the implementation of the policy. The board also ensures raising awareness in this regard within the corporate culture, and places a great emphasis on the importance of this policy. Therefore in 2021 the company had incurred no costs related to corruption fines and penalties.

The board reviews and manages material transactions with potential conflict of interests or with related parties as per the approved policies and charters. Moreover, the board provides appropriate channels of communication with shareholders and supervises the disclosure of material information to ensure the validity, consistency, transparency, and credibility of disclosures to the highest standards.

The board's responsibilities include evaluating the performance of the executive management and applying an appropriate system and mechanism to determine the rewards of the executive management that are compatible with their performance. Additionally, the board evaluates its performance as a whole and the performance of its members and committees. Accordingly, the best ways to develop the Board's performance in the future are determined through training courses and other means to ensure sustainable and continuous growth.

The board and the executive management recognize the responsibility towards society and the environment, and the importance of sustainability. A high emphasis is placed on improving the quality of life of the people living in the communities in which the company operates.

Board Achievements in 2021

- Taking measures to prevent and limit the effects of the pandemic, while ensuring the continuity of work and approving expenditure rationalization plans.
- Supporting departments in subsidiary companies to develop their services, such as obtaining a 4G license in Iraq and South Sudan.
- Monitoring and implementing a number of technical projects related to the company's strategy and vision.
- Approval of facilities and a rescheduling of loans to maintain cashflows and to ensure the continuation of the group operations and its subsidiaries.
- Approval of the company's 2021 financial statements and recommending dividend distribution.
- Held an extraordinary general assembly to amend the company's articles of association and to approve the distribution of semi-annual profits.
- Approving a number of policies and executive decisions to ensure compliance with the laws and regulations in force within Kuwait.
- Incorporation and official launch of Zain Tech.

Board Committees:

The board has delegated tasks to its committees to handle specific issues more effectively and to use members' time more efficiently. The committees make recommendations to the board, which retains collective responsibility for decision-making.

Working through committees allows members to deepen their knowledge of the company, facilitate effective participation and make full use of their expertise, to assure stakeholders that the board of directors takes various issues seriously. Board committees offer many advantages as the decentralized process allows for knowledge specialization.

This facilitates the board's duty of overseeing the company's operations since a specialized knowledge may be required depending on the issue at hand. It increases the efficiency in distributing tasks to members. This leads to an increased confidence by stakeholders in the board of directors to perform their supervisory duties more effectively. It also helps in the independence of the board of directors from the executive management.

Since the committees have set aside time to address some of the board's tasks in depth, the board expects them to conduct their due diligence with high accuracy and in a timely manner in pursuing their responsibilities, and when the board is looking for comprehensive information, the committees can present it to it in a concise manner to help with specific issues.

The decisions taken by the committees are presented to the entire board of directors for their approval and to authorize the workplan to implement these decisions. The committees monitor the execution of these decisions by the concerned departments.

Zain board of directors has formed three committees: the Audit Committee, the Risk Committee, and the Nominations and Remunerations Committee. The following section recaps the details of these committees and their achievements:

Board Risk Committee (BRC)

Formed: 12 May 2015
Term: Membership period is the same as the term of the board of directors, and not more than three years, renewable.

Responsibilities:

The purpose of the Risk Committee is to assist the board with fulfilling its responsibilities related to identifying, assessing, and mitigating risks. These risks include operational risks, strategic risks, and external environment risks. Therefore, the committee is generally responsible for reviewing, monitoring, and approving the risk policies, frameworks, processes, and practices associated with the company.

The Risk Committee is also responsible for reviewing and approving risk disclosure data in any public documents. It must ensure that the company takes appropriate measures to achieve a balance between risk and return in both ongoing and new businesses.

The BRC assesses significant risk exposures and evaluates management actions to mitigate the exposures in a timely manner, including one-off actions by the company and continuing activities such as business continuity planning and disaster recovery planning. The committee's responsibilities include coordinating with the audit committee as needed. The Risk Committee submits regular reports to the board of directors.

The Risk Committee reviews and reassesses the adequacy of internal procedures in this regard within the scope of its responsibility and recommends any proposed changes to the board of directors for approval. The Risk Committee has access to any internal information necessary to perform its role. Through the committee's role it ensures that the risk management policies and procedures implemented by the executive management are in line with the company's strategy and risk appetite. It also promotes a company-wide culture that supports appropriate awareness of risks, behaviors and provisions related to risks, and ensures that problems are addressed in a timely manner. The supervisory role of the committee includes evaluating the performance of the executive management in this regard.

Achievements of BRC during 2021

- Reviewed and discussed the risk management quarterly report for the Group and its subsidiaries and defined a work methodology to ensure the reduction of the impact of risks. The committee also reviewed the management activities on a quarterly basis.
- Reviewing the risk management policies and ensuring their compliance with the regulations and laws as per the requirements of the Capital Markets Authority.
- Follow-up on the implications of Covid-19 on the company and its subsidiaries, and ensure that effective measures are in place to reduce the risks of the pandemic on employees and businesses.
- Assessed all kinds of risks in subsidiaries and work to reduce their impacts
- Follow-up on the latest cybersecurity developments in the company and its subsidiaries, and the success of developing protection networks with contracted companies.
- Monitor climate-related risks and assess their short-term impact in the areas where Zain operates.
- Approval of the Risk department's plan for the year 2022.

Committee Members:

Talal Said Al Mamari (Committee Chairman)
Bader Nasser Al-Kharafi
Atif Said Rashid Al Siyabi
Yousef Khaled Al-Abdulrazzaq
Number of committee meetings in 2021: 4

MEMBER	Meeting No. 1/2021 22/2/2021	Meeting No. 2/2021 6/5/2021	Meeting No. 3/2021 13/7/2021	Meeting No. 4/2021 27/10/2021
Talal Said Al Mamari Committee Chairman	✓	✓	✓	✓
Bader Nasser Al-Kharafi	✓	✓	✓	✓
Atif Said Rashid Al-Siyabi	✓	✓	✓	✓
Yousef Khaled Al-Abdulrazzaq	✓	✓	✓	✓
% OF ATTENDANCE	100%	100%	100%	100%

✓ Attended ✕ Absent

Board Audit Committee (BAC)

Formed: 9 June 2011
Term: Membership period is the same as the term of the board of directors, and not more than three years, renewable.

Responsibilities:

The board audit committee is responsible for assisting the board of directors in performing its duties in relation to (1) overseeing the quality and integrity of accounting practices, auditing, internal control, risk management framework, financial reporting, and the overall corporate governance framework. (2) Evaluate the performance and qualifications of the licensed independent auditor (the external auditor). (3) The firm's relationship with the external auditors. (4) The overall performance of the company's internal audit unit. (5) In addition to complying with applicable laws and regulations.

The Board of Directors is responsible for risk management, internal control, and corporate governance within the company. The role of the audit committee includes focusing on the various aspects of preparing financial reports, managing business operations and financial risks, overseeing compliance with applicable legal, ethical, and regulatory requirements, and overseeing the performance of the internal audit department and the independent external auditors.

Achievements of BAC during 2021

- Monitored the work of the Internal Audit Department for 2021.
- Followed-up with the internal audit function on a quarterly basis and worked on the implementation of corrective measures of the observations contained in the reports.
- Approved the Internal Audit Plan for 2022.
- Reviewed and audited the Group's financial statements on a quarterly basis, discussed it with executive management, and provided recommendations to the board.
- Met with the external auditor on a quarterly basis to review and discuss the external auditor's report on the financial and operating performance of the Group.
- Prepared the Audit Committee report, which shall be read by the Chairman of the Board during the General Assembly.
- Conducted an evaluation of the group's authority matrix and governance framework, whereby amendments were recommended and submitted to the board for approval.

Committee Members:

Nasser bin Suleiman Al-Harthy (Committee Chairman)
Aladdin Baitfadhil
Abdulrahman Mohammad Ibrahim Al Asfour (independent)
Yousef Khaled Al-Abdulrazzaq
Number of committee meetings in 2021: 4

MEMBER	Meeting No. 1/2021 22/2/2021	Meeting No. 2/2021 6/5/2021	Meeting No. 3/2021 13/7/2021	Meeting No. 4/2021 19/11/2021
Nasser bin Suleiman Al-Harthy Committee Chairman	✓	✓	✓	✓
Aladdin Baitfadhil	✓	✓	✓	✓
Abdulrahman Mohammad Ibrahim Al Asfour Independent	✓	✓	✓	✓
Yousef Khaled Al-Abdulrazzaq	✓	✓	✓	✓
% OF ATTENDANCE	100%	100%	100%	100%

✓ Attended ✕ Absent

Board Nominations and Remunerations Committee

Formed: 12 May 2015
Term: Membership period is the same as the term of the board of directors, and not more than three years, renewable.

Responsibilities:

The purpose of the Nomination and Remuneration Committee is to assist the board of directors in fulfilling its oversight responsibilities related to the effectiveness, integrity, and compliance with the Company's remuneration and nomination policies and procedures. The Remuneration and Nomination Committee must ensure that the remuneration policy is consistent with the strategic objectives of the company.

The Remuneration and Nomination Committee should also review and approve the selection criteria and appointment procedures for a member of the board of directors and senior management, and ensure that the overall nomination policy and approach is consistent with the strategic objectives.
This committee is responsible for nominating and re-nominating members of the board of directors and the executive management. It also conducts an annual review of the required skills and competencies in the board and executive management, considering the Company's approved strategic objectives and corporate governance rules issued by the Capital Markets Authority. In coordination with the Executive Management, the Committee shall prepare the succession plan for the executive management, including emergency cases or unexpected vacancies to ensure the sustainability of the company's business.

The Committee maintains a training system to develop the skills of employees. The committee also evaluates the performance of the executive management and facilitates the evaluation of the board of directors. The Committee also plays a key role in the remuneration of the board and the executive management in accordance with applicable rules and regulations.

Achievements of BNRC during 2021

- Approved the mechanism for calculating and distributing annual remuneration for executive management.
- Proposed the board remuneration and submitted it to the board for approval, which will ultimately be approved by the AGM.
- Discussed and approved the evaluation mechanism of the board and agreed to appoint an external party to conduct the evaluation.
- Approval of a number of training programs for Board members.

Committee Members:

Zaki Hilal Saud Al Busaidi (committee chairman)
Ahmed Tahous Al Tahous
Bader Nasser Al-Kharafi
Talal Said Al Mamari
Abdulrahman Mohammad Ibrahim Al Asfour (Independent)

Notes:

Mr. Zaki Al Busaidi was appointed as the chairman of the Remuneration and Nomination Committee on February 23, 2021
Number of committee meetings in 2020: 2

MEMBER	Meeting No. 1/2021 23/2/2021	Meeting No. 2/2021 25/10/2021
Zaki Hilal Saud Al Busaidi (committee chairman)	✓	✓
Ahmed Tahous Al Tahous	✓	✓
Bader Nasser Al-Kharafi	✓	✓
Talal Said Al Mamari	✓	✓
Abdulrahman Mohammad Ibrahim Al Asfour (Independent)	✓	✓
% OF ATTENDANCE	100%	100%

Relationship between the Board of Directors and the Executive Management

A successful and balanced relationship between the board of directors and executive management is critical to good governance and organizational effectiveness. Zain's board and management work as a team to ensure a smooth flow of information in both directions to enable an effective decision-making based on constructive discussions and commitment to strategic direction. A fruitful relationship between the board and management depends on a mutual understanding of the company's mission, vision, strategy, member capabilities, implementation plans and expectations for achieving results. Moreover, a clear understanding of the roles, mandates, and boundaries that allow each party to respect the responsibilities, contributions, and expectations of the other, is essential.

The company's governance framework includes a set of policies and procedures that lay the foundation of the relationship between the board and the management. It also defines the responsibilities and expectations of both. Therefore, translating these principles into practice as part of the corporate culture and the relationship between the board and the executive management is very important. Accordingly, the board has a primary responsibility to promote and maintain a productive and efficient culture.

The Board's supervisory role over the executive management entails monitoring performance, holding them accountable for results, investigating issues, seeking clarification, providing direction, and sharing knowledge and experience. Board members rely on the management to share all material information needed in a timely manner to allow them to effectively fulfill their obligations.

Similarly, the executive management expect that the board will trust them to implement the approved strategy and achieve results accordingly, the board also defines performance objectives and the scope of authority in a clear manner that ensures ease of performance.

One aspect of the role of the board of directors is to choose experienced and competent members of the executive management. The board appoints the CEO to convey this vision to the management team. The executive management team, including the CEO, sees the board as a tool that can be used to improve the performance of the company, as it understands the advantages of working with a talented and independent board.

The board evaluates the CEO and the executive management team with the assistance of the CEO and the BNRC. Accordingly, the CEO has a clear understanding of the performance expectations of the senior management based on the directives issued by the Board of Directors. The evaluation is based on continuous improvement to give the executive management a strong indication of the expectations by the board. The corporate culture at Zain depends on asking and answering specific and direct questions, which is a good way to ensure that there is trust between the board of directors and executive management and to help the parties achieve shareholder goals.

The board supervises the development of the comprehensive business strategy and the decisions taken by the executive management in pursuit of these goals. The management, after approval by the board and in accordance with the business strategy, takes important decisions to implement that strategy.

Moreover, the board works to maintain and strengthen internal control systems and effective risk management. It also manages the information, related data and resources used in achieving the company's objectives in an effective manner, as well as assessing the management's compliance with applicable policies, standards, laws, and regulations.

Rule III: Recruit Highly Qualified Candidates for the Members of a Board of Directors and the Executive Management

About the Board of Directors

Board Nominations and Remuneration Committee (BNRC)

Ahmed Tahous Al-Tahous

Chairman of Board of Directors

A representative of Kuwait Investment Authority
Member of the Board of Directors since 2017
Chairman of the Board of Directors since 2018

Date of birth: 1957
Education: Bachelor's degree in Business Administration with a major in economics from Kuwait University
Work Experience: 35 years in the banking and investment sector in the international and Kuwaiti markets.
He is the CEO of the tradable securities sector at the General Investment Authority (Kuwait), the world's oldest sovereign wealth fund.
Other Memberships: Chairman of the Board of Directors of the Tourism Enterprises Company, and a member of the Board of Directors of the Industrial Bank of Kuwait.

Bader Nasser Al-Kharafi

Vice Chairman and Group CEO

Member of the Board of Directors since 2011
Vice Chairman of the Board of Directors since 2015
CEO since 2017

Date of birth: 1977
Education: Master of Business Administration degree from London Business School, and Bachelor's degree in Mechanical Engineering from Kuwait University
Work experience: Exceptional record of leading business development and consulting projects for major companies and international institutions. His expertise extends in the financial, investment, business, and industry sectors across a wide network of projects in the Gulf region, the Middle East, Europe, Africa, and Asia.
Other memberships: Chairman of the Executive Committee of Boursa Kuwait Company, Chairman of the Gulf Cables and Electrical Industries Company, Board Member of Fouladh Holding Company, Member Board of Directors of the International Refreshment Commercial Company (Coca-Cola), Member of the Board of Directors of Gulf Bank.

Talal bin Said Al-Mamari

Member of the Board of Directors

Member of the Board of Directors since 2017

Date of birth: 1972
Education: Bachelor's degree in Business Administration from Duquesne University - Pittsburgh - Pennsylvania, USA
Work experience: Al-Mamari is the CEO of Omantel, 25 years of experience, played a pivotal role in many projects, the most important of which is the initial public offering to sell part of the government's share in the company, and the company's restructuring project by merging fixed communication services and mobile in a single entity, and the legal merger of Oman Mobile with Omantel, he also managed the acquisition project by Omantel of 9.84% of the capital of Zain Group, in 2017.
Other Memberships: Membership of the Board of Directors of the Oman Center for Governance and the Al-Amal Investment Fund.

Abdul Rahman Mohammed Ibrahim Al-Asfour

Independent Board Member

Member of the Board of Directors since 2018

Date of birth: 1981
Education: Bachelor's degree in Business Administration with a major in Accounting from Kuwait University
Work experience: extensive technical experience in the application of information technology solutions, worked as a financial expert in the management of information systems at Equate Petrochemical Company,
He has experience in the field of auditing through his work at the State Audit Bureau.
Other Memberships: Chief Executive Officer of Alpha Group Holding. He also served as a board member of WABA Medical Insurance Company.

Youssef Khaled Al-Abdul Razzaq

Member of the Board of Directors

A representative of the Kuwait Investment Authority
Member of the Board of Directors since 2018

Date of birth: 1983

Education: Bachelor's degree in Business Administration, majoring in Finance, from Kuwait University

Work experience: His experience extends to 12 years at Kuwait Investment Authority in the general reserve sector. In 2010, he participated in the project team for the privatization of Kuwait Airways. He is currently an investment manager within the General Reserve Sector under the local equities department at the Kuwait Investment Authority.

Other Memberships: Member of the Board of Directors, Chairman of the Audit Committee, member of the Executive Committee of the Tourism Enterprises Company, Member of the Board of Directors and Chairman of the Audit Committee and Chairman of the Human Resources Committee in the Public Facilities Management Company.

Zaki bin Hilal bin Saud Al Busaidi

Member of the Board of Directors

Board Member since 2020

Date of birth: 1973
Education: Master's degree in public administration from the University of Exeter, United Kingdom, and Bachelor's degree in public administration from Yarmouk University in Jordan
Work experience: He has nearly 20 years of experience, having worked in the Ministry of Civil Service in the Sultanate of Oman in 1996 for 18 years, held the position of Director General of Organization and Job Classification, and held the position of CEO at the Institute of Public Administration since 2014.
Other Memberships: Membership in the Port Services Company and the Oman Arab Investment Fund and currently in the National Life Insurance Company, membership in the Board of Directors of Omantel

Atef bin Said bin Rashid Al-Siyabi

Member of the Board of Directors

Board Member since 2020

Date of birth: 1980
Education: Bachelor's of Engineering in Computer Hardware and Network Technology from Coventry University, Certificate in Professional Leadership Development from HEC Paris.

Work Experience: He has a proven track record of accomplishment in the fields of information technology and business development spanning more than 17 years. He has extensive experience in leading innovative technological solutions and information systems, transforming business processes and driving technological developments.

Other Memberships: Atef Al Siyabi is the Director of Information Management at the General Reserve Fund (SGRF) in the Sultanate of Oman

Aladdin Fadelbeit

Member of the Board of Directors

Board Member since 2020

Date of birth: 1978
Education: Bachelor's degree in Electrical and Electronic Engineering from Sultan Qaboos University, he holds two certificates in Disruptive Strategies and Leading with Finance from Harvard University

Work Experience: Experience of more than 18 years in the ICT sector. Joined Omantel in 2005, he has assumed several leadership roles in commercial operations including network operations, sales, quality control, call center and customer service. He is currently the Executive Vice President of the Consumer Business Unit.

Other memberships: Vice Chairman of the Board of Directors of "Infoline" company.

Nasser bin Suleiman Al-Harthi

Member of the Board of Directors

Board Member since 2020

Date of birth: 1975
Education: Master of Business Administration from Victoria University in Australia, Bachelor of Finance from the United Arab Emirates University, National Leadership and Competitiveness Program (NLCP) from Oxford University.

Work Experience: He has experience of up to 21 years in the investment, economic and financial sectors. He holds the position of Acting Vice President of Operations at the Oman Investment Authority, responsible for financial and administrative affairs, information management, legal affairs, and compliance.

Other memberships: Director General of Economic Diversification in the General Reserve Fund of Oman, Director General of Investments at the Ministry of Finance

About the Executive Management at Zain Group

Osama Matta
Chief Financial Officer
Appointment Date: 2010

Education: Master's degree in Business Administration from the American University of Beirut, and CPA certificate

Work Experience: He has extensive experience of more than 23 years in the financial and administrative fields in the markets of the Middle East region. He joined Zain in 2004, and held the position of Chief Financial Officer for the company's business in Lebanon "MTC Touch", after which he was promoted to the position of Chief Financial Officer of Zain Kuwait, until he was assigned the duties of the Chief Financial Officer of Zain Group in the Middle eastern markets.

Nawaf Al-Gharabally
Chief Technology Officer
Appointment Date: 2020

Education: Bachelor's degree in engineering from Kuwait University

Work Experience: He has extensive experience of up to 23 years in the wireless telecommunications sector, in the markets of Kuwait, the Middle East and Africa. He participated in the plans to modernize and upgrade the networks for Zain's operations in the region's markets, including designing and building the third generation network in Kuwait in 2005, installing the first wireless communications network in southern Iraq in 2003, and building the entire Zain Saudi network in 2007, he was responsible in 2019 for the Zain network development investments in Kuwait. The first company to launch 5G services in the Gulf region.

Kamil Hilali
Chief Strategy Officer
Appointment Date: 2018

Education: Bachelor of Science in industrial engineering at the National School of Mineral Industry, Morocco, Master of Business Administration from Suffolk University Boston, and Master of Finance from London Business School, United Kingdom.

Work Experience: He has extensive experience spanning 15 years in the areas of strategies, developing growth plans for operations, and implementing strategic policies, including business development and strategic investments, portfolio management, mergers and acquisitions, corporate development, and strategic investments, and he is a member of the Board of Directors of a company INWI, a telecom company in Morocco.

Mohammad Abdal
Chief Communications Officer
Appointment Date: 2015

Education: Bachelor of Science in Business Administration with double major in Finance and Information Management Systems from Portland State University, USA

Work experience: he presides over the departments of investor relations, communications, governance, and compliance, has extensive experience, which started with Zain almost 20 years ago, and witnessed its foreign expansion journey in the Middle East and Africa region, as he established the Middle East Investor Relations Association (MEIRA) in Kuwait.

Malek Hammoud
Chief Investments and Digital Transformation Officer
Appointment Date: 2017

Education: Bachelor's degree in Electrical Engineering from the American University of Beirut, MBA from the London School of Business, and a Certified Financial Analyst (CFA).

Work experience: Executing the Group's plans for digital transformation in all its markets in the Middle East and Africa, by searching for new investment opportunities in digital fields. He has experience in the banking sector in the areas of investment in the regional and international markets. He also has extensive experience in capital markets, corporate banking, investment banking services, and in the digital services sector.

Dr. Andrew Arowojolu
Chief Regulatory Officer
Appointment Date: 2016

Education: Ph.D. in mobile wireless communication, master's in microelectronics and communication from the University of Liverpool, bachelor's in electrical and electronic engineering from the University of Lagos

Work Experience: He has a proven track record in the telecommunications sector, as he has 25 years of experience in this field in the Middle East, Europe, Africa, and Asia markets. He is responsible for communicating with the authorities and regulatory bodies in all countries in which the group's operations are located

Firas Oggar
Head of Legal
Appointment Date: 2017

Education: Master's degree from the University of Paris in international business law

Work experience: 18 years in prestigious institutions in France and the Middle East, experiences in executive positions, member of the GC Powerlist Middle East (Legal 500), member of the board of directors and treasurer of the Association of Corporate Advisors (ACC), member of the Paris Bar.

Abdul Ghaffar Setareh
Chief Risk Officer
Appointment Date: 2016

Education: Telecommunications Engineering degree from the Ecole Nationale des Telecommunications, Rabat, Morocco

Work Experience: extensive experience and a proven record of achievements over the past three decades in the communications and information technology sector, having worked and led various work teams in the fields of operation, engineering, insurance, and risk management across all business units in the Middle East and Africa.

Venkatesh Gandhiala

Chief Internal Auditor

Appointment Date: 2014

Education: Bachelor's of Commerce and Law degrees from Osmania University, Hyderabad, India, a dual degree in Master of Science in International Finance and a MBA in Finance and Marketing from the University of Miami, USA, Chartered/Board Secretary diploma from India.

Work experience: 25 years in the business fields of telecommunications companies and consulting firms, having worked in various business environments in the Americas, Europe, Africa, the Middle East, and Asia, he received the Playmobil Honorary Award in Accounting.

Nawal Hamad Bourisli

Chief Human Resources Officer

Appointment Date: 2018

Education: completed a leadership development program at Harvard Business School.

Work Experience: Oversees the work strategy of the Human Resources Department, which includes building and refining job talents, change management programs, development, employment, preparing plans to maintain company values and work culture, managing employee reward and motivation programs, raising a sense of job connection, providing an ideal work environment to increase levels of Productivity and leadership development.

Jennifer Suleiman

Chief Sustainability Officer

Appointment Date: 2018

Education: Degree in Art History and Archeology from the University of Washington, Missouri, USA

Work experience: 25 years of experience, led a series of initiatives in the fields of sustainability, supervises the group's sustainability strategy, publishes sustainability reports and thought leadership reports, leads the efforts to adopt the Sustainable Development Goals (SDGs), works on joint projects with many International bodies such as: Humanitarian Communication Charter, Mobile Phones in Service of Humanity, GSMA Mobile Phones, BBC Broadband Committee of the International Telecommunication Union (ITU) concerned with sustainable

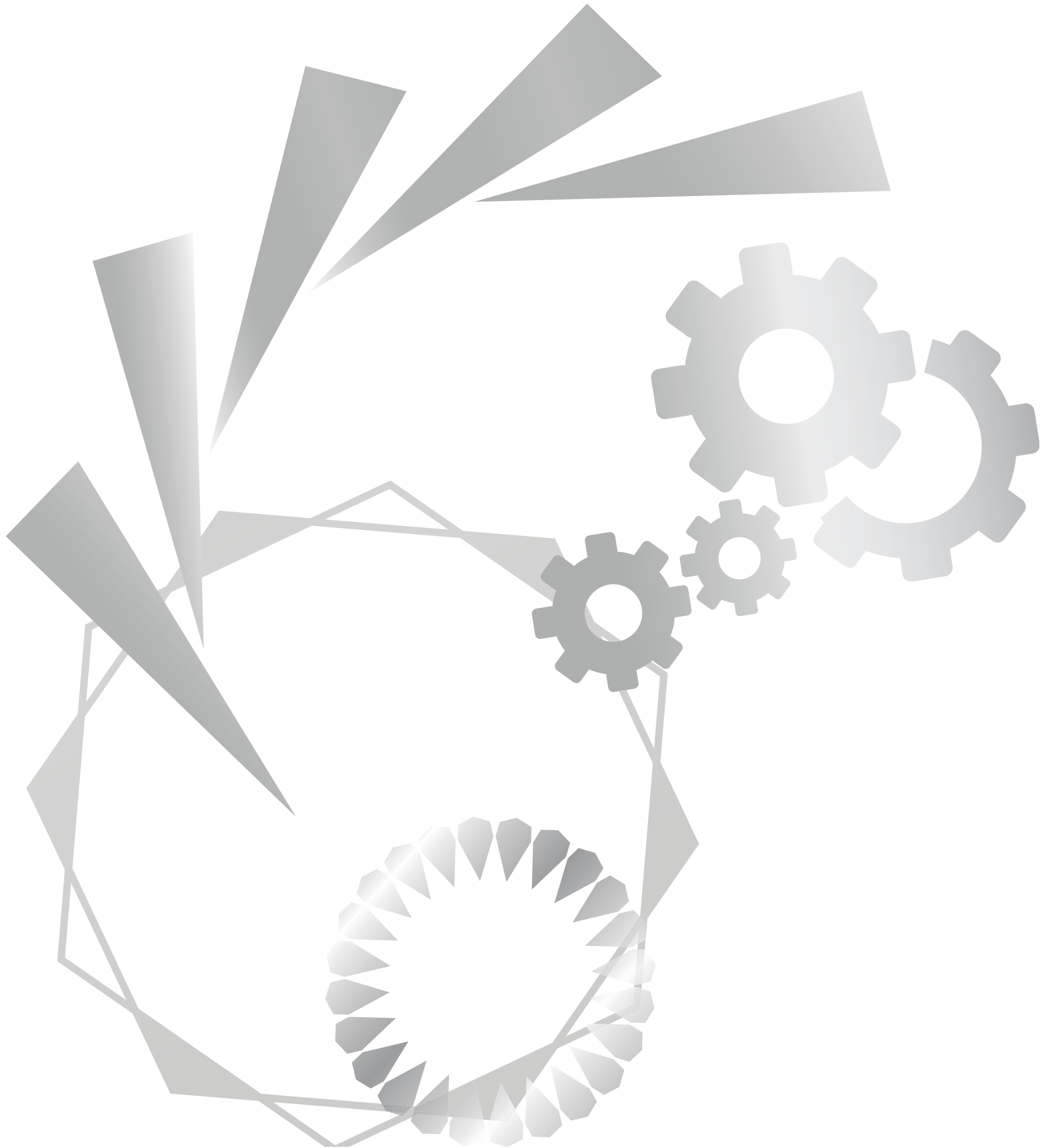
Maryam Saif

Chief Diversity and Inclusion Officer

Appointment Date: 2017

Education: Master's degree in Organizational Behavior and Computer Programming from Guildhall University in London and Certificate in Computer Science from London Metropolitan University.

Work Experience: Leading diversity and inclusiveness with a focus on social diversity, internal innovation, and youth development. member of the British Psychological Society and the Association of Coaching, Practitioner in Change Management, a Fellowship of the Institute of Recruitment Professionals and is qualified to Level 7 Advanced on Coaching and Mentoring received by the Chartered Institute of Personnel and Development.



Please refer to Rule II of this report, which contains all information on the functions and achievements of the Committee as well as the composition and meetings.

Remuneration Report for the Board and Executive Management

Summary of the company's remuneration and incentives policy, in particular what is related to members of the Board of Directors, executive management and managers.

The board of directors designs the remuneration policy. This policy sets the basis for the remuneration of the board and the executive management and its compatibility with the objectives and performance of the Company. The policy reflects the objectives of the company and considers the integrity of its operations and its financial position. This policy is part of the corporate governance framework. The Board implements this policy through the Nominations and Remuneration Committee (BNRC).

The Company's remuneration policy was created in accordance with the following principles:

1. Link rewards to the degree of risk.

2. Attract and retain the best professionals.

3. Ensure equality within the company and competitiveness outside.

4. Comparison of performance levels in the market using analyses received from specialized consulting firms in the area.

5. Ensure transparency in awarding bonuses.

6. Link to performance indicators (KPIs) for Board members and Executive Management.

7. Be consistent with the Company's strategy and objectives both long-term and short-term

8. Match the experience and qualifications of the company's employees at different levels of employment.

The remuneration policy of the company determines the reward system in line with the objectives of the company, shareholders, and stakeholders. This policy reflects standards and principles of best practices in good governance based on the relevant regulatory requirements.

The BNRC is responsible for the implementation of this policy. It is also responsible for reviewing the policy on an annual basis and when necessary, taking into consideration the extent of compliance with the laws and guidelines issued by the relevant regulatory bodies such as the Capital Markets Authority and others. The Committee submits proposed policy amendments to the Board for approval.

The Board is keen to promote the principles of effective governance within the company's remuneration system. The Board, through the Nomination and Remuneration Committee, continues to prepare and update the remuneration policy in line with the Company's strategy and overall risk framework.

The executive management is responsible for designing the staff reward system in accordance with the approved policy, as well as the responsibility of following up the implementation of the approved system.

The KPIs are based on the Company's overall strategy and are approved by the board. The executive management implements this strategy and reports thereon to the board on a regular basis.

Board Remuneration

- The total board remuneration shall not exceed 10% of the net profits of the Company (after depreciation, reserves, and payment of dividends to shareholders not less than 5% of the Company's capital or any higher percentage, as provided in the Articles of Association of the Company).
- The board remuneration is approved during the Annual General Meeting of shareholders as per the recommendations of the BNRC, and by the Board itself.
- In 2021, the total remuneration granted to the Board members was KD 435,000 subject to shareholders' approval at the Annual General Meeting.

Executive Management Remuneration
The executive management Remuneration System takes into consideration the environment in which the company operates, the results achieved and the company's risk tolerance, and includes the following key components:

Fixed Remunerations

- Fixed remuneration is determined by the level of responsibilities assigned and the specific career path of the executive member at the Company. The remuneration index is established for each job, reflecting the value to the Company.
- Fixed remuneration is reviewed by the Nomination and Remuneration Committee (NRC), in coordination with the relevant departments if necessary (i.e., human resources), on an annual basis to reassess the total remuneration package, market conditions, and performance of divisions across the company.
- Fixed remunerations including salaries, allowances, and benefits (and end of service indemnity) are awarded under the approved salary and grading structure by the board of directors, the applicable laws and regulations and the manual of contractual agreements of employees issued by human resources.

Variable Remunerations

Variable remunerations are linked to the achievement of predefined goals.

- This type of remuneration is designed to motivate and reward executive management members. Variable bonuses are allocated based on the individual performance of the executive management member and the overall performance of the Company.
- Variable remuneration in Zain can comprise of two elements: annual variable remuneration (variable remuneration granted to employees on an annual basis) and multi-annual variable remuneration (variable remuneration granted to employees over multiple years indicating that the Board of Directors focuses on short and long-term objectives).
- There are two types of annual objectives: financial indicators (financial targets to be achieved by the Company and departments during the fiscal year) and non-financial indicators (non-financial operational objectives to be achieved by the Company through activities and processes such as product introduction, entering a specific investment, etc.).

Balance between fixed and variable remuneration
The Company ensures that there is an appropriate balance between fixed and variable remuneration to allow for the possibility of reducing variable remuneration in the case of weak or adverse financial performance. The percentage of fixed and variable remuneration is reviewed and determined annually by the board of directors based on BNRC recommendation.

Remunerations and benefits of Members of Board of Directors

TOTAL NUMBER OF MEMBERS	Remunerations and benefits through the parent company			Remunerations and benefits through the subsidiaries			
	Fixed remuneration and benefits (Kuwaiti Dinar)	Variable remuneration and benefits (Kuwaiti Dinar)		Fixed remuneration and benefits (Kuwaiti Dinar)		Variable remuneration and benefits (Kuwaiti Dinar)	
	Health Insurance	Annual remuneration	Committees' remuneration	Health Insurance	Monthly Salaries (total of the year)	Annual remuneration	Committees' remuneration
9		435,000	38,800				

Total remunerations and benefits granted to five senior executives who have received the highest remunerations. This is in addition to the Chief Executive Officer and the financial manager or their deputy, if not included

TOTAL EXECUTIVE POSITIONS	Remunerations and benefits through the subsidiaries						
	Fixed remuneration and benefits (Kuwaiti Dinar)						Variable remuneration and benefits (Kuwaiti Dinar)
	Monthly Salaries (total of The Year)	Health Insurance	Annual tickets	Housing allowance	Transportation allowance	Children education allowance	Annual remuneration
5							

TOTAL EXECUTIVE POSITIONS	Remunerations and benefits through the parent company								
	Fixed remuneration and benefits (Kuwaiti Dinar)								Variable remuneration and benefits (Kuwaiti Dinar)
	Monthly Salaries (total of The Year)	Health Insurance	Social Security	Annual tickets	Housing allowance	Transportations allowancea	Health Club allowance	Children education allowance	Annual remuneration
5	896,280	3,295	7,590	7,178	118,320	34,560	1,855	18,743	1,979,858

There are no material deviations from the remuneration policy approved by the board of directors.

Rule IV: Safeguard the Integrity of Financial Reporting

Written pledges by both the Board of Directors and the executive management of the integrity of the financial statements

Please refer to the financial statements section in the 2021 annual report.

Board Audit Committee

Please refer to Rule II of this report, which contains all information on the functions and achievements of the Committee as well as the composition and meetings.

In the event of a conflict between the recommendations of the Audit Committee and the decisions of the Board of Directors, a statement will be included detailing and clarifying the recommendations and the reason/s behind the decision of the Board of Directors not to abide by them.

There were no inconsistencies between the audit committee recommendations and the decisions of the Board of Directors during 2021.

Emphasizing the independence and impartiality of the external auditor

External auditors enhance corporate governance by ensuring the accuracy of company reports and the fairness and clarity of the information in these reports. The external auditor examines the company to ensure that its systems, especially the financial, follow the internal controls.

The Companies Law and the CMA regulations stipulate specific requirements that external auditors must meet when preparing their audit reports and verifying the accuracy of company reports. Zain is committed to having the external auditor be independent of the company and its board of directors, and not to perform actions that may affect impartiality and independence. The audit committee shall recommend to the board of directors the appointment, reappointment or change of the external auditor, including determining their fees and reviewing their appointment letters. The external auditor is officially appointed at the Ordinary General Assembly based on the recommendations of the board of directors, while fulfilling the following requirements:

- The external auditor is a licensed auditor by the CMA and has fully met all registration requirements stated by the CMA.
- The external auditor is independent and does not perform additional tasks that may affect neutrality and independence.

The audited financial statements provide an external view of the accounting and financial operations of the company. The purpose of the company's accounting system is to identify, compile, classify, analyze, record, and report on the company's transactions, and maintain accountability for assets.

Among the tasks of the external auditor is to evaluate and verify the accuracy of the company's financial statements, and to ensure the company's compliance with relevant regulations, laws, and standards. The external auditors express their opinion on the fairness of the financial position and the results of the operations and cash flows presented by Zain. The external auditors confirm the accuracy of the accounting principles used by the company and assess the risks. The Board makes sure that the external auditors allocate sufficient time, resources, and skills to understand the business and the operations as part of the procedures for auditing the financial statements. The Board also ensures that all observations contained in the opinion letter prepared by the independent auditor are appropriately addressed by executive management.

Accordingly, Deloitte and Touche (Al Wazzan & Partners) has been appointed to perform the functions required by the Independent External Auditor. We would like to confirm that Deloitte is not doing any additional services for the Company.

About Deloitte & Touche (Al Wazzan & Partners)

Deloitte & Touche, with its 286,000 professionals, enjoys a globally connected network of member firms in more than 150 countries where it provides audit, consulting, financial advisory, enterprise risk services, tax. Deloitte & Touche (M.E.) is a member firm of Deloitte Touche Tohmatsu Limited (DTTL) and is the first Arab professional services firm established in the Middle East region with uninterrupted presence since 1926 with more than 3,000 staff working in over 26 offices in 15 countries in the Middle East.

In Kuwait, Deloitte & Touche Al Wazzan & Co. has a strong audit practice serving leading enterprises and institutions in telecommunications, banking, aviation, insurance, construction, trading, manufacturing, energy, and resources. The Kuwait audit practice has around 10 Partners, Principals and Directors, and more than 110 dedicated audit professionals.

Rule V: Apply Sound Systems of Risk Management and Internal Audit

A brief statement on the implementation of the requirements for the formation of an independent department / office / unit for risk management:

Risk management operates independently, falling under the supervision of the Chief Risk Officer (CRO), a senior position with adequate independence, resources, and access to the board of directors. In the popular Three Lines of Defense model for risk management, an independent risk function is a key component of the second line of defense of the company. This department is responsible for identifying, evaluating, and supervising the risks that the company is exposed to. It falls under the Board Risk Committee in the organizational structure of the company in accordance with the applicable laws and regulations.

Board Risk Committee

Please refer to Rule II of this report, which contains all information on the functions and achievements of the Committee as well as the composition and meetings.

Internal Control Systems

The company's internal controls are essential to maximizing stakeholder value and achieving strategic goals while aligning with best practices, laws, and regulations to manage risks. Zain's control systems are the cornerstone for providing reliable financial reports to stakeholders and for carrying out its business efficiently and effectively, to ensure compliance with all applicable laws and regulations, and to protect its assets.

The elements of Zain's control environment include a commitment to integrity and ethical values, maintaining the independence of the board of directors from executive management and their supervision over the company's internal control. It includes establishing the organizational structure, administrative hierarchy, authority, and responsibilities to follow up on business objectives. In addition to it ensures commitment to attracting, developing, and maintaining talent and upholding accountability for the implementation of internal controls.

Internal control systems consist of the set of policies, standards, and procedures that are used to maintain control across the organization. The board of directors determines the structure and framework for decisions taken by executive management in handling the company's operations. The board has approved these internal policies and procedures to ensure that they are in line with the rights of shareholders and stakeholders, the code of conduct, the applicable laws and regulations and the best standards. The board identifies and analyzes risks at least annually and on an ad-hoc basis when significant changes occur in the company, the sector, or the regulatory environment. Thus, policies and procedures, include control measures to address these risks.

The efficient control environment at Zain allows the members of the board and the executive management to understand their responsibilities and the limits of their authority. The employees in this environment are also committed to following the company's policies and procedures and its code of conduct. The control environment also includes technical competency and ethical commitment.

The board guarantees the appropriate segregation of duties and procedures, maintaining documents and records, and assessing performance by independent bodies. Conducting independent checks on performance is a valuable control method, and based on the regulations and instructions by the CMA, the company has appointed Al-Bazie & Partners, an independent auditing firm, to assess and review internal control systems. The Internal Control Review (ICR) includes a complete assessment of the company's internal control system to determine whether the company's functions and departments are operating as intended, and whether they are able to manage the risks that the company may face in its day-to-day operations.

To enhance the control environment, the board of directors has created and published written policies and procedures, codes of conduct and standards of behavior, the aim of which is to act in an ethical manner, and create a positive tone that requires the same standard of behavior from every individual in the company. The executive management encourages the highest levels of integrity and professional standards, and promotes a leadership style that enhances internal control systems within the company.

The ICR provides stakeholders including shareholders, regulators, and the board with an overview of the effectiveness of the internal control environment. It highlights weaknesses in the company's internal control environment and identifies processes that can be improved.

The ICR tests whether the internal controls in place are working as required and approved by the board. The assessment includes determining the internal control objectives relevant to the company, reviewing the policies and procedures in place and documentation standards for each, discussing the existing controls with the stakeholders, and ensuring that the company has taken corrective actions on the identified weaknesses in a timely manner. The findings and recommendations are shared with the board of directors and the CMA.

RSM

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March 23, 2022
Respective Audit Committee Member
Mobile Telecommunications Company K.S.C.P. – Zain Group
State of Kuwait

Subject: Internal Control Systems Review and Evaluation Report For the year ended 31 December 2021

Purpose of this Report

In accordance with our letter of engagement dated 13 October 2021, we have examined and evaluated the internal control systems of Mobile Telecommunications Company K.S.C.P. referred to as "Zain Group" which were applied during the year ended December 31, 2021 with regard to the following departments of business of Zain Group:

- Corporate Communications, Investor Relations, Corporate Governance and Compliance
- Finance
- Investment & Digital Transformation
- Technology
- Regulatory Affairs
- Wholesale and Roaming
- Commercial
- Human Resources
- Legal
- Internal Audit
- Risk Management
- Strategy and Business Development
- Corporate Sustainability
- Inclusion and Diversity

Our approach and procedures carried out was carried out with regard to the Executive Regulations of Law no. 7 of 2010 Regarding the Establishment of the Capital Markets Authority and Regulating Securities Activities, Module 15 "Corporate Governance" article no. (6-9).

Responsibilities of Zain Group

We would like to point out that among the responsibilities of the Zain Group's management is to establish appropriate internal control systems at the level of the Zain Group, and in order to undertake these responsibilities, judgments and estimates will be made to assess the expected benefits and costs related to management information and control procedures.

Our Responsibilities

The aim is to provide a reasonable, but not absolute, and here for example assurance that the assets are protected from any losses arising from the unauthorized use or disposal of those assets, and that risks are adequately monitored and evaluated, and that the transactions are carried out in accordance with the approved policies and procedures, and that they are appropriately recorded, and the work is carried out properly.

Because of inherent limitations in control system, and despite the levels ofc controls identified, there are still instances where these may not always be effective and errors or irregularities may nevertheless occur and not be detected or traced. This may be due to human error, incorrect management judgment, management override, controls being by-passed or a reduction in compliance.

Our report is based on the findings and conclusion from the work undertaken, the scope of which has been agreed with the management, Also, projection of any evaluation of the systems to future periods is subject to the risk that information from management and control procedures may become inadequate because of changes in conditions or that the degree of compliance with those procedures may deteriorate.

The factors which are considered when influencing our report are:

- Inherent risk in the area being audited;
- Limitations in the individual audit assignments;
- The adequacy and effectiveness of the risk management and governance control framework;
- The impact of weakness identified;
- The level of risk exposure; and
- The response to management actions raised and timeliness of actions taken.

Procedures and Findings

In regard to the nature and scale of its business, during the year ended December 31, 2021 the internal control systems in the areas examined by us were evaluated and maintained in proportion to the size of the risks and business in Zain Group, except for the matters specified in the detailed report.

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Dr. Shuaib Abdullah Shuaib
License No. 33 "A"
RSM Albazie and Co..

A brief statement about applying the requirements of forming an independent department / office / unit for internal audit

The board of directors supervises the proper implementation of the internal control systems through the Audit Committee. The board monitors the business operations of the Internal Audit Department, ensures the independence of the department, and observes its performance in accordance with the relevant control requirements.

According to the applicable laws and regulations, the Internal Audit Department reports to the Board Audit Committee.

The internal audit department has an advisory role. It is an independent function, providing objective assurance that is designed to add value and improve company operations. The internal audit department helps the company achieve its objectives by providing a structured and disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

This department protects the rights of stakeholders by evaluating the adequacy of the internal control system, recommending improvements in controls, and assessing compliance with sound policies, procedures, and practices. It also checks whether the results are in line with the set objectives and whether the operations are being implemented as planned.
Independence is necessary for the effectiveness of the internal audit function. The Chief Internal Auditor (CIA) reports to the audit committee and the board of directors while carrying out the tasks and responsibilities assigned to the department. The CIA meets with the audit committee of the board of directors on a regular basis to report the plans and results of the audit activity and provide any other required information. In the event that matters of immediate importance arise, the internal audit manager has direct access to the board.

Rule VI: Promote Code of Conduct and Ethical Standards

Professional Conduct and Values

Zain's responsibilities extend beyond providing mobile communications services as a leading company in the telecommunications sector. Zain is constantly adapting to be an innovative pioneer in providing a digital lifestyle to its customers in line with its goals and strategy. The company's strategy is based on values that unite the different cultures, nationalities, and identities that make up the Zain family.

Zain has played a pivotal role over the years in providing opportunities and creating positive changes. The ethical guiding principles that make up the Code of Conduct enable the board and executive management to make the right decisions in light of the ever-changing environment. Adhering to the Code of Conduct is the responsibility of each individual at Zain Group. In doing so, it is set to make a positive and long-term impact on the sector, the communities in which it operates, and society as a whole.

Zain's Code of Conduct requires all employees to adhere to integrity, fairness, and honesty in all dealings. The board, executive management and all employees are obligated to reject all forms of dishonest business ethics including but not limited to corruption and bribery; accordingly, all partners, suppliers and stakeholders are bound by the Code of Conduct.

Suppliers are selected based on strict criteria and are required to adhere to the principles in our Supplier Code of Conduct. The company developed the code of conduct to accurately reflect Zain's work environment and adherence to all laws and regulations and international standards. Zain pays great attention to preparing this document, as it works according to the best rules through strategic communication that effectively conveys the company's commitment to act responsibly and accept accountability when doing so.

The Company's Code of Conduct is available on the website to increase the confidence of shareholders and stakeholders through the transparency of the company's rules and operations. This code provides a reliable source for insight into the positions of the Board and Executive Management on ethics and compliance by stakeholders.

The purpose of the company's Code of Business Conduct and Ethics is to deter wrongdoing, to promote ethical behavior and to ensure, that the Company's business is conducted in a consistent legal and ethical manner.

The members of the board of directors have adopted the Board's Code of Conduct in order to perform their duties towards the company according to the highest ethical standards. The board of directors is responsible for continuously enhancing the performance by directing and supervising the affairs of the company through effective risk assessment and management; the board also determines the values and standards of the company and ensures that its obligations towards shareholders and other stakeholders are understood and fulfilled.

The board acts in good faith, exercises the powers, and fulfills the duties of their positions at all times. Each member of the board has a duty to act in the interest of the company. Members of the board and executive management must exercise caution to avoid placing themselves in a situation where there is an actual or potential conflict between their duty towards the company and their personal interests.
The Code aims to help foster a culture of honesty and responsibility. These standards also aim to provide guidance to members in compliance with applicable laws and regulations.

The board approved the Human Rights policy through which Zain confirms its commitment to respect and actively encourage upholding human rights principles at the Group, its operating companies, and its supply chain.

The code is based on applicable laws and regulations and international standards and aims to enable employees to deal with the ethical dilemmas they face on a daily basis. The purpose of this code is to define the expected behavior of all employees and the consequences in case of incompliance. Board members are expected to issue sound judgments in all matters to ensure that the interests of customers, employees and other stakeholders are protected and to maintain a positive work environment characterized by cooperation and efficiency.

The board, executive management and all employees are bound by the Code of Business Conduct while assuming the tasks and responsibilities assigned to them, and that includes dealing honestly and impartially, maintaining the confidentiality of information, and allocating sufficient time to assume specific responsibilities.

Conflicts of interest

Zain's governance framework includes a set of policies aimed at protecting the rights of shareholders and other stakeholders. This framework includes the conflict of interest policy that aims to define employee actions when there is a potential conflict between their personal interests and the company's interests. The policy also sets limits for employees where possible conflicts may arise.

Members of the board of directors and the executive management at Zain are obligated to disclose every actual or potential case of conflict of interest, as defined within the company's policy based on relevant laws, regulations, and international standards. Zain's conflict of interest policy includes clear examples of cases of conflict of interest and the methods of addressing and dealing with them. A conflict of interest occurs when an individual's personal interests influence their judgment, decisions, or actions, in a way that negatively affects their professional commitments or responsibilities and raises questions about whether their decisions can be unbiased. Zain includes conflict of interest in its policies, procedures and charters and treats every case with top priority.

Board members are also obligated to disclose any personal interest in the business and contracts that are done for the company's account. This disclosure is recorded in the minutes of the meetings. The board member with personal interests in the topic at hand refrains from participating in voting on the relevant resolution. In the case that a board member has a personal interest, a special report from the auditor shall be attached to this disclosure.

According to the CMA executive bylaw, the company assigns an independent expert to submit a report to the General Assembly or the board of directors regarding any transaction or any arrangement whereby each of the parties enters into any a project or buys an asset or provides financing for it, when the value of the transaction or arrangement is equivalent to 10% or more of the company's total assets. Such reports are submitted before the deal or arrangement is approved.

The board collects relevant information and may question any involved parties. If the board determines there is a conflict, steps are taken to address it. If there is no conflict, the investigation is documented.

When an actual conflict of interest is found, any transactions that may have been affected are reviewed retrospectively. Affected parties inside and outside the company are notified, including shareholders, directors, employees, and regulatory bodies. An investigation is conducted by the board of directors to determine the extent of the dispute and the intentions of the parties involved.
If the dispute in question concerns a member or members of the board, that member is excused from the relevant discussions. The board has the power to determine the appropriate and necessary disciplinary action, including suspension and / or termination of employment.
The company's conflict of interest policy contains the duties and responsibilities of members of the board, executive management, and employees in this regard. The policy is based on a number of principles such as protecting the rights of stakeholders and maximizing shareholders value. It emphasizes maintaining the confidentiality of transactions and information issued by the Board.

The board follows up on the cases of conflict of interest reported by the members of the board, the executive management or the company's concerned employees, to ensure that such cases are dealt with in an appropriate and timely manner in accordance with the relevant regulatory requirements.

This policy applies to the company, the board, and the executive management, in a manner that ensures compliance with the rules and standards of professional conduct of the company. All company employees are obliged to implement the values of this policy and the regulations of the Capital Markets Authority and other relevant laws and regulations.

Sanctions

Zain Group has developed a sanctions policy in line with applicable laws and regulations. This policy summarizes the precautions imposed by the sanctioning authorities that control the company's ability to conduct any activity in certain high-risk areas or with sanctioned persons. This policy also sets out restrictions and measures which must be followed by every employee of the company consistently. The company is committed to complying with the sanction laws and regulations in all the countries in which it operates, in line with the company's strategy and vision as a trusted network provider. This policy covers the effects of non-compliance with the sanctions laws and regulations, as well as the process for reporting such violations.

Anti-corruption policy

The board of directors has adopted an anti-corruption policy within the framework of corporate governance at Zain. The anti-corruption policy sets out the principles followed by Zain and its subsidiaries, which are based on the principle of zero tolerance for bribery and corruption. The objective of this policy is to ensure that appropriate measures are in place to combat corruption and bribery in all company operations to avoid any violations of relevant laws and regulations.

Zain Group strictly prohibits offering, authorizing, or receiving bribes under any circumstances, including bribery of individuals and government officials. Such actions are unethical and illegal, and as our business extends to seven different countries in the MENA region, we strive to succeed with honesty and fairness, relying on our excellent performance and ethical business practices. We are committed to conducting our business activities with integrity, in line with our company code of conduct. This policy is communicated to all stakeholders, promoted, and supported by awareness and training initiatives, to ensure full understanding and compliance by all stakeholders.

The objective of this policy is to provide all Zain Group employees with a framework of principles to comply with in all of our business operations. In addition, this policy includes examples of prohibited behavior as it may fall under the mentioned definition. It applies to all Zain Group employees in All subsidiaries and must be adhered to by all parties (partners, advisors or intermediaries acting on behalf of Zain Group or on behalf of Zain).

The policy has been prepared in accordance with laws, regulations, and best practices, as such, this policy should be read in conjunction with the Zain Group Code of Conduct and Supplier Code of Conduct. This policy covers various topics including: business conduct, giving and receiving gifts, doing business with a third party, political and charitable contributions (Zain does not provide financial support to political parties and affiliations), financial facilities, non-controlling ownership percentages, commitment to maintain accuracy and integrity in keeping company records, reporting and disciplinary measures in case of policy violation, conflict of interest, related party transactions, economic sanctions and anti-money laundering.

Tax Policy

Zain Group operates within a clearly defined tax governance framework, designed to increase the confidence of all stakeholders in our tax affairs. Our tax strategy is backed by our tax principles. Zain Group's tax policy and principles are mandatory for all subsidiaries and associated legal entities. We encourage our joint ventures and partners to follow similar principles. The Group Chief Financial Officer and Board Audit Committee oversee implementation of this policy.

Rule VII: Ensure Timely and High-Quality Disclosure and Transparency

Disclosure mechanisms and characteristics

The corporate governance framework includes a disclosure policy through which it ensures accurate and timely disclosure of all material information, including financial position, performance, ownership, and corporate governance. The disclosure policy sets a framework for proactive disclosure of information related to the company, and creates a balance between confidentiality of customer information and transparency with our stakeholders such as shareholders, regulators, and analysts. The purpose of this policy is to provide the required information to all stakeholders, whether they are employees, customers or members of the community or the general public. This policy defines the transparency principles and the types of information to be disclosed.

The corporate governance principles issued by the CMA support the timely disclosure of all material developments that arise between the required reports. They also support the simultaneous reporting of information required for all shareholders and other stakeholders in order to ensure their fair treatment. The policy aims to ensure that the company abides by the rules, laws and instructions issued by the CMA and other relevant regulatory authorities.

In the context of Zain's obligation under this policy to disclose information, the company is committed to maintaining a relationship based on trust and accountability with its stakeholders. Through accurate and timely disclosure of material information, the Company discloses relevant information about our operations to help support transparency and the relationship with stakeholders. To demonstrate our commitment to sustainability and responsible business behavior, a set of internal policies has been published on the official website in order to provide a clearer picture of the company's methods, principles, and procedures, which leads to a stronger connection with our shareholders and contributes to attaining the highest levels of trust with different groups of stakeholders.

The board of directors has approved the publication of the following policies on the company's official website:

1. Corporate Governance Framework
2. Disclosure Policy
3. Whistleblowing Policy
4. Regulation of Insider Trading Policy
5. Protection of Shareholders Rights Policy
6. Climate Change Policy Statement
7. Protection of Stakeholder Rights Policy
8. Company Memorandum and Articles of Association
9. Code of Business Conduct
10. Human Rights Policy
11. Risk Management Policy Statement
12. Supplier Code of Conduct

In order to maintain close relations with investors and market participants, the company confirms its commitment to basic principles of fair treatment. The company adopts the CMA's definition of material information as information that could affect economic decisions taken by stakeholders. A strong disclosure system that promotes true transparency is a central feature of oversight, and it is fundamental to the ability of shareholders to exercise their rights.

The company is legally and ethically obligated to protect customer information in order to ensure that it is not misused in a way that harms the interests of the customer or the company's reputation. All employees are responsible for protecting customer information and not disclosing any information without authorization in accordance with the relevant regulatory requirements; It is important that company employees are fully aware of all policies related to the protection of the flow, distribution, transmission, preservation, or disposal of information.

All public disclosures are posted on the company's website with the approval of the corporate governance and compliance department and in cooperation with the communications department. The company constantly emphasizes the use of its website to communicate with stakeholders (shareholders, investors, customers, regulatory bodies, etc.) and distributes the information to be published about the company.

The information available on the website includes the annual report, quarterly reports, financial information, market disclosures (for more than 10 years) and other information. It is also permissible from time to time to publish some important documents after approval and recommendation by the corporate governance and compliance department, in addition to other disclosure requirements stipulated by the CMA and other relevant regulatory authorities.

The company's disclosure policy defines the methods for disclosing financial and non-financial information and data related to the company's financial position, performance, and ownership through appropriate means of disclosure. The policy aims to help stakeholders view the company's status in an integrated manner. The corporate governance and compliance department is responsible for overseeing the disclosure process to ensure full compliance with the instructions contained in the tenth module of the CMA Executive Bylaw regarding disclosure and transparency. As the designated point of contact, the corporate governance department provides any clarifications to the CMA regarding the company's disclosures, and respond to the inquiries by the CMA and other relevant regulatory authorities.

The company is committed to providing accurate disclosures of all material information, while ensuring fairness and equality of access to such information. The board monitors the process of disclosure and communication with stakeholders within and outside the company and ensures that all disclosures are fair, comprehensive, transparent, clear, and accurate and timely, reflecting the nature and extent of the risks inherent in the company's business activities.

The CMA executive bylaw specified the regulatory requirements related to disclosure, as follows:

- Disclosure of interests
- Disclosure by insiders when dealing in securities
- Disclosure of material information
- Disclosure of the meetings of the board of directors and the General Assembly
- Disclosure of the remuneration of the board and the executive management
- Disclosure of legal cases
- Disclosure of insiders' watchlist
- Disclosure of group ownership

Material information is defined as any information concerning a the company relating to its activity, a person, its financial position or its management which is not available to the public and which relates to its assets, liabilities, financial position or general course of business, which may lead to a change in the price or volume of trading in a relevant listed securities, or affect the willingness or unwillingness to acquire or divest an interest in such a security, or may affect the issuer's ability to meet its obligations.

Disclosures record for the Board of Directors and the executive management

The company maintains a record that includes all the disclosures of board members and executive management. The company is committed to updating this record according to the disclosures issued to ensure accuracy.

The company also maintains a record that includes the disclosures of the insiders. The information and disclosures are kept within the internal electronic library that facilitates the availability of information to the concerned parties at the appropriate time.

The official website of the company contains a record that includes all the company's disclosures to the market that date back to more than 10 years.

Investor Relations (IR)

Zain is committed to providing information and reports to shareholders and potential investors, through the investor relations department. The board has approved an investor relations policy that confirms compliance with applicable laws, rules, and instructions. This policy covers all employees of the company and the company's board of directors. The policy includes all means of communication with shareholders, potential investors, analysts, and the media, this also includes annual and quarterly reports, news, prospectuses, memoranda for shareholders, press releases held by official spokespersons, and information contained on the company's website.
The most important principles of this policy are protection of shareholders' rights, communication with shareholders, and disclosures issued to shareholders. Important information is made available to shareholders through appropriate means of disclosure such as periodic reports, annual reports, the company's website, Kuwait Boursa website, quarterly communication with analysts and relevant conferences, etc.

The responsibility of implementing this policy lies with the employees of the investor relations department in addition to other stakeholders in the company. This department plays an important role in ensuring the protection of shareholders' rights by the company. The IR department includes multiple competencies and expertise, which ensures easy and continuous communication with shareholders, potential investors, analysts, and the media.

The main objectives of Investor Relations

1. Establish consistent and reliable channels of communication with investors in compliance with relevant regulations and laws, including those issued by the CMA and the Commercial Companies Law of the State of Kuwait.
2. Strengthen the company's position in the market and attract shareholders and investments.
3. Establish a link between executive management and the financial community with a view to strengthening the relationship of executive management with analysts and stakeholders.

4. Provide financial and non-financial information related to the company to the board of directors, executive management, shareholders, and analysts.

Following the disclosure of the financial statements, the IR department organizes a call between the executive management and the analysts to discuss the results of the company's financial statements and open the door to any inquiries that analysts may have regarding the company's performance. The transcripts of these calls are available on the company's website to be a reference for shareholders and the public in both Arabic and English.

The IR team and the executive management, attend IR conferences, to attract the interest of potential investors and to hold individual meetings with local and international potential investors and existing shareholders. All executives attending these conferences are fully prepared to answer any questions or inquiries raised during the meetings, provided that these meetings meet all relevant regulatory requirements.

The IR department is responsible for assembling the company's annual report, including requesting input provided by relevant departments. The IR team reviews the content received from these departments and ensures its consistency with the company's strategy and approved public image.

IT infrastructure and disclosure processes

- The company's website includes all the disclosures which date back to more than 10 years. The website also includes the periodic financial reports, in addition analyst reports and other facts and indicators.
- The website contains the information of the board of directors, the executive management and the company's code of conduct, as well as the main principles and values that support the company's operations.
- The CMA is addressed by e-mail (in addition to mail) to provide the required information and disclosures.
- The company follows the electronic system of disclosures through the Boursa Kuwait website, in order to update disclosures and data.
- The company's intranet includes an electronic library that contains all the details and information, which are easily accessible at any time with the correct credentials.

Under the implications of Covid-19, the Investor Relations Department, achieved the following

- The Ordinary General Assembly meeting for the year 2020 was held on 17 March 2021 through live streaming, which enabled shareholders to participate and communicate from the safety of their homes.
- Transferring dividends for the year 2020 directly to the shareholders accounts, in cooperation with the Kuwait Clearing Company (KCC) and the banks which are registered in the service .
- An operations room was formed to respond to the shareholders' inquiries and questions regarding the impact of Covid-19.
- Maintained constant presence during the pandemic, in response to the wishes of the company's current and potential shareholders.

Rule VIII: Respect the Rights of Shareholders

Summary of shareholders 'meetings during the last three years

	AGM for the year ending on 31/12/2018	AGM for the year ending on 31/12/2019	AGM for the year ending on 31/12/2020	Extraordinary general meeting	Ordinary general meeting
Date of BOD meeting	13/2/2019	12/2/2020	23/2/2021	9/5/2021	14/7/2021
Date and time of the General Shareholders Meetings	20/3/2019 10:00 a.m.	19/3/2020 10:00 a.m.	17/3/2021 10:00 a.m.	8/6/2021 10:00 a.m.	12/10/2021 10:00 a.m.
Venue	Zain HQ – Shuwaikh	Zain HQ – Shuwaikh and online access	KCC Live streaming	KCC Live streaming	KCC Live streaming
Percentage of Shareholders in Attendance	73.91%	69.95%	72.49%	77.99%	66.43%

Protection of Shareholders' Rights

The Company is committed to ensuring that all shareholders exercise their rights fairly. In addition, the Company is committed to protecting shareholders' assets from any misuse by the Company's board of directors, executive management, or key shareholders. The Company treats all shareholders of the same class equally and without any discrimination, in line with the Company's interests, and in accordance with the laws and regulations. The Company is committed to providing the following rights to the shareholders:

- Record the value of ownership in the register of shareholders with Kuwait Clearing Company (KCC).
- Disposal of shares through registration of ownership and / or transferring.
- Receipt of cash and share dividends.
- Acquiring a share of the Company's assets in case of liquidation (after payment of all debts of the Company).
- Obtaining data and information about the Company's business and its operational and investment strategy on a regular basis.
- Participation in meetings of the General Assembly of shareholders and vote on its decisions.
- Election of board members.
- Monitoring the performance of the Company in general and the work of the board of directors in particular.
- Accountability of board members or executive management, if they fail to perform the tasks assigned to them.

Shareholders also receive information and data in accordance with the laws. Shareholders are entitled to access the information contained in the Company's disclosure records. As part of the company's corporate governance framework, the protection of shareholders' rights policy has been developed with the aim of ensuring the company's commitment to respecting and protecting the rights of all shareholders in accordance with the relevant laws and regulations. In the provisions of the regulations and instructions issued by the regulatory authorities, this policy applies to the company, its subsidiaries, the board of directors, the executive management, and all employees with relation to their role in protecting the rights of the shareholders.

Ownership Disclosure of Major Shareholders

NAME	Percentage
Kuwait Investment Authority	24.22%
Group of Oman Telecommunications (Oztel Holdings SPC Limited)	21.90%
Group of Al-Sharq Holding Co. (Nohoudh Development Trading & Contracting co.)	5.05%

Shareholders' Register at the Kuwait Clearing Company (KCC)

In April 2004, Zain signed an agreement with the Kuwait Clearing Company (KCC) to maintain a record of its shareholders with the KCC. Accordingly, the KCC provides the following:

- Create an index for all shareholders, which includes the names, trading numbers, number of shares and nationalities.
- Update the data according to all trading activities on the Boursa Kuwait.
- Perform all procedures for transfer of ownership in addition to buy/sell transactions after obtaining all the required approvals from the regulatory authorities.
- Track procedures for lost/damaged certificates and the related issuance of new ones.
- Distribute cash dividends and stock splits.
- Provide the company with shareholders' balance reports on a daily/monthly basis.
- Provide the company with the profit's reports on a daily/monthly basis.
- Provide the company with unclaimed dividend reports on a monthly basis.
- Distribute outstanding share certificates, issue new shares for heirs, and register them.
- Record mortgage transactions on company's shares.

- Prepare AGM invitations in coordination with the company.
- Allow shareholders to obtain the company's information or documents in compliance with laws and regulations.

Shareholders' voting and participation at the AGM

The Company encourages all shareholders to participate in the Annual General Meetings (AGM) and to vote on all resolutions adopted by the Assembly, including the selection of the members of the board of directors. Any class of shareholders is entitled to attend the meetings of the General Assembly without paying any fees for their attendance. The voting in the General Assembly shall be by secret ballot.

The board of directors invites all shareholders to the AGM, in accordance with the laws and regulations. When organizing the general meetings of the shareholders, the Company includes the agenda and the date and place of the meeting in the invitation. The company provides all information related to the agenda items well in advance of the General Assembly, in particular the reports of the Board, the external auditor and the financial statements.

The Company encourages shareholders to actively participate in the General Assembly, discuss the issues on the agenda and related inquiries, and ask questions thereon to the members of the board and the external auditor. The board or the external auditor shall answer the questions to the extent that they do not jeopardize the interests of the Company.

Among Zain's most prominent efforts is holding its annual general assembly through the general assembly electronic system at the Kuwait Clearing Company (KCC), in order to fulfill its obligations towards its shareholders in light of the exceptional circumstances that the world has witnessed in 2020 and 2021. Zain followed the recommendations and guidelines of the Ministry of Health and transmitted its annual general assembly via live broadcast in both Arabic and English, to its shareholders who were unable to attend due to the pandemic.

Zain's online general assembly was the first of its kind in Kuwait.

Shareholders are provided with access to all the data contained in the disclosure register of the members of the board and the members of the executive management without any fees. Shareholders are also entitled to access the minutes of the AGMs.

The company send out invitations for the extraordinary general assembly meeting at the request of a number of shareholders who own at least fifteen percent of the company's capital, within thirty days from the date of the request as stated in the relevant laws. Shareholders who own a percentage of Five percent of the company's capital may add items to the agenda of the general assembly meetings.

Each shareholder may file a case to nullify any decision issued by the board of directors or the general assembly (ordinary or extraordinary) in violation of the law, the company's articles of association or the company's memorandum, or that was intended to harm the interests of the company. Shareholders who own at least 15% of the capital may appeal before the court, in the decisions of the ordinary and extraordinary General Assembly, which prejudice the rights of the minority shareholders.

Rule IX: Recognize the Roles of Stakeholders

The Protection of Stakeholders' Rights

Zain is committed to protecting the rights of all stakeholders and to creating wealth, jobs, and sustainability of a financially sound enterprise. As part of the Company's corporate governance framework, Zain created the protection of Stakeholders' Rights Policy to ensure that the rights of stakeholders as established by relevant laws and regulations are respected and protected by the company.

Therefore, the company's board of directors is responsible for setting the standards for the protection of the rights of all stakeholders and for updating these standards as and when appropriate, to reflect changes in the provisions of the laws, bylaws and instructions issued by regulatory entities. The purpose of this policy is to reflect the company's efforts in protecting the rights of all stakeholders.

This policy applies to the company and its subsidiaries, board of directors, executive management and employees as each party has the duty of protecting the rights of stakeholders of the Company. It is essential that all directors, management, and employees understand the requirements of this policy and applicable laws and regulatory requirements carefully and comply with its contents.

Categories of stakeholders include shareholders, regulators, customers, employees, community, suppliers, and third parties such as partners and competitors.

The company safeguards the protection of the rights of stakeholders through the following:

- Dealing with all stakeholders fairly, and ensuring that members of the board of directors, related parties and stakeholders are treated fairly and without any discrimination.
- Allow stakeholders to access information and data related to their activities so that they can obtain and refer to that information quickly and regularly.

As the company guarantees the protection of the rights of stakeholders, it also expects all stakeholders to fulfill their obligations governed by contracts, laws and regulations issued by the relevant authorities.

Stakeholder participation and following the company's operations

The major responsibilities of the Company's board towards its stakeholders are:

- To appoint competent executive management – As executive management, headed by the Company CEO, is responsible for the day-to-day management of the Company's operations and for the implementation of the Company's strategy, it is one of the foremost responsibilities of the board to select a Company of personnel that is capable of performing this task competently.
- To effectively and efficiently supervise the Company's affairs – The Company's board of directors has overall responsibility for the Company, including approving and overseeing the implementation of strategic objectives, risk strategy and corporate governance standards. This is in addition to the board's responsibility for providing oversight of executive management. The board of Directors administers its supervisory duties either directly through the board or through its Committees (Board Risk Committee, Board Audit Committee, and board Nomination & Remuneration Committee).
- To adopt sound policies – The board must provide the executive management with a clear framework for managing the Company's operations. This is achieved by having oversight over the key policies followed within the Company covering such areas as investments, credit and asset and liability management, and other related policies.
- To remain abreast of the Company's conditions and performance – It is vital that the board is aware of any developments that occur in the Company's internal or external environment. This enables the Board to intervene promptly when need arises.
- To maintain reasonable capitalization of the Company – One of the main measures of a Company's financial health is capital adequacy. Therefore, it is the responsibility of the board to ensure that the Company remains reasonably capitalized taking into account regulatory requirements and the Company's strategic objectives.
- To observe laws, by-laws, and instructions – The Company is governed by a set of regulations that it must comply with. It is ultimately the responsibility of the board to ensure that there are no violations.

Rule X: Encourage and Enhance Performance

Board Training and Development Plan

Board evaluation is done on an annual basis as per corporate governance regulations in Kuwait, and it is one of the most important practices related to the performance of the board of directors. The board of Zain clearly expresses the company's vision, mission, and values, therefore, the performance of the board of directors, is characterized by a clear purpose, effective leadership, and strategic direction.

The training program is designed to improve the effectiveness of the board of directors by expanding their awareness in all matters related to the company, its performance, the telecommunications sector, the markets in which it operates, and other important areas. The board is always keen to utilize the available methods and techniques to improve its effectiveness.

The board training program aims to create a real difference in the company's performance. The board develops its performance by exploring challenges related to the performance of its role. The Chairman of the board reviews the members' training and development needs based on the evaluation results and in cooperation with the Nominations and Remunerations Committee. The board seeks to develop its skills and competencies through training courses and increasing its knowledge of the main technical aspects related to the company's activity.

Zain has prepared an induction program for the members of the board of directors that contains information about the company, its performance, mission and vision, all internal policies and procedures, in addition to meeting with the executive management, conducting field visits to the company's facilities, attending presentations on strategic plans. The training extends to introducing the board of directors to the most important matters related to financial and accounting affairs, risk management, and compliance programs, the company's internal and external auditors and legal advisors.

The company encourages members of the Board to attend training courses and seminars with the aim of developing members' skills related to the company's business.

Board Assessment

Board assessment clarifies individual and group roles, with the goal of being more effective, as improved board performance translates into better corporate governance.

The areas that can be considered for evaluating the board and developing its performance are numerous, and in the absence of a global standard for self-evaluation, Zain's board of directors has appointed PricewaterhouseCoopers (PwC) to carry out the performance evaluation of the board, members, and committees.

When board assessment is done by a third party independent of the company and the board of directors, their participation in the evaluation process can meaningfully enhance the objectivity and accuracy of the process and results. Third party experts can provide new and fresh perspectives, gained from working with other companies as well which may improve the overall evaluation results.

There are many benefits to board evaluation, including creating an opportunity for members to reflect on their performance, analyzing and assessing areas of weakness, providing board members with a tool to measure their effectiveness and competencies, stimulating a learning culture, defining action plans to improve communication for effective decision making, and improving the working relationship between board committees and the board. It also helps to determine the board's training needs to ensure it keeps pace with the latest developments.

Value Creation

Zain has adopted sustainability practices in response to emerging challenges and stakeholder expectations through environmental, social and governance (ESG) standards. The strategic focus on environmental, social, and corporate governance leads to superior financial performance in various areas and pushes the board and executive management to keep pace with developments in the sector and to maximize the shareholders and stakeholders value through honesty and integrity in business operations. This leads to shareholder attraction and retention as well as increased customer loyalty. These non-financial factors act as sources of competitive advantage, increasing the company's long-term value.

Similar positive effects resulting from excellent ESG performance come through operational capabilities, quality management, increased confidence, execution efficiency, and efficient capital management. These factors show the company's ability to make strategically sound decisions. They also lead to the capital allocation and leadership of the company in an effective, productive, and valuable manner. Performance has also been positively linked to disclosures on environment, society, and governance, which are directly related to reputation, management and operational performance, and all lead directly to an increase in the market value of the company, thus, achieving higher value for shareholders on the long term.

Rule XI: Focus on the Importance Corporate Sustainability

Assessing the company's socio-economic and environmental impacts from an internal and external aspect is crucial for Zain's overall business strategy. The company's Corporate Sustainability (CS) department is responsible for ensuring the company's activities continue to be improved by driving efficiency, transparency, employee development, and positive engagement with external stakeholders such as customers and the general public.

Zain developed its Corporate Sustainability Policy to ensure that its Corporate Sustainability agenda is embedded across the organization to achieve the Company's targets and goals in a comprehensive manner. The Corporate Sustainability Policy is an official statement that affirms Zain's commitment to addressing key socio-economic and environmental challenges in its markets. The key focus areas highlighted in the policy are an extension of Zain's overall Corporate Sustainability strategy. Such areas include climate change, skill development, youth and women empowerment, sustainable and responsible business practices, providing opportunities for meaningful employment, poverty reduction, and bridging the inequality gap with an emphasis on diversity and inclusion. Zain's focus areas reflect the deficits and challenges identified across its operating markets.

In 2021, The company decided to publicize its Corporate Sustainability Policy on its official website to ensure all stakeholder have access to the policy in both Arabic and English.

Zain's Response to COVID-19

Across its operating markets, Zain continued taking proactive steps in addressing the needs and challenges our communities face from the current global crisis. Zain embraced the opportunities that came along to respond and help our communities recover from the impacts of the pandemic.

Through Zain's digital transformation strategy, the company played a significant role in enabling and accelerating access to connectivity in the communities in which we operate.

Zain ensured that all its employees and their family members had access to COVID-19 vaccines and continued with the implementation of health and safety protocols across its value chain.

Below is a summary of the various COVID-related activities carried out by Zain during the course of the year:

Health & Safety

- The company organized vaccination drives for employees and their family members in Iraq, Jordan, Kuwait, Saudi Arabia, and Sudan. In total 4,794 people were vaccinated. In addition, Zain Jordan lent its mobile clinic to the National Center for Security & Crisis to facilitate vaccination drives to the public in the Kingdom. By the end of 2021, 6,900 people had been vaccinated through the Zain Mobile Clinic.
- In collaboration with UNICEF, Zain Iraq provided 911 wi-fi devices and annual subscriptions for COVID-19 vaccination service delivery points, health districts, and provincial vaccine stores, enabling the use of digital platforms for registration and vaccine management, as well as for the communication of performance reports and adverse events surveillance data on a real-time basis.
- Zain Saudi Arabia hosted a sleeping disorders session for employees to mitigate some of the mental health impacts of the pandemic where more than 300 people attended.
- Zain Iraq provided a free short code to enable users to reach government entities and health sectors at all times.
- Zain Kuwait continued to assist the Ministry of Health through the Shlonik application, an application that ensures residents adhere to quarantine regulations and safety precautions. Since its launch, 1.5 million people have registered on the app. In addition, 519,000 people benefited from the in-app telehealth platform that provides people in quarantine a medical pass if required, access to doctors for medical consultation and delivery of medication.

Education

Due to abrupt lockdowns, curfews and social distancing practices, the education sector has suffered tremendously throughout the pandemic. These developments required a rapid response to ensure the youth continued their education, thus Zain saw this as an opportunity to provide students access to educational platforms and information relevant to their studies.

- Through Zain Jordan's partnership with UNICEF, the B12 educational platform was launched to support virtual learning. Currently, 5,000 students are benefiting from the service.
- To facilitate remote learning and support the educational sector in times of crisis, Zain Iraq offered data packages at no charge for students and teachers to access online educational platforms.
- For the Sudanese Certificate Exam, Zain disseminated a bulk SMS to 5 million customers to raise awareness about the exam to students and their families.
- Zain supported the launch of the Learning Passport, a centralized platform comprising of the courses that offers the youth to build the skills needed to excel in both their professional and personal lives, in Sudan with UNICEF and the Ministry of Education by providing zero-rated access to the platform across Zain's network. To date, the platform has approximately 1,500 active users.

Public Awareness Campaigns

The pandemic revealed how the spread of false or misleading information regarding health and safety can hinder the efforts to combat COVID-19. Zain's response to this was to work with governmental agencies to ensure access to the correct information.

- In collaboration with the Ministry of Health, Zain Iraq installed 14 billboards in strategic locations across Baghdad to raise awareness about the vaccine. The billboards contained information on preventative measures individuals can take to avoid contracting the virus.

Zain and UNICEF's Ramadan Commercial

The annual Zain Ramadan campaign was executed this year in support of UNICEF to address the challenge of vaccine hesitancy across the region and encourage COVID-19 vaccine uptakes. The commercial was broadcast on MBC 1, MBC Drama, Al Rai, KW TV and Shahid TV during the holy month and uploaded to Zain's YouTube channel, exceeding 10 million views.

Financial Inclusion and supporting Small and Medium-size Enterprises (SMEs)

Providing support and building resilience across the startup community, Zain introduced new cashless payment streams and workshops to alleviate financial pressures and support capacity building.

- Zain Jordan's Innovation Campus (ZINC) launched "Zain Al Mubadara 5", a program that supports startups' recovery during COVID-19. The initiative offers two tracks, one for entrepreneurs with a business idea and one for existing startup businesses. In total, 144 ideas and 32 startups were supported through financial and capacity building initiatives.
- To support social distancing requirements, Zain Iraq launched new online payment gateway channels available through the company website and the Zain Iraq B2B mobile app.
- Zain Saudi Arabia offered unlimited closed user group calls at no charge for one month, with the option for autorenewal to support enterprises of all sizes in meeting remote communication needs.

In Zain Jordan, Zain Cash, an electronic mobile payment service, provided:

- New customers the ability to open their own wallets virtually from home, without the need to visit Zain shops or dealers, benefiting more than 100,000 people
- Zain customers were provided the option to recharge their line balance online at a discounted rate during quarantine.
- Zain Cash customers were given access to cash-in their wallet through the Zain website using a quick-pay service through a credit card, impacting 8,000 people
- Zain Cash in Jordan was used as a main channel for processing bulk payout transactions, including government subsidies, salaries, and other aid funds through e-wallets. Zain Cash handled 400,000 bulk payout transactions, totaling JOD 59 million, impacting more than 200,00 people.

Further details of Zain's response to the pandemic may be found here:
English: https://www.zain.com/en/covid19/
Arabic: https://www.zain.com/ar/covid19/

Under Zain's newly established Corporate Sustainability strategy 2020-2025, the Company established certain programs that help support the achievement of the targets under this strategy.

1. Climate Change

The company recognizes the importance of preserving the planet and its resources and is committed to seeking ways to reduce its carbon footprint, mitigate climate-related risks and identify opportunities that help preserve energy, water, and biodiversity.

- This year, the company continued its participation to CDP, previously known as the Carbon Disclosure Project, to disclose its climate management. Through the disclosure Zain scored an A- which falls under the leadership category and is considered a great milestone for the company as it previously scored a B in last year's disclosure. This achievement showcases the company's dedication in measuring and disclosing its climate change impacts on a holistic basis. Through its membership with CDP, the company demonstrates its alignment to TCFD – Task Force on Climate-Related Financial Disclosures. Through CDP's questionnaire adheres to TCFD's recommendations within its Governance, Risks & Opportunities, Strategy, Targets and Emissions Modules. Zain disclosed its risks and opportunities for CDP based on the TCFD scenario-based risk and opportunity guide.
- Zain Bahrain hosted an e-waste recycling competition including four middle schools in Bahrain. The aim of the contest is to raise awareness and instill a practice of recycling old electronic devices amongst the youth of the Kingdom. The winners were evaluated by a committee consisting of representatives from Zain Bahrain, the Supreme Council for Environment, and the Ministry of Education. Also, Zain Bahrain installed recycling bins for e-waste in its headquarters for employees to recycling their e-waste including smartphones, tablets, TVs, and other devices with a circuit board.

- For World Environmental Day, Zain Sudan commemorated the day by raising awareness on the importance of restoring natural ecosystems. Due to its geographical location, Sudan is at high risk for floods and droughts which cause desertification. To commemorate World Day to Combat Drought & Desertification Zain Sudan brought awareness to the consequences of climate change including forced migration due to warming temperatures, agricultural loses due to droughts, and ice caps melting resulting in rising sea levels. Over 113,100 people were reached through their campaigns.

2. Social Business

Zain is committed to providing inclusive access to connectivity while reinventing purpose-driven products and services that create social and financial value.

Packages for People with Disabilities

- Zain Jordan continued to provide Basma Line+, a mobile bundle package targeting 353 people from the deaf and mute community.
- Zain Kuwait launched two postpaid packages dedicated to people with disabilities in collaboration with the Communication & Information Technology Regulatory Authority (CITRA) and the Public Authority of the Disabled in Kuwait.

Partnership with UNHCR and Facebook

- The company continued to provide access to free wi-fi connectivity to 10 refugee centers across Jordan. This year, Zain was able to attract 4,012 unique new users, bringing the total to 728,000.

Bundles for Students in Saudi Arabia

- Given the shift in schooling online, Zain Saudi Arabia partnered with Takaful Foundation and its 'Education Initiative' and provided 5,000 students with 10 GB of data at no charge for three months. The company ensured that this service was provided to students coming from disadvantaged communities to ensure the continuation of their education.

3. Inclusion

We aim to bridge the divides that currently exist in our operating communities with a specific focus on women in technology, upskilling marginalized and disadvantaged communities, promoting digital inclusion, extending to the elderly and people with disabilities.

Women in Tech

To foster the development of girls and women in Science, Technology, Engineering and Math (STEM), Zain Group launched the Women in Tech program across its operating markets where female STEM students are matched with seasoned experts from Zain's operations to be mentored. By creating successful matches, the program aims to enable future generations of females to enter the field with the promise of becoming change-makers in the industry.

The program was designed by consulting and engaging with women who are currently studying STEM to fully address their needs and challenges. A campaign was launched in each operating country to attract women who are passionate about their field but might be facing difficulties.

The mentorship sessions spanned a course of four months with the first phase including monthly meetings and the second included bi-weekly sessions. As it was a pilot, there was freedom to experiment with the participants to understand best practices.

In addition to the mentorship sessions, participants of the program were invited to a gender bias workshop conducted by WISE Campaign, a UK-based leader in creating positive cultural change in STEM sectors with over 37 years of industry experience. A final session was held facilitated by Ishreen Bradley, a keynote speaker, author, and executive coach, who delivered a training session on 'How to Build your Personal Brand' for mentees and mentors to confidently achieve their goals.

People with Disabilities

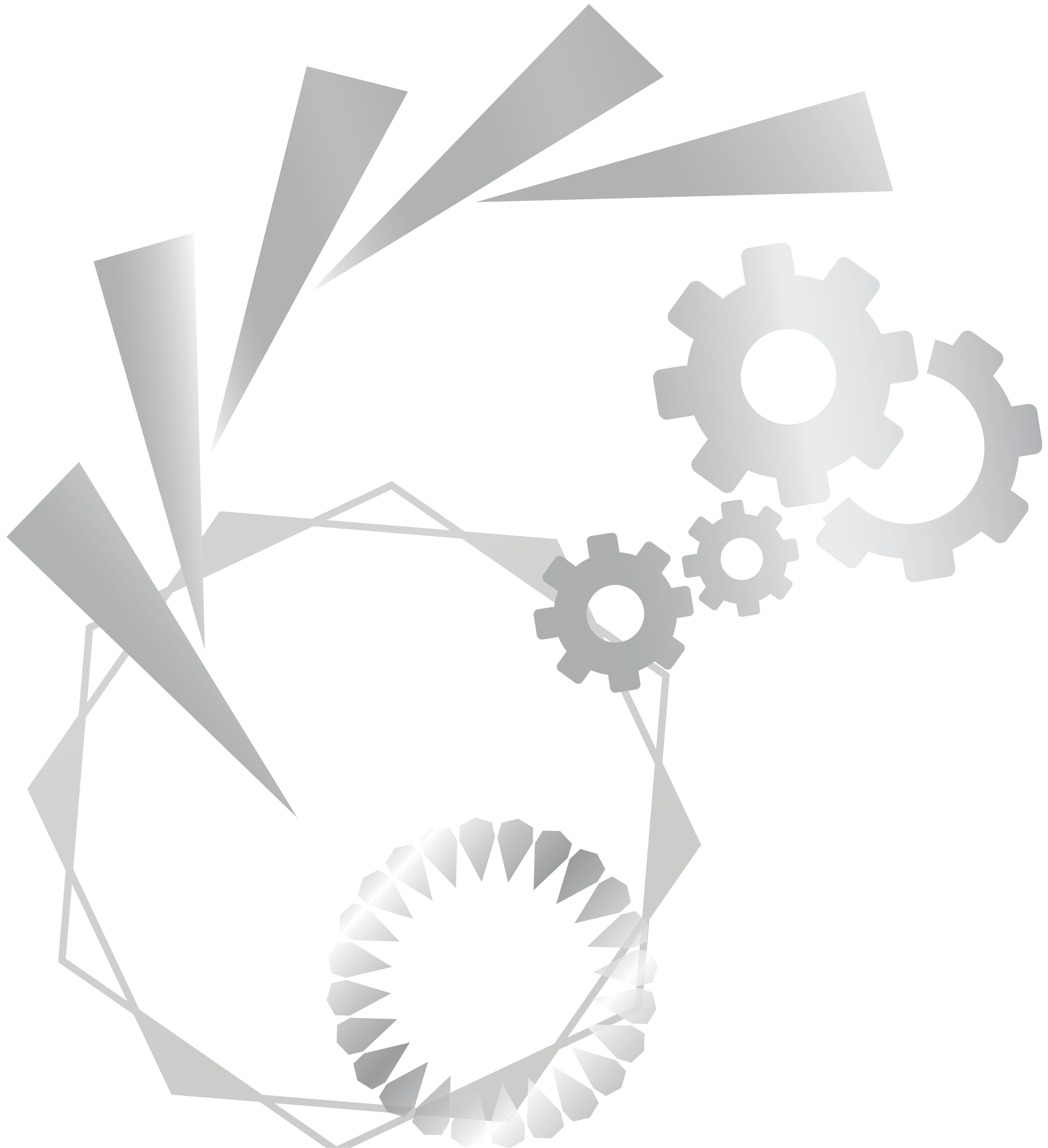
- This year, Zain Bahrain began its transformation journey by identifying accessible branches and kiosks to prioritize and ensure accessibility, installing signs and ramps for ease of access. The company's approach is to ensure its physical locations are accessible before tackling processes, products, or services. In addition, Zain Bahrain established the 'Enablement Line', a hotline for people with hearing impairments to serve as a customer service line.
- To address the needs of people with disabilities, Zain Iraq launched priority cards for customers with registered disabilities, to bypass waiting lines at Zain's branches and kiosks, providing faster service.
- Zain commemorated International Day of Persons with Disabilities by joining the global movement, #PurpleLightUp, across its operating markets, to acknowledge the economic contribution of the 386 million employees with disabilities around the world.

4. Generation Youth

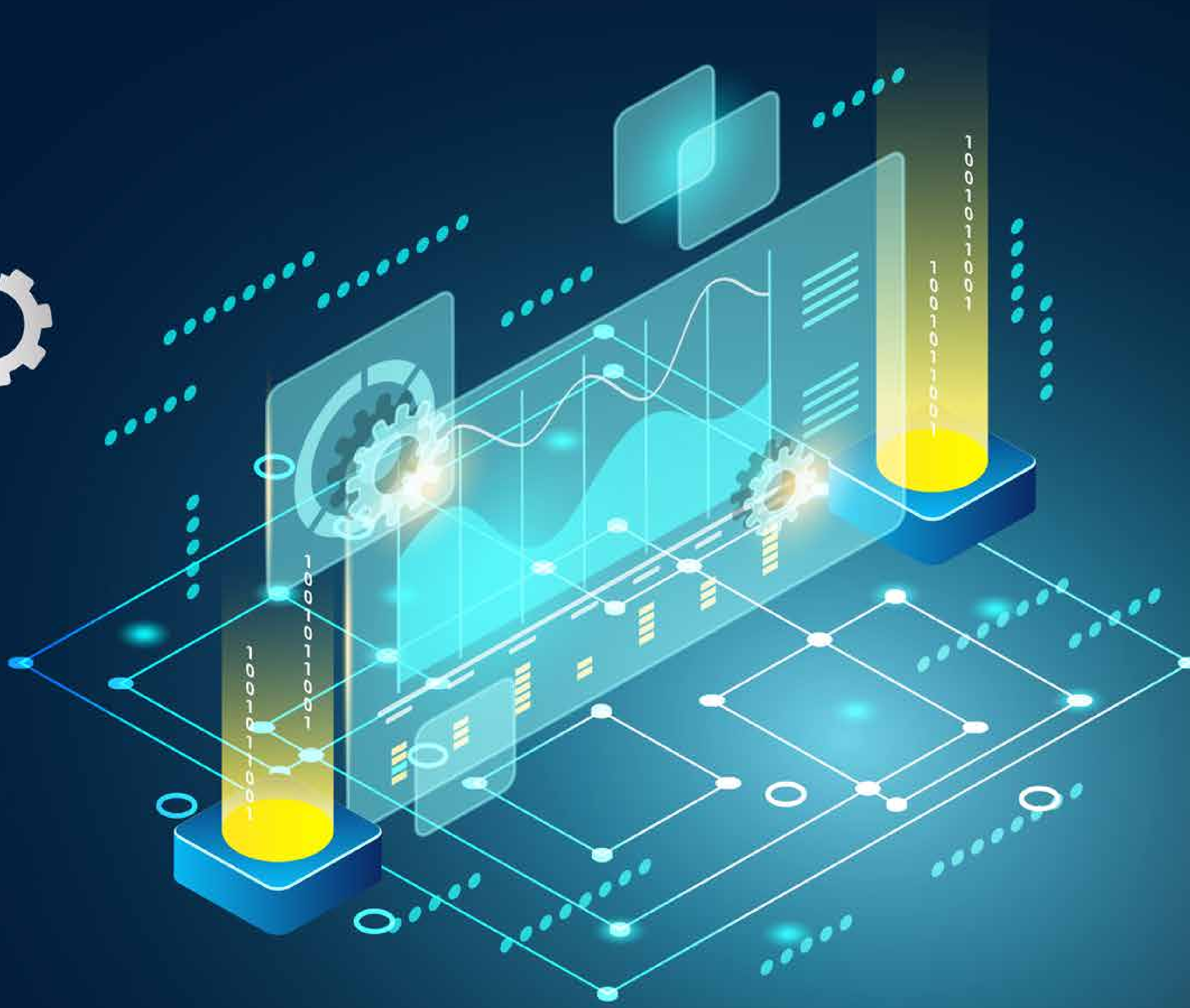
Zain aims to empower 16 million children and youth across its footprint by building resilience, safeguarding future generations, and supporting children and youth with an emphasis on online safety, employment, and skills development.

- Zain launched a groupwide media campaign entitled 'Internet Monsters' raising awareness on online safety for children and the risks children might face whilst online. The campaign is based on classic fairytales with a modern twist to depict what is currently occurring in the digital world. The campaign successfully reached 66.3 million impressions across Zain's footprint.
- Zain is currently working with the Canadian Center for Children Protection to integrate Project Arachnid, software to reduce the availability of child sexual abuse materials (CSAM) globally. The company successfully integrated Project Arachnid in Kuwait and is currently working on integrating it across its markets. Zain Sudan uses Internet Watch Foundation's solution, a UK-based charity that provides software to filter, remove and block CSAM, on its network.
- Zain Sudan collaborated with Hawatif outsourcing company to train fresh graduates to be employed at call centers. Since 2020, 870 agents have been hired through this program, showcasing the company's willingness to provide growth opportunities for youth.
- In partnership with UNICEF and local therapist Eman Norudin, Zain Bahrain conducted a virtual workshop and social media campaign addressing topics such as cyberbullying and online safety from a parental perspective with a slight focus on teaching children how to be resilient in a fast-paced digital world.
- For its sixth edition of Zain Great Idea, Zain continued to collaborate with Brilliant Lab to incubate and accelerate tech entrepreneurs across the region. Established in 2010, ZGI empowered, trained, and invested in over 1,500 Kuwaiti and Arab youth. To date, investments in ZGI startups amount to well over KWD 6 million (USD 20m), with 30% of ZGI's alumni now owning thriving businesses across local and regional markets.

This year, 170 ambitious applicants across the MENA region applied, of whom 114 took part in the virtual bootcamp with 60 entrepreneurs being qualified to the final phase. In the end, 25 finalists from seven countries made it to the final phase and pitched their ideas to potential investors and business partners.



03 Financial Statements



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

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the consolidated financial statements of Mobile Telecommunications Company K.S.C.P. ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of 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 (IFRSs).

Basis for Qualified Opinion

As disclosed in note 2.1 to the consolidated financial statements, the Group has excluded the effects reported therein of applying International Accounting Standard (IAS) 29: Financial Reporting in Hyperinflationary Economies with respect to its subsidiaries in the Republic of Sudan. It is not possible to determine with reasonable certainty the exact impact of applying hyperinflationary accounting for these subsidiaries as the Group has not performed the required calculations. In these circumstances, we are unable to quantify the effect of the departure from IAS 29.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of Matter

We draw attention to note 28 of the consolidated financial statements, which describes uncertainty related to the outcome of the ongoing litigation between the Group's subsidiary in Jordan and the Country's Telecommunications Regulatory Commission. Our opinion is not modified in respect of this matter.

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. For each matter below, our description of how our audit addressed that matter is provided in that context. In addition to the matter described in the Basis for Qualified Opinion section we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition The Group has recognized revenue from telecom services amounting to KD 1,517.251 million for the year ended 31 December 2021. There is an inherent risk around telecom services revenue recognition because of the complexity of the related Information Technology ("IT") environment, the processing of large volumes of data through a number of different IT systems and the combination of different products and prices. Due to the complexities and dependencies on different IT systems in the revenue recognition process and presumed fraud risk around the occurrence of revenue recorded we have considered this as a key audit matter. The accounting policy for revenue recognition is set out in note 2.3.15 and the related disclosures are made in note 19 and note 25 to the consolidated financial statements.	Our audit procedures included: • an understanding of the significant revenue processes and identifying the relevant controls, IT systems, interfaces and reports; • an evaluation of the relevant IT systems, with the assistance of our internal IT specialists, and the design and implementation of internal controls related to revenue recognition. • testing the operating effectiveness of controls over the recording of revenue transactions; authorization of rate changes and its input to the billing systems and the change control procedures in place around those systems. • verifying key reconciliations performed by the Group's Revenue Assurance team, including testing end to end reconciliation from business support systems to billing and rating systems to the general ledger, this testing includes validation of material journals processed between billing systems and general ledger. • testing a sample of subscribers invoices back to the cash receipts. • performing tests on the accuracy of subscribers bill generation on a sample basis. We also assessed the disclosures in the financial statements relating to this matter against the requirements of IFRSs.
Impairment of Goodwill As at 31 December 2021, goodwill is carried at KD 584.567 million which represents 12.2% of the total assets. The impairment test of goodwill performed by management is significant to our audit because the assessment of the recoverable amount of goodwill under the value-in-use basis is complex and requires considerable judgment on the part of management. Estimates of future cash flows are based on management's views of variables such as the growth in the telecommunications sector, economic growth, expected inflation rates and yield. Therefore, we identified the impairment testing of goodwill as a key audit matter. The Group's policy on assessing impairment of goodwill is set out in note 2.3.8 and related disclosures are made in note 12 to the consolidated financial statements.	We evaluated the design and implementation of controls over the impairment assessment process. With the support of our internal valuation experts, we benchmarked and challenged key assumptions forming the Group's value-in-use calculation including the cash flow projections and discount rate. We compared actual historical cash flows with previous forecasts and assessed differences, if any, were within an acceptable range. We assessed the overall reasonableness of the cash flow forecasts and compared the discount rate and growth rate to market data. Additionally, we analyzed the sensitivities such as the impact on the valuation if the growth rate would be decreased, or the discount rate would be increased. We also assessed the adequacy of the Group's disclosures included in notes to the consolidated financial statements about those assumptions to which the outcome of the impairment test is more sensitive against the requirements of IFRSs.

Other information

Management is responsible for the other information. The other information comprises of the information included in the Annual Report of the Group for the year ended 31 December 2021. The other information does not include the consolidated financial statements and our auditor's report thereon. We obtained the report of the Company's Board of Directors prior to the date of our auditor's report and we expect to obtain the remaining sections of the Group's Annual Report for the year ended 31 December 2021 after the date of our auditor's report.

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 when it becomes available 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. As described in the Basis for qualified opinion for the consolidated financial statements section above, we were unable to obtain sufficient appropriate audit evidence about non-adoption of IAS 29 by the Group over its subsidiaries in the Republic of Sudan. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

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

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

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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the 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 accounts have been kept by the Company and the consolidated financial statements, together with the contents of the report of the Company's Board of Directors relating to these consolidated financial statements, are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all the information that is required by the Companies Law No. 1 of 2016 and its Executive Regulations and by the Company's Memorandum of Incorporation and Articles of Association, as amended, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law No. 1 of 2016 and its Executive Regulations or of the Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the year ended 31 December 2021 that might have had a material effect on the business of the Company or on its financial position.

We further report that, during the course of our audit, we have not become aware of any material violations of the provisions of Law No. 7 of 2010, concerning the Capital Markets Authority and its related regulations, as amended, during the year ended 31 December 2021, that might have had a material effect on the business of the Company or on its financial position.

Bader A. Al-Wazzan
Licence No. 62A
Deloitte & Touche - Al-Wazzan & Co.

Kuwait
10 February 2022

ASSETS	Note(s)	2021 KD '000	2020 KD '000
Current assets			
Cash and bank balances	4	231,884	393,060
Trade and other receivables	5	687,334	579,286
Contract assets	19.2	60,756	55,805
Inventories	6	59,218	51,102
Investment securities at fair value through profit or loss	7	28,423	9,785
Assets of disposal group classified as held for sale	8.1	4,906	6,917
		1,072,521	**1,095,955**
Non-current assets			
Contract assets	19.2	42,857	36,624
Investment securities at FVOCI	7	18,165	5,325
Investments in associates and joint venture	9	78,602	76,137
Other non-current assets	11,12	57,673	47,113
Right of use of assets	10	163,745	169,292
Property and equipment	11	1,217,268	1,313,582
Intangible assets and goodwill	12	2,147,811	2,167,536
		3,726,121	3,815,609
Total Assets		**4,798,642**	**4,911,564**
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	13	938,352	990,763
Deferred revenue	19.2	90,853	95,828
Liabilities of disposal group classified as held for sale	8.1	625	1,316
Income tax payables	14	23,900	20,530
Due to banks	15	406,217	176,546
Lease liabilities	16	33,599	38,410
		1,493,546	**1,323,393**
Non-current liabilities			
Due to banks	15	899,343	1,019,830
Lease liabilities	16	148,708	143,718
Other non-current liabilities	17	445,029	490,079
		1,493,080	**1,653,627**
Equity			
Attributable to the Company's shareholders			
Share capital	18	432,706	432,706
Share premium		1,707,164	1,707,164
Legal reserve	18	216,354	216,354
Foreign currency translation reserve	18	(1,499,458)	(1,390,619)
Investment fair valuation reserve		(4,620)	(3,966)
Other reserves	18	(2,492)	(5,383)
Retained earnings		339,781	359,180
		1,189,435	**1,315,436**
Non-controlling interests	26	622,581	619,108
Total equity		**1,812,016**	**1,934,544**
Total Liabilities and Equity		**4,798,642**	**4,911,564**

The accompanying notes are an integral part of these consolidated financial statements.

Ahmed Tahous Al Tahous
Chairman

Bader Nasser Al Kharafi
Vice Chairman & Chief Executive Officer

	Note(s)	2021 KD '000	2020 (Restated) KD '000
Continuing operations			
Revenue	19.1	1,517,251	1,624,894
Cost of sales		(461,156)	(447,765)
Operating and administrative expenses	20	(430,913)	(467,054)
Depreciation and amortization	10,11,12	(356,261)	(359,647)
Expected credit loss on financial assets (ECL)		2,605	(38,696)
Interest income		3,330	4,102
Investment income	21	410	2,021
Share of results of associates and joint venture	9	3,381	766
Other income		7,765	3,010
Gain on sale and lease back transactions	8	961	6,205
Gain on modification of financial liabilities	15	2,073	11,128
Finance costs		(68,296)	(87,624)
Loss from currency revaluation		(6,652)	(14,443)
Net monetary gain	33	313	5,163
Profit before contribution to KFAS, NLST, Zakat, income taxes and Board of Directors' remuneration		**214,811**	**242,060**
Contribution to Kuwait Foundation for Advancement of Sciences		(1,768)	(1,862)
National Labour Support Tax and Zakat	22	(5,524)	(8,672)
Income tax expenses	23	(20,596)	(23,059)
Board of Directors' remuneration		(435)	(435)
Profit for the year from continuing operations		**186,488**	**208,032**
Discontinued operations			
Profit for the year from discontinued operations	8.2	14,390	175
Profit for the year		200,878	208,207
Attributable to:			
Shareholders of the Company		**185,745**	**185,150**
Non-controlling interests		15,133	23,057
		200,878	208,207
Earnings per share (EPS)			
Basic and diluted – Fils	24		
From continuing operations		40	43
From discontinued operations		3	-

The accompanying notes are an integral part of these consolidated financial statements.

	2021	2020 (Restated)
	KD '000	KD '000
Profit for the year	200,878	208,207
Other comprehensive income:		
Other comprehensive income items that may be transferred or reclassified to consolidated statement of profit or loss in subsequent periods:		
Exchange differences on translating foreign operations	(110,713)	(19,144)
Other reserves	7,742	(6,368)
Other comprehensive income for the year	**97,907**	**182,695**
Items that will not be reclassified to consolidated statement of profit or loss:		
Changes in the fair value of equity investments at FVOCI	(654)	(2,878)
Total comprehensive income for the year	**97,253**	**179,817**
Total comprehensive income attributable to:		
Shareholders of the Company		
From continuing operations	65,254	160,986
From discontinued operations	13,889	169
	79,143	**161,155**
Non-controlling interests		
From continuing operations	17,609	18,656
From discontinued operations	501	6
	18,110	**18,662**

The accompanying notes are an integral part of these consolidated financial statements.

	Equity attributable to Company' shareholders								
	Share capital	Share premium	Legal reserve	Foreign currency translation reserve	Investment fair valuation reserve	Other reserves	Retained earnings	Non-controlling interests	Total equity
	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000
Balance at 31 December 2020	432,706	1,707,164	216,354	(1,390,619)	(3,966)	(5,383)	359,180	619,108	1,934,544
Profit for the year	-	-	-	-	-	-	185,745	15,133	200,878
Other comprehensive income for the year	-	-	-	(108,839)	(654)	2,891	-	2,977	(103,625)
Total comprehensive income for the year	**-**	**-**	**-**	**(108,839)**	**(654)**	**2,891**	**185,745**	**18,110**	**97,253**
Effect of change in ownership percentage of subsidiaries (note 3)	-	-	-	-	-	-	(19,080)	(10,196)	(29,276)
Cash dividends (note 18)	-	-	-	-	-	-	(186,064)	-	(186,064)
Cash dividends to minority shareholders of subsidiaries (2020)	-	-	-	-	-	-	-	(4,441)	(4,441)
Balance at 31 December 2021	**432,706**	**1,707,164**	**216,354**	**(1,499,458)**	**(4,620)**	**(2,492)**	**339,781**	**622,581**	**1,812,016**
Balance at 31 December 2019	432,706	1,707,164	216,354	(1,371,841)	(1,088)	(3,044)	318,509	379,839	1,678,599
Profit for the year	-	-	-	-	-	-	185,150	23,057	208,207
Other comprehensive income for the year	-	-	-	(18,778)	(2,878)	(2,339)	-	(4,395)	(28,390)
Total comprehensive income for the year	**-**	**-**	**-**	**(18,778)**	**(2,878)**	**(2,339)**	**185,150**	**18,662**	**179,817**
Rights issue by a subsidiary	-	-	-	-	-	-	(1,686)	226,568	224,882
Cash dividends (2019) (note 18)	-	-	-	-	-	-	(142,793)	-	(142,793)
Cash dividends to minority shareholders of subsidiaries (2019)	-	-	-	-	-	-	-	(5,961)	(5,961)
Balance at 31 December 2020	**432,706**	**1,707,164**	**216,354**	**(1,390,619)**	**(3,966)**	**(5,383)**	**359,180**	**619,108**	**1,934,544**

The accompanying notes are an integral part of these consolidated financial statements.

	Note(s)	2021 KD '000	2020 KD '000
Profit for the year before income tax, KFAS, NLST, and Zakat		228,766	241,847
Adjustments for:			
Depreciation and amortization	10,11,12	356,261	360,723
ECL on financial assets		(2,605)	38,696
Interest income		(3,330)	(4,102)
Investment income	21	(410)	(2,021)
Share of results of associates and joint venture	9	(3,381)	(766)
Gain on sale and lease back transactions	8	(961)	(6,205)
Gain on modification of financial liabilities	15	(2,073)	(11,128)
Gain on disposal of Discontinued Operations	8.2	(14,390)	-
Finance costs		68,296	88,361
Loss from currency revaluation		6,652	14,443
Net monetary gain	33	(313)	(5,163)
(Gain)/ Loss on sale of property and equipment		(533)	296
Cash flows from operating activities before working capital changes		**631,979**	**714,981**
Increase in trade and other receivables		(94,543)	(79,568)
Increase in inventories		(10,076)	(2,610)
(Decrease)/ Increase in trade and other payables and deferred revenue		(87,264)	45,743
Cash generated from operations		**440,096**	**678,546**
Payments:			
Income tax		(18,637)	(42,214)
Kuwait Foundation for Advancement of Sciences (KFAS)		(4,062)	(674)
National Labour Support Tax and Zakat		(5,908)	(16,770)
Net cash from operating activities		411,489	618,888
Cash flows from investing activities			
Deposits maturing after three months and cash at banks under lien	4	27,326	6,754
Proceeds from sale of investment securities		2,044	1,772
Investments in securities		(20,686)	(2,813)
Acquisition of non-controlling interest		(8,758)	-
Investment in associate		(777)	(823)
Acquisition of property and equipment (net)		(216,260)	(273,470)
Acquisition of intangible assets (net)		(129,881)	(33,066)
Proceeds from sale of telecom assets (sale and lease back)	8.1	3,134	21,797
Interest received		2,310	3,484
Dividends received		83	123
Net cash used in investing activities		**(341,465)**	**(276,242)**
Cash flows from financing activities			
Proceeds from bank borrowings	15	452,366	261,335
Repayment of bank borrowings	15	(338,584)	(454,500)
Repayment of lease liabilities		(57,331)	(53,347)
Dividends paid to Company's shareholders		(185,514)	(132,799)
Dividends paid to minority shareholders of subsidiaries		(4,480)	(6,011)
Non- controlling interest - rights issue by a subsidiary		-	226,185
Finance costs paid		(45,117)	(77,268)
Net cash used in financing activities		**(178,660)**	**(236,405)**
Net (decrease) / increase in cash and cash equivalents		**(108,636)**	**106,241**
Effects of exchange rate changes on cash and cash equivalents		(25,214)	(3,412)
Cash and cash equivalents at beginning of year		**363,566**	**260,737**
Cash and cash equivalents at end of year	**4**	**229,716**	**363,566**

The accompanying notes are an integral part of these consolidated financial statements.

1. Incorporation and activities

Mobile Telecommunications Company K.S.C.P. (the "Company") is a Kuwaiti shareholding company incorporated in 1983. Its shares are traded on the Kuwait Stock Exchange. The registered office of the Company is at P.O. Box 22244, 13083 Safat, State of Kuwait.

The Company and its subsidiaries (the "Group") along with associates provide mobile telecommunication services in Kuwait and 7 other countries (31 December 2020 - Kuwait and 7 other countries) under licenses from the governments of the countries in which they operate; purchase, deliver, install, manage and maintain mobile telephone systems; and invests surplus funds in investment securities.

The Company is a subsidiary of Oman Telecommunications Company SAOG, Oman ("Parent Company").

These consolidated financial statements were authorized and approved for issue by the Board of Directors of the Company on 10 February 2022 and are subject to approval of the shareholders at their forthcoming Annual General Meeting.

2. Basis of preparation and significant accounting policies

2.1 Basis of preparation

These consolidated financial statements have been prepared in conformity with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC). These consolidated financial statements are prepared under the historical cost basis of measurement adjusted for the effects of inflation where entities operate in hyperinflationary economies and modified by the revaluation at fair value of financial assets held as "at fair value through profit or loss", "at fair value through other comprehensive income" and "derivative financial instruments". These consolidated financial statements have been presented in Kuwaiti Dinars (KD), rounded to the nearest thousand.

The economy of Republic of South Sudan became hyperinflationary in 2016. Accordingly, the results, cash flows and financial position of the Group's subsidiary in South Sudan have been expressed in terms of the measuring unit current at the reporting date in accordance with IAS 29: Financial Reporting in Hyperinflationary Economies. The methods used to measure the fair value and adjustments made to the account of Group's entities that operate in the hyperinflationary economies are discussed further in the accounting policies and in the respective notes.

In 2015, the Group noted that the economy of the Republic of Sudan, where the Group has subsidiaries, may be hyperinflationary from the beginning of 2015. This was based on the general price index showing the cumulative three-year rate of inflation exceeding 100% at that time. However, International Accounting Standard, IAS 29: Financial Reporting in Hyperinflationary Economies, does not establish an absolute rate at which hyperinflation is deemed to arise and states that it is a matter of judgment when restatement of financial statements in accordance with this Standard becomes necessary. In addition, the Group noted that in the 2014 International Monetary Fund (IMF) Sudan country report, the cumulative projected three year inflation rate outlook for Sudan in 2016 to be around 57% and thus, applying IAS 29 in 2015, could have entailed going in and out of hyperinflation within a short period which was confirmed when the Republic of Sudan went out of hyperinflation in 2016. The Republic of Sudan has been again declared as hyperinflationary in 2018. Based on the above matters, Group believes that there is no definitive basis to apply IAS 29 at this stage. However, Group will review it on an ongoing basis, accordingly it has not quantified the impact of applying IAS 29 in 2021.

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that may affect the reported amounts of assets and liabilities and disclosure of contingent assets and contingent liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. It also requires management to exercise its judgment in the process of applying the accounting policies. The areas involving a high degree of judgment or complexity or areas where assumptions and estimates are significant to these consolidated financial statements are disclosed in note 34.

Going concern
The directors have, at the time of approving the 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 financial statements.

2.2 New and revised accounting standards

The accounting policies used in the preparation of these consolidated financial statements are consistent with those used in the previous year except for the following new and amended IASB Standards during the year.

2.2.1 New and amended IFRS Standards that are effective for the current year

The Group has applied the following new and revised IFRS Standards that have been issued and effective:

Impact of the initial application of Interest Rate Benchmark Reform
In the prior year, the Group adopted the Phase 1 amendments Interest Rate Benchmark Reform—Amendments to IFRS 9 and IFRS 7. These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments are amended as a result of the interest rate benchmark reform.

In the current year, the Group adopted the Phase 2 amendments Interest Rate Benchmark Reform—Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. Adopting these amendments enables the Group to reflect the effects of transitioning from interbank offered rates (IBOR) to alternative benchmark interest rates (also referred to as 'risk free rates' or RFRs) without giving rise to accounting impacts that would not provide useful information to users of financial statements.

Both the Phase 1 and Phase 2 amendments are relevant to the Group because it applies hedge accounting to its interest rate benchmark exposures.

Details of the derivative and non-derivative financial instruments affected by the interest rate benchmark reform together with a summary of the actions taken by the Group to manage the risks relating to the reform and the accounting impact, including the impact on hedge accounting relationships, appear in Note 29 and 30.

The amendments are relevant for the following types of hedging relationships and financial instruments of the Group, all of which extend beyond 2021:

- Cash flow hedges where IBOR-linked derivatives are designated as a cash flow hedge of IBOR-linked bank Borrowings

The application of the amendments affects the Group's accounting in the following ways:

- The Group has floating rate debt, linked to LIBOR, which it cash flow hedges using interest rate swaps. The amendments permit continuation of hedge accounting even though there is uncertainty about the timing and amount of the hedged cash flows due to the interest rate benchmark reforms.

The Group will continue to apply the Phase 1 amendments to IFRS 9 until the uncertainty arising from the interest rate benchmark reform with respect to the timing and the amount of the underlying cash flows to which the Group is exposed ends. The Group expects this uncertainty will continue until the Group's contracts that reference IBORs are amended to specify the date on which the interest rate benchmark will be replaced and the basis for the cash flows of the alternative benchmark rate are determined including any fixed spread.

As a result of the Phase 2 amendments:

- When the contractual terms of the Group's bank borrowings are amended as a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the basis immediately preceding the change, the Group changes the basis for determining the contractual cash flows prospectively by revising the effective interest rate. If additional changes are made, which are not directly related to the reform, the applicable requirements of IFRS 9 are applied to the other changes.

- When a lease is modified as a direct consequence of the interest rate benchmark reform and the new basis for determining the lease payments is economically equivalent to the previous basis, the Group remeasures the lease liability to reflect the revised lease payments discounted using a revised discount rate that reflects the change in the basis for determining the contractual cash flows.

- When changes are made to the hedging instruments, hedged item and hedged risk as a result of the interest rate benchmark reform, the Group updates the hedge documentation without discontinuing the hedging relationship and, in the case of a cash flow hedge, the amount accumulated in the cash flow hedge reserve is deemed to be based on Secured Overnight Financing Rate (SOFR).

Note 29 and 30 provides the required disclosures related to these amendments.

Impact of the initial application of COVID-19-Related Rent Concessions beyond 30 June 2021—Amendment to IFRS 16

In the prior year, the Group early adopted Covid-19-Related Rent Concessions (Amendment to IFRS 16) that provided 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. This practical expedient was available to rent concessions for which any reduction in lease payments affected payments originally due on or before 30 June 2021.

In March 2021, the Board issued Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16) that extends the practical expedient to apply to reduction in lease payments originally due on or before 30 June 2022.

In the current financial year, the Group has applied the amendment to IFRS 16 (as issued by the Board in May 2021) in advance of its effective date.

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 applying IFRS 16 as if the changes 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:

- 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

- Any reduction in lease payments affects only payments originally due on or before 30 June 2022 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2022 and increased lease payments that extend beyond 30 June 2022)

- There is no substantive change to other terms and conditions of the lease

The application of this amendment did not have a significant impact on the Group's consolidated financial statements, since there were no material rent concession from lessors during the year.

2.2.2 Standards issued but not effective

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

IFRS 17 Insurance Contracts	The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after 1 January 2023.
Amendments to IAS 1	Classification of Liabilities as Current or Non-current The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application.
Amendments to IFRS 3 Reference to the Conceptual Framework	The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same or earlier.
Amendments to IAS 16 Property, Plant and Equipment—Proceeds before Intended Use	The amendments are effective for annual periods beginning on or after 1 January 2022, with early application Permitted.
Amendments to IAS 37 Onerous Contracts – Cost of Fulfilling a Contract	The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.
Annual Improvements to IFRS Standards 2018-2020 Cycle	Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.
Amendments to IFRS 4	Extension of the Temporary Exemption from Applying IFRS 9 The amendment is effective for annual periods beginning on or after 1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of accounting policies the amendment is effective for annual periods beginning on or after 1 January 2023
Amendments to IAS 8	Definition of accounting estimates The amendment is effective for annual periods beginning on or after 1 January 2023

The management does not expect the adoption of the Standards and Interpretations listed above to have a material impact on the consolidated financial statements of the Group in future periods.

2.3 Significant accounting policies

2.3.1 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 and IAS 19 respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date (see below); and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held interests (including joint operations) in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

2.3.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Group made up to 31 December each year. Control is achieved when the Group:

- has the 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 affects its returns.

The Group 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 Group has less than a majority of the voting rights of an investee, it considers that 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 Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group 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 Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

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

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

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed 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.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the noncontrolling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable IFRS Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

2.3.3 Financial instruments

Financial assets and financial liabilities are recognised in the Group's 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 the statement of profit or loss.

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.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, 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 effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

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.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. 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 (see below). 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.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the "interest income" line item.

(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 investments revaluation reserve. The cumulative gain or loss will not be reclassified to 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 profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'investment income' line item in profit or loss.

(iii) Financial assets at FVTPL
Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency ('accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss.

Impairment of financial assets
The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, trade receivables, contract assets, as well as on financial guarantee contracts. 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 always recognises lifetime ECL for trade 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.

The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:
(1) The financial instrument has a low risk of default,
(2) The borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and
(3) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

(ii) Definition of default
The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, there is sufficient doubt about the ultimate collectability; or the customer is past due for more than 90 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 (see (ii) above);
(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) 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.

(v) Measurement and recognition of expected credit losses
The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a 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 described above. 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 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.

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 profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, 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 investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities

Financial liabilities measured subsequently at amortised cost.
Financial liabilities 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.

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 profit or loss.

Derivative financial instruments and hedging activities

The Group enters into derivative financial instruments to manage its exposure to interest rate. Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both a legally enforceable right and intention to offset.

Hedge accounting

For hedge accounting, the Group designates derivatives as either hedges of the fair value of recognized assets or liabilities or a firm commitment (fair value hedge); or hedges of a particular risk associated with a recognized asset or liability or a highly probable forecast transaction (cash flow hedge) or hedges of a net investment in a foreign operation (net investment hedge).

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

Fair value hedges

The fair value change on qualifying hedging instruments is recognised in profit or loss except when the hedging instrument hedges an equity instrument designated at FVTOCI in which case it is recognised in other comprehensive income. The carrying amount of a hedged item not already measured at fair value is adjusted for the fair value change attributable to the hedged risk with a corresponding entry in profit or loss. For debt instruments measured at FVTOCI, the carrying amount is not adjusted as it is already at fair value, but the hedging gain or loss is recognised in profit or loss instead of other comprehensive income. When the hedged item is an equity instrument designated at FVTOCI, the hedging gain or loss remains in other comprehensive income to match that of the hedging instrument. Where hedging gains or losses are recognised in profit or loss, they are recognised in the same line as the hedged item.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Group expects that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in cash flow hedge reserve is reclassified immediately to profit or loss.

Hedges of net investments in foreign operations

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the foreign currency forward contracts relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated in the foreign currency translation reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line item. Gains and losses on the hedging instrument accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal or partial disposal of the foreign operation.

Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset and reported on a net basis in the accompanying consolidated statement of financial position when a legally enforceable right to set off such amounts exists and when the Group intends to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

2.3.4 Cash and cash equivalents
Cash on hand, demand and time deposits with banks whose original maturities do not exceed three months are classified as cash and cash equivalents in the consolidated statement of cash flows.

2.3.5 Inventories
Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average cost method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

2.3.6 Investments in associates and joint ventures
An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5.

Under the equity method, an investment in an associate or a joint venture is recognised initially in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture. When the Group retains an interest in the former associate or a joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the associate or a joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or a joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the associate or joint venture is disposed of.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a Group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

The Group applies IFRS 9, including the impairment requirements, to long-term interests in an associate or joint venture to which the equity method is not applied and which form part of the net investment in the investee. Furthermore, in applying IFRS 9 to long-term interests, the Group does not take into account adjustments to their carrying amount required by IAS 28 (i.e. adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28).

2.3.7 Property and equipment
Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

Property and equipment are depreciated on a straight-line basis over their estimated economic useful lives, which are as follows:

	Years
Buildings	50
Leasehold improvements	3 – 8
Cellular and other equipment	3 – 20
Furniture and fixtures	3 – 5

These assets are reviewed periodically for impairment. If there is an indication that the carrying value of an asset is greater than its recoverable amount, the asset is written down to its recoverable amount and the resultant impairment loss is taken to the consolidated statement of profit or loss. The residual value, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

Assets in hyper inflationary economies are restated by applying the change in the general price indices from the date of acquisition to the current reporting date. Depreciation on these assets are based on the restated amounts.

2.3.8 Intangible assets and goodwill

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives which are disclosed in note 12. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are recognized initially at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Reacquired rights

These represents rights which were previously granted to the acquiree to use one or more of the recognized or unrecognized assets of the acquirer, but reacquired as part of a business combination. These reacquired rights are measured on the basis of the remaining contractual term of the related contract regardless of whether market participants would consider potential contractual renewals of the contract or other binding arrangement in determining its fair value.

A reacquired right is an identifiable intangible asset and is recognized separately from goodwill and are amortised over the remaining contractual period in which the right was granted.

IRUs

IRU are the rights to use a portion of the capacity of a terrestrial or submarine transmission cable granted for a fixed period. IRUs are recognized at cost as an asset when the Group has the specific indefeasible right to use an identified portion of the underlying asset, generally optical fibers and the duration of the right is for the major part of the underlying asset's economic life. They are amortised on a straight line basis over the shorter of the expected period of use and the life of the contract which ranges between 10 to 20 years.

De-recognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Goodwill

Goodwill is initially recognised and measured as set out in note 2.3.1 above.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

The recoverable amount is the higher of fair value less costs to sell and value in use. 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 risk specific to the asset for which the estimates of future cash flows have not been adjusted. The Group prepares formal four to five year plans for its businesses. These plans are used for the value in use calculation. Long range growth rates are used for cash flows into perpetuity beyond the four to five year period. Fair value less costs to sell is determined with reference to published quoted prices.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of an associate is described in note 2.3.6 above.

2.3.9 Impairment of property, plant and equipment right-of-use of assets and intangible assets excluding goodwill

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use of assets and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with an indefinite useful life are tested for impairment at least annually and whenever there is an indication at the end of a reporting period that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years.

2.3.10 Fair value measurement

Fair values

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

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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

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

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

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

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

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

For the purpose of fair value disclosures, the Group determines classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.3.11 Taxation

The income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Group supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

Current tax and deferred tax for the year

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

2.3.12 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

2.3.13 Post-employment benefits

The Group is liable to make defined contributions to State Plans and lump sum payments under defined benefit plans to employees at cessation of employment, in accordance with the laws of the place where they are deemed to be employed. The defined benefit plan is unfunded and is computed as the amount payable to employees as a result of involuntary termination on the consolidated statement of financial position date. This basis is considered to be a reliable approximation of the present value of the final obligation.

2.3.14 Leases

The Group as lessee

The Group assesses whether contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:
- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease

The lease liability is presented as a separate line item in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:
- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revise discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses

The right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use of asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use of assets are presented as a separate line in the statement of financial position.

The Group applies IAS36 to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss as described in the 'Impairment of property, plant and equipment right-of-use of assets and intangible assets excluding goodwill' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs.

As a practical expedient, IFRS16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has used this practical expedient. For a contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Sale and leaseback

The Group enters into sale and leaseback transactions whereby it sells certain assets to a third-party and immediately leases them back. Where sale proceeds received are judged to reflect the fair value, any gain or loss arising on disposal is recognised in the statement of profit or loss, to the extent that it relates to the rights that have been transferred. Gains and losses that relate to the rights that have been retained are included in the carrying amount of the right of use asset recognised at commencement of the lease. Where sale proceeds received are not at the fair value, any below market terms are recognised as a prepayment of lease payments, and above market terms are recognised as additional financing provided by the lessor.

The Group as lessor

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

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

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Subsequent to initial recognition, the Group regularly reviews the estimated unguaranteed residual value and applies the impairment requirements of IFRS 9, recognising an allowance for expected credit losses on the lease receivables.

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

2.3.15 Revenue

Revenues from operations consist of recurring revenues, such as billings to customers for monthly subscription fees, roaming, leased line and airtime usage fees, and non-recurring revenues, such as one-time connection fees, and telephone equipment and accessory sales.

Handsets and telecommunication services

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

The Group provides subsidized handsets to its customers along with mobile telecommunication services. The contract's transaction price is allocated to each performance obligation based on their relative stand-alone selling price. This results in reallocation of a portion of revenue from trading revenue to service revenue and correspondingly creation of a contract assets. Contract asset represents receivable from customers that has not yet legally come into existence. The standalone selling prices are determined based on observable prices. Revenue from device sales is recognized when the device is delivered to the customer. This usually occurs when a customer signs the contract.

For devices sold separately, customer pays in full at the point of sale. Revenue from voice, messaging, internet services etc. are included in the bundled package and are recognized as the services are rendered during the period of the contract.

Value added services - Principal vs. agent

Revenue from value added services (VAS) sharing arrangements depend on the analysis of the facts and circumstances surrounding these transactions. Revenue from VAS is recognized when the Group performs the related service and, depending on the Group's control or lack of control on the services transferred to the customer, is recognized either at the gross amount billed to the customer or the amount receivable by the Group as commission for facilitating the service.

Significant financing component

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

Commissions and other contract costs

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

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

Customer loyalty programs

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

Installation and maintenance contracts

The Group also enters into installation and maintenance contracts where the revenue is recognised over time based on the cost-to-completion method. The related costs are recognised in profit or loss when they are incurred. Advances received are included in contract liabilities.

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

The 'effective interest rate' is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset.

In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

2.3.16 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets (including property, plant and equipment) are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

2.3.17 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.3.18 Foreign currencies

In preparing the financial statements of the Group entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Nonmonetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a foreign exchange translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in a foreign exchange translation reserve in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

2.3.19 Financial reporting in hyperinflationary economies

The financial statements of subsidiaries whose functional currencies are the currencies of hyperinflationary economies are adjusted in terms of the measuring unit current at the end of the reporting period.

In the first period of application, the adjustments determined at the beginning of the period are recognized directly in equity as an adjustment to opening retained earnings. In subsequent periods, the prior period adjustments related to components of owners' equity and differences arising on translation of comparative amounts are accounted for in other comprehensive income.

Items in the consolidated statement of financial position not already expressed in terms of the measuring unit current at the reporting period, such as non-monetary items carried at cost or cost less depreciation, are restated by applying a general price index. The restated cost, or cost less depreciation, of each item is determined by applying to its historical cost and accumulated depreciation the change in a general price index from the date of acquisition to the end of the reporting period. An impairment loss is recognized in profit or loss if the restated amount of a nonmonetary item exceeds its estimated recoverable amount.

At the beginning of the first period of application, the components of owners' equity, except retained earnings, are restated by applying a general price index from the dates the components were contributed or otherwise arose. Restated retained earnings are derived from all other amounts in the restated consolidated statement of financial position. At the end of the first period and in subsequent periods, all components of owners' equity are restated by applying a general price index from the beginning of the period or the date of contribution, if later.

All items recognized in the income statement are restated by applying the change in the general price index from the dates when the items of income and expenses were initially earned or incurred.

Gains or losses on the net monetary position are recognized in profit or loss.

All items in the consolidated statement of cash flows are expressed in terms of the general price index at the end of the reporting period.

2.3.20 Non-current assets held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying line amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment in an associate or, a portion of an investment in an associate, the investment, or the portion of the investment in the associate, that will be disposed of is classified as held for sale when the criteria described above are met. The Group then ceases to apply the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate that has not been classified as held for sale continues to be accounted for using the equity method.

2.3.21 Contingencies

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

3. Subsidiaries and Associates/Joint Venture

The principal subsidiaries and associates/joint venture are:

Subsidiary	Country of incorporation	Percentage of ownership	
		2021	2020
Zain International B.V. ("ZIBV")	The Netherlands	100%	100%
Pella Investment Company ("Pella")	Jordan	96.516%	96.516%
Zain Bahrain B.S.C ("MTCB")	Bahrain	65.1%	55.40%
Mobile Telecommunications Company Lebanon ("MTCL")	Lebanon	100%	100%
Sudanese Mobile Telephone (Zain) Company Limited ("Zain Sudan")	Sudan	100%	100%
Kuwaiti Sudanese Holding Company ("KSHC")	Sudan	100%	100%
South Sudanese Mobile Telephone ("Zain South Sudan")	South Sudan	100%	100%
Al Khatem Telecoms Company ("Al Khatem")	Iraq	76%	76%
Atheer Telecom Iraq Limited ("Atheer")	Cayman Islands	76%	76%
Mobile Telecommunications Company ("SMTC")	Kingdom of Saudi Arabia	37.045%	37.045%
Al Mouakhaa Lil Kadamat Al-Logistya Wal Al-Itisalat ("Mada Jordan")	Jordan	99.1%	99.1%
Nexgen Advisory Group FZ LLC ("Nexgen")	UAE	100%	86.7%
Associate/Joint Venture			
IHS Kuwait Limited	Kuwait	30%	30%
Zain Al Ajial S.A (Wana Corporate S.A is an associate of this joint venture)	Morocco	50%	50%

Pella owns 100% of Jordan Mobile Telecommunications Services Co. JSC – "JMTS". Al Khatem owns 100% of Atheer. JMTS, MTCB, Zain Sudan, Zain South Sudan, Atheer and SMTC operate the cellular mobile telecommunications network in Jordan, Bahrain, Sudan, South Sudan, Iraq and the Kingdom of Saudi Arabia (KSA) respectively. MTCL managed the state owned cellular mobile telecommunications network in Lebanon. Mada Jordan provides WiMAX services in Jordan.

Lebanon
The MTCL's Network Management Agreement (NMA) with the Government of Lebanon to manage the state owned cellular mobile telecommunications network was not renewed on its expiry on 31 December 2019. The Group was requested to continue to manage the network for another sixty days from the approval of the above by the Presidency of the Council of Ministers, to facilitate the handover to the Government. The actual handover took place on 1 November 2020. Accordingly, the financial statements of MTCL included in these consolidated financial statements is prepared on other than going concern basis.

SMTC
In July 2018, the Group concluded that it is able to control SMTC through its majority representation on the board of directors and accordingly considered it as a subsidiary effective from that period.

Sudan
During the year, the Group received a non-binding offer to acquire 100% stake in the Sudanese subsidiaries for USD 1.3 billion. The offer received does not represent a binding commitment and is subject to completion of satisfactory due diligence by the acquirers and any other conditions that may be agreed between the parties. Hence the investments are not classified as 'Non-current held for sale' as there is no committed plan for a sale.

Acquisition of additional shares in subsidiaries
During the year the Group purchased additional shares in the following subsidiaries and the difference between the consideration transferred and the carrying amounts of subsidiaries' net assets attributable to the additional interest acquired was transferred to the retained earnings.

- In January 2021, additional shares representing 9.6% of share capital of MTCB, increasing Group's effective holding in MTCB to 65%.

- In August 2021, through a subsidiary of the Company, additional shares representing 49% of share capital of Horizon Scope for Mobile Telecommunication Company ("Horizon"), for a purchase consideration of KD 18.831 million, increasing Group's effective holding in Horizon to 76%.

- In October 2021, additional shares representing 13.3% of share capital of Nexgen, increasing Group's effective holding in Nexgen to 100%.

Sale and lease back of telecom towers in KSA

During the year, SMTC received a non-binding offer to acquire stake in the Zain KSA towers infrastructure. The offer received does not represent a binding commitment and the final agreement is subject to regulatory approvals, internal approvals of the respective acquirers, completion of satisfactory due diligence by the acquirers and any other conditions that may be agreed between the parties.

Financial support to Group companies
The Group has committed to provide working capital or other financial support to certain Group entities including Pella, SMTC, Al Khatem and Zain South Sudan whose working capitals are in deficit.

4.Cash and bank balances

Cash and bank balances include the following cash and cash equivalents:

	2021	2020
	KD '000	KD '000
Cash on hand and at banks	200,401	313,021
Short-term deposits with banks	47,919	97,923
Government certificates of deposits held by subsidiaries	11	89
	248,331	**411,033**
Expected credit loss	(16,447)	(17,973)
	231,884	**393,060**
Cash at banks under lien	(2,157)	(29,405)
Government certificates of deposits with Maturities exceeding three months held by subsidiaries	(11)	(89)
Cash and cash equivalents	**229,716**	**363,566**

5. Trade and other receivables

	2021	2020
	KD '000	KD '000
Trade receivables:		
Customers	340,285	306,264
Distributors	46,706	42,282
Other operators (interconnect)	63,083	61,177
Roaming partners	7,775	7,894
ECL	(166,871)	(193,178)
	290,978	**224,439**
Other receivables:		
Accrued income	5,179	5,399
Staff	1,338	1,468
Deposits and other receivables	92,250	56,714
Prepayments and advances	144,568	138,055
Others (refer note below)	155,088	155,910
ECL	(2,067)	(2,699)
	396,356	**354,847**
	687,334	**579,286**

In 2011, the Group paid US$ 473 million (equivalent to KD 143.004 million) to settle the guarantees provided by the Company to lending banks for loans to a founding shareholder of SMTC. The Group has been pursuing legal action for its recovery and in November 2016 the London Arbitration Court upheld the Group's right to recover the US$ 473 million paid in addition to interest and costs. These amounts are secured by an agreement to transfer to the Group, the founding shareholder's shares in SMTC, which is currently pledged to the murabaha lenders of SMTC, and the shareholder loan in SMTC owed to the founding shareholder. The Company has initiated the legal procedures necessary to enforce the arbitration award in and outside KSA. During the previous year, the courts in KSA rejected the Company's application to enforce the arbitral award in KSA. During 2020 the Company wrote to Supreme Judicial Counsel requesting that the matter be referred back to the enforcement court for reconsideration. The Supreme Judicial Counsel recommended that MTC file a second reconsideration motion with the Riyad Appeal Court.

In 2010, the Group paid US$ 40 million (equivalent to KD 12.084 million) to settle guarantees provided by the Company to lending bank for loans to a founding shareholder of SMTC. In 2013, the Group won a legal action for the recovery of that amount and is currently pursuing further legal action for its implementation in KSA at the Supreme Commercial Court following the rejection by the Enforcement court.

Both the above amounts are secured by an agreement to transfer to the Group, the founding shareholder's shares in SMTC.

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2021	2020
	KD '000	KD '000
Kuwaiti Dinar	54,707	57,994
US Dollar	205,068	255,739
Bahraini Dinar	11,438	11,360
Sudanese Pound	5,869	4,908
Jordanian Dinar	54,275	19,761
Iraqi Dinar	115,630	66,323
Saudi Riyals	235,117	150,458
Others	5,230	12,743
	687,334	**579,286**

6. Inventories

	2021	2020
	KD '000	KD '000
Handsets and accessories	65,469	56,394
Provision for obsolescence	(6,251)	(5,292)
	59,218	**51,102**

7.Investment securities

	2021	2020
	KD '000	KD '000
Current investments At fair value through profit or loss		
Unquoted equities	947	-
Funds -mandatorily at FVTPL	3,679	3,623
Other funds	23,797	6,162
	28,423	**9,785**
Non-current investments At fair value through other comprehensive income		
Quoted equities- designated at inception	1,412	1,676
Funds	2,702	1,897
Unquoted equities - designated at inception	14,051	1,752
	18,165	**5,325**

Investment securities are denominated in the following currencies:

	2021	2020
	KD '000	KD '000
Kuwaiti Dinar	5,091	5,299
US Dollar	40,563	9,120
Other currencies	934	691
	46,588	**15,110**

8. Assets and liabilities of disposal group classified as held for sale and Discontinued operations

8.1 Kuwait

Assets and liabilities of disposal group classified as held for sale represents telecom tower assets in Kuwait classified as held for sale, on the basis of plan to sale and lease back of those assets.

In February 2020, the Company completed the sale and lease back of 1,022 telecom towers in Kuwait classified as held for sale for a total sale consideration of US$ 82.012 million (KD 24.981 million). Total gain from this transaction was KD 4.758 million which was recognized in the statement of profit or loss during the year 2020.
The Company also assumed a 30% minority shareholding in the newly formed Tower Company (Refer note 9).
In October 2020, the Company completed the sale and lease back of additional 140 telecom towers in Kuwait for a total sale consideration of US$ 11.235 million (KD 3.441 million). Total gain from this transaction was KD 1.447 million which was recognized in the statement of profit or loss during the year 2020.

In April 2021, the Company completed the sale and lease back of additional 67 telecom towers in Kuwait for a total sale consideration of US$ 5.377 million (KD 1.619 million). Total gain from this transaction was KD 0.629 million which is recognized in the statement of profit or loss during the year.

Further, in October 2021, the Company completed the sale and lease back of additional 126 telecom towers in Kuwait for a total sale consideration of US$ 10.111 million (KD 3.043 million). Total gain from this transaction was KD 0.270 million which is recognized in the statement of profit or loss during the year.

The total consideration received during the year, net of deferred consideration and others, amounted to KD 3.134 million (2020 - KD 21.797 million).

Towers sold were leased back for a period of 10 years.

The sale and leaseback facilitates transfer of residual value risk and also provides flexibility in managing the asset ageing and Group's liquidity.

The carrying value of disposal group held for sale comprises of remaining telecom tower assets amounting to KD 1.631 million (31 December 2020 - KD 3.060 million), right of use of assets amounting to KD 3.275 million (31 December 2020 – KD 3.857 million) and related lease liabilities amounting to KD 0.625 million (31 December 2020 – KD 1.316 million). These are expected to be sold during the year 2022.

8.2 Discontinued operations - Jordan

On 13 December 2021, the Group through Pella entered into a sale agreement to dispose of Al Masar Al Momtaz Leanzamet Al Itesalat (Al Masar) which carried out the majority of the Group's towers and related leased space operations in Jordan. The disposal was completed on 13 December 2021, on which date control of Al Masar passed to the acquirer (an associate of the Group). Details of the assets and liabilities disposed of, and the calculation of the profit or loss on disposal, are as follows:

	31 December 2021
Assets	**KD '000**
Cash and bank balances	63
Other Current Assets	582
Right of use assets	19,319
Fixed Assets	6,420
Total assets	**26,384**
Liabilities	
Lease Liability	18,667
Due to Related parties	1,038
Income Tax payables	30
Accrued Expenses	3
Total liabilities	**19,738**
Net assets disposed of	**6,646**
* Sale and lease back - impact at below market terms	1,987
	8,633
Consideration (net of discounting impact)	25,920
	17,287
Eliminated to the extent of Group's interest in acquirer	(1,544)
Gain on disposal	**15,743**

The consideration of JD 62.6 million (KD 26.673 million) will be settled in cash by the purchaser in two installments within 1 year from the completion date.

The details of results for the year classified as discontinued operations are as follows:

Analysis of the results of discontinued operations- Al Masar-Jordan

	2021	2020
	KD '000	KD '000
Revenue	3,190	1,991
Operating and administrative expenses	(4)	(2)
Depreciation and amortization	(1,975)	(1,076)
Finance costs	(1,084)	(737)
Other income	119	46
Profit before tax	**246**	**222**
Income tax expenses	(52)	(47)
Profit for the period	**194**	**175**
Gain on disposal of discontinued operations	15,743	-
Contribution to KFAS	(145)	-
Income tax expense	(1,402)	-
Gain from discontinued operations	**14,196**	**-**
Profit for the year	**14,390**	**175**

Comparative figures in the statements of profit or loss, profit or loss and other comprehensive income for the year ended 31 December 2020 have been re-presented.

Cash flows from discontinued operations- Al Masar-Jordan:

	2021	2020
	KD '000	KD '000
Operating cash flows	2,677	932
Financing cash flows	3,840	(907)
Total cash flows	**6,517**	**25**

* On 13 December 2021, the Group (through Jordan Mobile Telephone Services Company, a subsidiary of Pella) entered into an investment agreement with Al Masar to lease back the telecommunications towers and the associated facilities for 15 years on a co-use basis. The sale and leaseback facilitates transfer of residual value risk and also provides flexibility in managing the asset ageing and Group's liquidity. The net present value of the related lease liabilities amounted to KD 8.2 million, the right-of-use assets amounted to KD 6.3 million and the gain on leaseback amounted to KD 0.062 million.

9. Investments in associates and joint venture

Investments in associate

This includes the Group's KD 0.650 million (31 December 2020 – KD 0.216 million) interest in IHS Kuwait Limited which represents 30% of the equity shares and voting rights of the associate. The associate became operational in February 2020 pursuant to the sale and lease back of telecommunication towers transaction with the Company.

The Group's share of loss for the year in the associate amounts to KD 0.215 million (2020 – KD 0.440 million). The carrying value of the associate and its results for the year are determined by Group management using the equity method based on management information provided by IHS Kuwait.

Interest in a joint venture

This represents the Group's KD 77.866 million (31 December 2020 – KD 73.962 million) interest in the joint venture, Zain Al Ajial S.A. which owns 31% of the equity shares and voting rights of Wana Corporate, (a Moroccan joint stock company which is specialized in the telecom sector in that country).

The Group's share of profit for the year in the joint venture amounting to KD 3.904 million (2020 – KD 1.369 million) has been recognized in the consolidated statement of profit or loss. The carrying value of this joint venture and its results for the year are determined by Group management using the equity method based on management information provided by Wana Corporate.

10. Right of use of assets

The recognized right-of-use assets relate to the following types of assets:

31 December 2021	Land and building	Cellular and other equipment	Total
	KD '000	KD '000	KD '000
Balance as of 1 January 2021	163,424	5,868	169,292
Add: Additions	59,317	16,913	76,230
Less: Amortisation	(50,538)	(7,797)	(58,335)
Less: Retirement	(15,662)	(4,902)	(20,564)
Exchange adjustments	(2,876)	(2)	(2,878)
Closing balance as at 31 December 2021 (excluding assets of disposal group classified as held for sale)	**153,665**	**10,080**	**163,745**

31 December 2020	Land and building	Cellular and other equipment	Total
	KD '000	KD '000	KD '000
Balance as of 1 January 2020	168,659	12,393	181,052
Add: Additions	47,419	-	47,419
Less: Amortisation	(45,303)	(5,332)	(50,635)
Less: Retirement	(7,327)	(1,266)	(8,593)
Exchange adjustments	(25)	74	49
Closing balance as at 31 December 2020 (excluding assets of disposal group classified as held for sale)	**163,423**	**5,869**	**169,292**

Land and building comprises mainly of telecommunication sites on lease.
The Group does not have any lease contracts with variable lease payments which are not included in the measurement of the lease liabilities.

The Group's leasing activities and how these are accounted for:
The Group mostly leases indoor and outdoor spaces for installation of its telecommunications sites. Rental contracts are typically made for fixed periods of 1 to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

11.Property and equipment

	Land and buildings and leasehold improvements	Cellular and other equipment	Projects in progress	Total
	KD '000	KD '000	KD '000	KD '000
Cost	114,116	2,813,815	114,277	3,042,208
As at 31 December 2019				
Additions	606	138,823	172,860	312,289
Transfers	778	127,543	(128,702)	(381)
Disposals/write off	(3,435)	(298)	(1,337)	(5,070)
Exchange adjustment	(38)	(16,075)	(2,412)	(18,525)
As at 31 December 2020	**112,027**	**3,063,808**	**154,686**	**3,330,521**
Additions	1,306	105,191	101,375	207,872
Transfers	1,091	95,038	(96,283)	(154)
Disposals/ write off (including disposal of subsidiary)	(38)	(42,102)	(715)	(42,855)
Exchange adjustments	(8,087)	(110,279)	(18,728)	(137,094)
As at 31 December 2021	**106,299**	**3,111,656**	**140,335**	**3,358,290**
Accumulated depreciation				
As at 31 December 2019	49,788	1,763,129	-	1,812,917
Charge for the year	2,806	212,177	-	214,983
On disposals	(3,168)	(954)	-	(4,122)
Exchange adjustments	(65)	(6,774)	-	(6,839)
As at 31 December 2020	**49,361**	**1,967,578**	**-**	**2,016,939**
Charge for the year	2,504	198,541	-	201,045
On disposals (including disposal of subsidiary)	(38)	(35,149)	-	(35,187)
Exchange adjustment	(3,581)	(38,194)	-	(41,775)
As at 31 December 2021	**48,246**	**2,092,776**	**-**	**2,141,022**
Net book value				
As at 31 December 2021	**58,053**	**1,018,880**	**140,335**	**1,217,268**
As at 31 December 2020	**62,666**	**1,096,230**	**154,686**	**1,313,582**

Exchange adjustments includes effect of hyperinflationary restatement of property and equipment in Zain South Sudan based on the respective price index changes.

Other non-current assets include advances of KD 47.500 million (2020: KD 36.844 million) paid for project in progress.

12. Intangible assets and goodwill

	Goodwill	Licences and spectrum fees	Others	Total
Cost	**KD '000**	**KD '000**	**KD '000**	**KD '000**
As at 31 December 2019	626,505	2,629,250	254,841	3,510,596
Additions	-	81,930	21,179	103,109
Write off	-	162	215	377
Exchange adjustments	(2,349)	2,480	(591)	(460)
As at 31 December 2020	**624,156**	**2,713,822**	**275,644**	**3,613,622**
Additions	-	103,836	6,112	109,948
Write off	(6,752)	-	-	(6,752)
Exchange adjustments	(20,895)	(18,728)	(1,526)	(41,149)
As at 31 December 2021	**596,509**	**2,798,930**	**280,230**	**3,675,669**
Accumulated amortization/ Impairment				
As at 31 December 2019	18,694	1,218,041	113,822	1,350,557
Charge for the year	-	75,571	19,534	95,105
Exchange adjustments	-	544	(120)	424
As at 31 December 2020	**18,694**	**1,294,156**	**133,236**	**1,446,086**
Charge for the year	-	80,976	15,905	96,881
Write off	(6,752)	-	-	(6,752)
Exchange adjustments	-	(6,782)	(1,575)	(8,357)
As at 31 December 2021	**11,942**	**1,368,350**	**147,566**	**1,527,858**
Net book value				
As at 31 December 2021	**584,567**	**1,430,580**	**132,664**	**2,147,811**
As at 31 December 2020	**605,462**	**1,419,666**	**142,408**	**2,167,536**

Other non-current assets include advances of Nil (2020: KD 2.497 million) paid related to intangible assets.

Goodwill has been allocated to each country of operation as that is the Cash Generating Unit (CGU) which is expected to benefit from the synergies of the business combination. It is also the lowest level at which goodwill is monitored for impairment purposes. Goodwill and the CGU to which it has been allocated are as follows:

	2021	2020
	KD '000	**KD '000**
Pella	79,517	79,517
Zain Sudan	2,622	20,909
Atheer	485,320	487,889
SMTC	14,926	14,965
Others	2,182	2,182
	584,567	**605,462**

Impairment testing

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

The Group determines the recoverable amounts of all CGUs based on value in use other than for SMTC. For SMTC the recoverable amount is determined based on the fair value less cost to sell. The fair value of Group's holding in SMTC is determined with reference to the published quoted prices of SMTC.

Group management used the following approach to determine values to be assigned to the following key assumptions, in the value in use calculations:

Key assumption	Basis used to determine value to be assigned to key assumption
Growth rate	Increase in competition expected but no significant change in market share of any CGU as a result of ongoing service quality improvements and expected growth from technology and license upgrades. The growth rates are consistent with forecasts included in industry and country reports. Compounded annual growth in revenue of up to 31.11% (2020: 55.74%) for Zain Sudan, 10.89% (2020: 11.02%) for Atheer and 4.60% (2020: 4.11%) for Pella during the projected five year period. Value assigned reflects past experience and changes in economic environment. Cash flows beyond the five-year period have been extrapolated using a growth rate of upto of 3% (2020: 3%) for Zain Sudan, 3% (2020: 3%) for Atheer and 3% (2020: 3%) for Pella. This growth rate does not exceed the long-term average growth rate of the market in which the CGU operates.
Capital expenditure	The cash flow forecasts for capital expenditure are based on experience and include the ongoing capital expenditure required to continue rolling out networks to deliver target voice and data products and services and meeting license obligations. Capital expenditure includes cash outflows for the purchase of property, plant and equipment and other intangible assets
Discount rate	Discount rates of 18.85% (2020: 19.21%) for Zain Sudan, 8.80% (2020: 11.46%) for Atheer and 7.65% (2020: 8.95%) for Pella. Discount rates reflect specific risks relating to the relevant CGU.

The Group has performed a sensitivity analysis by varying these input factors by a reasonably possible margin and assessing whether the change in input factors results in any of the goodwill allocated to appropriate cash generating units being impaired.

These calculations use cash flow projections based on financial budgets approved by management covering a five year period. The recoverable amounts so obtained were higher than the carrying amount of the CGUs.

License and spectrum

	End of amortisation period	2021	2020
		KD '000	**KD '000**
License – SMTC	2047	1,046,283	1,090,880
License – Atheer	2030	142,804	114,677
License – Pella	2026 to 2036	106,093	61,774
Spectrum – SMTC	2032 to 2034	121,304	131,799
Others		14,096	20,536
		1,430,580	**1,419,666**

Atheer

This includes the license fee paid in 2007 and the 3G license fee paid in 2015 to operate in Iraq for a period upto August 2022.

During 2020, the Communication and Media Commission of Iraq ("CMC") renewed Atheer's license for an additional eight years ending on 30 August 2030, and for a license for the operation of fourth generation of broadband cellular network technology (4G) starting from 01 January 2021 for a sum of US$ 235 million (KD: 70.994 million), of which US$ 87 million (KD: 26.283 million) is for renewal of existing license. Refer note 28 for details.

Pella

In 2021, the Company agreed to renew the new dynamic Telecom license from Telecom Regulatory Commission for a period of 15 years at an amount of JD 156,375,000 (KD 66.631 million) with payment terms being three equal instalments over a ten-year period without any interest charges.

Spectrum - SMTC

During year 2020, SMTC acquired spectrum in the frequency of 2600 & 3500 Mhz for a total amount of SAR 605 million (KD: 48.993 million).

13. Trade and other payables

	2021	2020
	KD '000	KD '000
Trade payables and accruals	720,839	736,033
Due to roaming partners	10,803	9,884
Due to other operators (interconnect)	8,428	20,705
Dues to regulatory authorities (refer below)	63,537	97,898
Taxes payable	45,362	62,138
Dividend payable	24,066	24,128
Provisions	-	2,763
Directors' remuneration	435	510
Other payables	64,882	36,704
	938,352	**990,763**

Dues to regulatory authorities includes amount of SAR 708.076 million (KD 57.191 million) (2020: KD 64.423 million) payable by SMTC to Ministry of Finance and Nil (2020: KD 26 million) payable by Atheer to CMC for the renewal of existing license.

14. Income tax payables

	2021	2020
	KD '000	KD '000
Atheer – Iraq	11,746	12,096
Pella – Jordan	5,917	6,020
Other	6,237	2,414
	23,900	**20,530**

At Atheer Iraq, income tax assessment orders for the years 2004 to 2011 are contested and are currently under the consideration of Iraq General Commission for Taxes (IGCT). Income tax assessment for the year 2012 is finalized and the amount paid by Atheer along with tax returns was treated as final assessment by the IGCT. Income tax self-assessment of US$ 33.85 million (KD 10.280 million) for the year 2013 was also treated as final by the IGCT in March 2020, as the time period for assessment has lapsed. This amount has been already been paid by Atheer (refer note 28).

During May 2020, Atheer received additional income tax claims of US$ 68 million (KD 20.652 million) from IGCT for the years 2014 to 2018. Atheer fully paid this amount in 11 monthly instalments with interest. Atheer has booked the income tax expenses for the year 2019 to 2021 based on self-assessment, considering most likely outcome. No assessment order has yet been received. Management believes that they have adequate provisions for liabilities in respect of the assessments contested.

15. Due to banks

	2021	2020
	KD '000	KD '000
Company		
Short term loans	39,273	91,110
Long term loans	498,060	562,873
	537,333	**653,983**
SMTC		
Long term loans	472,631	310,651
	472,631	**310,651**
Zain Jordan		
Long term loans	48,337	28,848
	48,337	**28,848**
Atheer		
Bank overdrafts	7,089	13,551
Long term loans	240,170	189,343
	247,259	**202,894**
	1,305,560	**1,196,376**

Reconciliation of movements of amounts due to banks to cash flows from financing activities:

	2021	2020
	KD '000	KD '000
Opening balance	1,196,376	1,398,724
Proceeds from bank borrowings	452,366	261,335
Repayment of bank borrowings	(338,584)	(454,500)
Effect of change in foreign exchange rates	(4,598)	(9,183)
	1,305,560	**1,196,376**

The current and non-current amounts are as follows:

	2021	2020
	KD '000	KD '000
Current liabilities	406,217	176,546
Non-current liabilities	899,343	1,019,830
Total	**1,305,560**	**1,196,376**

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	2021	2020
	KD '000	KD '000
US Dollar	862,260	878,899
Kuwaiti Dinar	25,000	30,970
Saudi Riyals	418,300	286,507
Total	**1,305,560**	**1,196,376**

The effective interest rate as at 31 December 2021 was 0.76% to 2.52% (2020 – 0.855% to 3.50%) per annum.
The Group is compliant with the principal covenant ratios, which include:

- consolidated net borrowings to adjusted consolidated Earnings Before Interest Tax Depreciation and Amortisation (EBITDA);

- adjusted consolidated EBITDA to adjusted consolidated net interest payable;

- consolidated net borrowings to consolidated net worth (equity);

Company

During the year, the Company has;

- drawn down loans amounting to KD 164.139 million (31 December 2020 - KD 124.640 million) from the new facilities. This includes:

  - US$ 210 million (KD 63.237 million) from a new US$ 330 million revolving credit facility
  - US$ 165 million (KD 49.649 million) from a new US$ 165 million long- term loan facility.
  - US$ 130 million (KD 39.273 million) from a new US$ 130 million revolving credit facility

- repaid loans amounting to KD 275.53 million (31 December 2019 – KD 149.344 million). This includes:

  - US$ 200 million (KD 60.18 million) of a long-term facility amounting to US$ 200 million
  - US$ 150 million (KD 45.315 million) of a revolving credit facility amounting to US$ 250 million
  - US$ 119.60 million (KD 35.988 million) of a revolving credit facility amounting to US$ 219.60 million
  - US$ 100 million (KD 30.220 million) of a revolving credit facility amounting to US$ 100 million
  - US$ 70 million (KD 21.147 million) of a revolving credit facility amounting to US$ 330 million

The above facilities carry a fixed margin over three or six month London Inter-Bank Offer Rate (LIBOR) or over Central Bank Discount rate.

Terms of certain loan facilities were modified resulting in a gain of KD 2.073 million.

SMTC

Long-term loans include:

1) SAR 2,955 million (KD 238.675 million) (31 December 2020: SAR 1,591 million equivalent to KD 128.839 million) syndicated murabaha facility and SAR 650 million (KD 52.5 million) working capital facility availed from a consortium of banks.

In September 2020, SMTC signed an Amendment Agreement (the Agreement) with the consortium of lenders to refinance the existing Murabaha Facilities and secure additional funding for future capital investment. The existing murabaha facility which was earlier refinanced in June 2018 was for SAR 5,900 million and a working capital facility.

The Agreement:

- Includes a Total Term Murabaha Facility of SAR 6,000 million (KD 490.56 million), consisting of SAR 4.880 billion and US$ portion of SAR 1.120 billion (KD 0.098 billion) for refinancing of the existing Term Murabaha Facility amounting to SAR 3.48 billion (KD 0.285 billion) and balance for future specified business purposes.
- Includes a revolving working capital facility of SAR 1,000 million (KD 81.76 million) consisting of SAR 813.393 million (KD 66.503 million) and a US$ portion totaling to SAR 186.607 million (KD 15.257 million).

The refinancing of existing facility resulted in a gain of SAR 136 million (KD 11.128 million) which was recognized in the statement of profit or loss for the year ended 31 December 2020 and was assessed for modification gain or loss separately from the additional funding limits that was availed. Modification gain resulted from the following;

- Reduction of the applicable margin payable over and above the floating SIBOR and LIBOR rate.
- Extension of the loan maturity date to September 2025 from June 2023. The loan is repayable in four equal installment period of 12 months each, starting 24 months after the effective date and ending by 60 months after Effective Date.
- Cash flows under the contingent payment terms, mandatory prepayment in case of successful completion of rights issue and an ability for its subsequent draw down, were assessed on the date of the modification using most likely scenario.

The Murabaha Facility continues to be secured partially by a guarantee from the Company and a pledge of the Company's and some of the founding shareholders' shares in SMTC and assignment of certain contracts and receivables. Under the Murabaha Financing Agreement, SMTC can declare dividend or other distribution in cash or in kind to shareholders, provided SMTC is in compliance with all its obligations under the agreement.

A portion of above syndicated loan has been hedged through a profit rate swap contract.

2) SAR 2,247 million (KD 181.49 million) (31 December 2020: SAR 2,245 million equivalent to KD 181.812 million) syndicated junior murabaha facility signed in June 2019 from a consortium of banks with a two year tenure with an option to extend for one more year. This facility is fully secured by a guarantee by the Company.

Zain Jordan

Long term loans include:

US$ 160 million (KD 48.336 million) (31 December 2020 – US$ 95 million equivalent to KD 28.848 million) term loan from a commercial bank that is repayable by 2025.

Atheer

Long term loans include:

1. US$ 90 million (KD 27.189 million) (31 December 2020 – US$ 95 million equivalent to KD 28.852 million) term loan from a commercial bank that is repayable by 17 December 2024.
2. US$ 105 million (KD 31.721 million) (31 December 2020 – US$ 105 million equivalent to KD 31.889 million) term loan from a commercial bank which is repayable by 30 June 2023.
3. US$ 150 million (KD 45.315 million) (31 December 2020 – US$ 150 million equivalent to KD 45.555 million) revolving credit facilities from a commercial bank repayable by 17 December 2022.
4. US$ 100 million (KD 30.21 million) (31 December 2020 – US$ 100 million equivalent to KD 30.37 million) term loan from a commercial bank repayable by 31 July 2023.
5. US$ 50 million (KD 15.105 million) (31 December 2020 – US$ Nil) term loan from a commercial bank repayable by 14 April 2024.
6. US$ 75 million (KD 22.658 million) (31 December 2020 – US$ Nil) term loan from a commercial bank repayable by 28 April 2025.
7. US$ 125 million (KD 37.763 million) (31 December 2020 – US$ Nil) term loan from a commercial bank repayable by 03 May 2025.
8. US$ 100 million (KD 30.21 million) (31 December 2020 – US$ Nil) term loan from a commercial bank repayable by 25 May 2024.

These facilities are guaranteed by the Company and carry a floating interest rate of a fixed margin over three month LIBOR.

16. Lease liabilities

	2021 KD '000	2020 KD '000
Balance as of 1 January	182,128	187,073
Additions	74,522	51,600
Accretion of interest	11,837	13,235
Payments	(60,749)	(53,665)
Retirements	(23,079)	(11,178)
Exchange adjustments	(2,352)	(4,937)
Closing balance as at 31 December (excluding liabilities of disposal group classified as held for sale)	**182,307**	**182,128**
Current	33,599	38,410
Non-current	148,708	143,718
	182,307	**182,128**

Maturity analysis of lease liability is given in note 29 to the consolidated financial statements.
The weighted average lessee's incremental borrowing rate applied to the lease liabilities was in the range of 3.5% to 21% (2020: 3.5% to 21%).

The carrying amounts of the lease liabilities are denominated in the following currencies:

	2021 KD '000	2020 KD '000
Saudi Riyals	118,937	112,096
US Dollar	35,318	34,409
Jordanian dinar	10,263	18,619
Bahraini dinar	11,155	9,948
Kuwaiti Dinar	6,221	4,971
Others	413	2,085
	182,307	**182,128**

17. Other non-current liabilities

	2021 KD '000	2020 KD '000
Payable to Ministry of Finance – KSA (refer below)	247,131	283,480
Due for acquisition of spectrum	137,466	112,558
Customer deposits	3,193	3,403
Post-employment benefits	40,908	39,571
Others	16,331	51,067
	445,029	**490,079**

During 2013, SMTC signed an agreement with the Ministry of Finance – KSA to defer payments that are due until 2021. The current portion of these payables is recorded under trade and other payables.

18. Share capital and reserves

Share capital (par value of KD 0.100 per share)

	2021 No. of shares	2020 No. of shares
(Authorised, Issued and fully paid up (in cash and bonus shares	4,327,058,909	4,327,058,909

Legal reserve

In accordance with the Companies Law and the Company's Articles of Association, 10% of the profit for the year has to be appropriated towards legal reserve until such time it reaches a minimum of 50% of the share capital (the "threshold"). The Company has not made any transfers to legal reserve during the year as it has reached the threshold. This reserve can be utilized only for distribution of a maximum dividend of 5% in years when retained earnings are inadequate for this purpose.

Voluntary reserve

The Company's Articles of Association provide for the Board of Directors to propose appropriations to voluntary reserve up to a maximum of 50% of its share capital. During the year, the Board of Directors did not propose any transfer (2020 - Nil).

Foreign currency translation reserve

Foreign currency translation reserve mainly represents foreign exchange translation losses arising from Zain Sudan and Zain South Sudan.

Other reserves

Other reserves mainly includes hedge reserves loss amounting to KD 2.798 million (2020- KD 5.688 million).

Dividend

	2021	2020
	Fils	Fils
Interim dividend	10	-
Proposed dividend	23	33
Total dividend	**33**	**33**

Dividend – 2020

The annual general meeting of shareholders for the year ended 31 December 2020 held on 17 March 2021 approved distribution of cash dividends of 33 fils per share for the year 2020 (31 December 2019 - 33 fils).

Dividend 2021 – Proposed and interim

The Board of Directors recommends distribution of a cash dividend of 23 fils per share to the registered shareholders, for the second half of the year 2021, subject to shareholders and statutory approvals. This is in addition to the interim dividend of 10 fils distributed earlier in 2021 totaling 33 fils per share for the year 2021 as in the table above.

19. Revenue

19.1 Disaggregated revenue information

The total revenue disaggregated by major service lines is:

	2021	2020
	KD '000	KD '000
Airtime, data and subscription	1,362,106	1,463,927
Trading income	155,145	160,967
	1,517,251	**1,624,894**

The total revenue disaggregated by primary geographical market and timing of revenue recognition is disclosed in note 25. The Group has recognized the following contract assets and liabilities related to contract with customers;

19.2 Contract balances

Contract assets

	2021	2020
	KD '000	KD '000
Assets relating to sale of handsets		
Current and non-current	108,880	97,298
Loss allowance	(5,267)	(4,869)
	103,613	**92,429**

Contract liabilities

	2021	2020
	KD '000	KD '000
Deferred revenue- prepaid customers	90,853	95,828

As permitted under IFRS 15, the Group does not disclose transaction price allocated to the remaining performance obligations as it primarily provides services that corresponds directly with the value transferred to the customer.

20. Operating and administrative expenses

This includes staff costs of KD 127.486 million (2020 – KD 128.552 million).

21. Investment income

	2021	2020
	KD '000	KD '000
Gain on investments at fair value through profit or loss	327	1,897
Dividend income	83	124
	410	**2,021**

22. National Labour Support Tax (NLST) and Zakat

	2021	2020
	KD '000	KD '000
NLST- Kuwait	2,351	4,360
Zakat- Kuwait	941	1,744
Zakat – KSHC	2	8
Zakat- Sudan	859	959
Zakat- KSA	1,371	1,601
	5,524	**8,672**

NLST and Zakat in Kuwait represents taxes payable to Kuwait's Ministry of Finance under National Labour Support Law No. 19 of 2000 and Zakat Law No. 46 of 2006, respectively.

23. Income tax expenses

This represents the income tax and other tax expenses of subsidiaries.

	2021	2020
	KD '000	KD '000
Corporate income tax	20,280	22,596
Other taxes	316	463
	20,596	**23,059**

The tax rate applicable to the taxable subsidiary companies is in the range of 7% to 26% (2020: 7% to 26%) whereas the effective income tax rate for the year ended 31 December 2021 is in the range of 18% to 34% (2020: 17% to 28%). For the purpose of determining the taxable results for the year, the accounting profits were adjusted for tax purposes. The adjustments are based on the current understanding of the existing laws, regulations and practices of each overseas subsidiary companies' jurisdiction.

24. Earnings per share

Basic and diluted earnings per share based on weighted average number of shares outstanding during the year are as follows:

	2021	2020
	KD '000	KD '000
Profit for the year attributable to shareholders of the Company:		
From continuing operations	171,856	184,981
From discontinued operations	13,889	169
	Shares	Shares
Weighted average number of shares in issue	**4,327,058,909**	**4,327,058,909**
	Fils	Fils
Basic and diluted earnings per share		
From continuing operations	40	43
From discontinued operations	3	-

25. Segment information

The Company and its subsidiaries operate in a single business segment, telecommunications and related services. Apart from its operations in Kuwait, the Company also operates through its foreign subsidiaries in Jordan, Sudan, Iraq, Bahrain, KSA, Lebanon and South Sudan. This forms the basis of the geographical segments.

Based on the disclosure criterion, the Group has identified its telecommunications operations in Kuwait, Jordan, Sudan, Iraq, Bahrain and KSA as the basis for disclosing the segment information.

31 December 2021

	Kuwait	Jordan*	Sudan	Iraq	Bahrain	KSA	Others	Total
	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000
Segment revenues airtime, data & subscriptions (Over time)	245,788	144,998	98,841	230,177	42,210	571,365	28,727	1,362,106
Segment revenues trading income (Point in time)	72,417	5,615	715	1,688	9,604	64,991	115	155,145
Net profit before interest and tax	**78,249**	**54,552**	**37,813**	**34,048**	**5,232**	**56,534**	**6,956**	**273,384**
Interest income	1,656	731	780	238	87	106	10	3,608
Gain on sale and lease back transaction	899	62	-	-	-	-	-	961
Finance costs	(691)	(7,655)	(1,860)	(14,713)	(862)	(39,396)	(39)	(65,216)
Income tax expenses	-	(7,912)	(5,657)	(6,936)	-	-	(3)	(20,508)
	80,113	**39,778**	**31,076**	**12,637**	**4,457**	**17,244**	**6,924**	**192,229**
Unallocated items:								
Investment income								410
Share of results of associates and joint venture								2,013
Others (including unallocated interest income, income tax and finance costs net of elimination)								6,226
Profit for the year								**200,878**
Segment assets including allocated goodwill	404,944	382,304	60,875	1,080,558	93,929	2,190,901	75,757	4,289,268
ROU asset	9,224	8,783	776	26,307	11,117	107,503	35	163,745
Unallocated items:								
Investment securities at FVTPL								28,423
Investment securities at FVOCI								18,165
Investment in associates and joint venture								78,602
Others (net of eliminations)								220,439
Consolidated assets								**4,798,642**
Segment liabilities	118,496	142,491	25,143	170,234	30,683	936,301	59,105	1,482,453
Lease liabilities (Current & non-current)	16,487	10,263	397	25,053	11,156	118,937	14	182,307
Due to banks	-	48,337	-	247,259	-	472,632	-	768,228
	134,983	**201,091**	**25,540**	**442,546**	**41,839**	**1,527,870**	**59,119**	**2,432,988**
Unallocated items:								
Due to banks								537,332
Others (net of eliminations)								16,306
Consolidated liabilities								**2,986,626**
Net consolidated assets								**1,812,016**
Capital expenditure incurred during the year	30,415	83,464	16,456	86,446	8,595	81,863	14,451	321,690
Unallocated (net of eliminations)								(3,870)
Total capital expenditure								**317,820**
Depreciation and amortization	36,223	27,573	3,046	60,734	9,307	157,144	4,196	298,223
Amortization of ROU assets	6,491	3,541	149	6,635	2,929	38,540	50	58,335
Unallocated								(297)
Total depreciation and amortization								**356,261**

* Figures disclosed under Jordan includes result from discontinued operations as disclosed in note 8.2.

31 December 2020

	Kuwait	Jordan*	Sudan	Iraq	Bahrain	KSA	Others	Total
	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000
Segment revenues airtime, data & subscriptions (Over time)	241,390	141,285	125,987	287,999	41,134	583,215	42,917	1,463,927
Segment revenues trading income (Point in time)	79,229	5,798	1,565	940	9,252	64,043	140	160,967
Net profit before interest and tax	69,416	37,051	27,463	46,896	5,216	82,620	15,841	284,503
Interest income	1,373	447	319	755	184	978	92	4,148
Gain on sale and lease back transaction	6,205	-	-	-	-	-	-	6,205
Gain on modification of financial liabilities	-	-	-	-	-	11,128	-	11,128
Finance costs	(571)	(5,534)	(1,159)	(13,897)	(1,013)	(73,478)	(41)	(95,693)
Income tax expenses	-	(7,724)	(8,030)	(6,986)	-	-	(341)	(23,081)
	76,423	**24,240**	**18,593**	**26,768**	**4,387**	**21,248**	**15,551**	**187,210**
Unallocated items:								
Investment income								2,021
Share of results of associates and joint venture								766
Others (including unallocated interest income, income tax and finance costs net of elimination)								18,210
Profit for the year								**208,207**
Segment assets including allocated goodwill	**408,733**	**333,623**	**154,321**	**1,129,755**	**91,419**	**2,225,641**	**82,629**	**4,426,121**
ROU asset	7,005	18,165	2,532	27,516	9,871	104,050	153	169,292
Unallocated items:								
Investment securities at FVTPL								9,785
Investment securities at FVOCI								5,325
Investment in associates and joint venture								76,137
Others (net of eliminations)								224,904
Consolidated assets								**4,911,564**
Segment liabilities	**117,135**	**130,524**	**57,063**	**251,551**	**30,533**	**1,157,488**	**75,311**	**1,819,605**
Lease liabilities (Current & non-current)	13,668	18,619	1,968	25,712	9,948	112,096	117	182,128
Due to banks	-	28,848	-	202,894	-	310,651	-	542,393
	130,803	**177,991**	**59,031**	**480,157**	**40,481**	**1,580,235**	**75,428**	**2,544,126**
Unallocated items:								
Due to banks								653,983
Others (net of eliminations)								(221,089)
Consolidated liabilities								**2,977,020**
Net consolidated assets								**1,934,544**
Capital expenditure incurred during the year	30,946	20,823	33,565	78,313	19,092	240,127	14,344	437,210
Unallocated (net of eliminations)								(21,812)
Total capital expenditure								**415,398**
Depreciation and amortization	33,316	24,775	10,345	55,288	8,870	168,906	4,313	305,813
Amortization of ROU assets	5,786	3,545	542	6,709	3,335	30,539	179	50,635
Unallocated								3,199
Total depreciation and amortization								**359,647**

* Figures disclosed under Jordan includes result from discontinued operations as disclosed in note 8.2.

26. Subsidiaries with significant non-controlling interests

The summarized financial information for the Group's subsidiaries that have significant non-controlling interests is set out below.

	SMTC		Al Khatem, Iraq		Zain Bahrain	
	2021	2020	2021	2020	2021	2020
	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000
Current assets	305,413	273,953	147,966	227,250	27,120	24,513
Non-current assets	1,946,208	2,006,262	789,629	759,855	77,926	76,777
Current liabilities	(831,903)	(441,261)	(234,563)	(255,809)	(30,898)	(28,685)
Non-current liabilities	(689,596)	(1,132,073)	(207,983)	(224,347)	(10,941)	(11,796)
Equity attributable to:						
- Owners of the Company	270,474	261,864	376,229	382,966	35,017	33,688
- Non-controlling interests	459,648	445,017	118,820	123,983	28,190	27,121
Revenue	636,356	647,258	231,865	288,939	51,814	50,384
Profit for the year	17,244	21,249	12,637	26,768	4,457	4,388
Other comprehensive income	7,743	(6,368)	-	-	-	-
Total comprehensive income	**24,987**	**14,881**	**12,637**	**26,768**	**4,457**	**4,388**
Total comprehensive income attributable to:						
- Company's shareholders	9,257	5,512	9,603	18,521	2,901	2,431
- Non-controlling interests	15,730	9,369	3,034	8,247	1,556	1,957
	24,987	**14,881**	**12,637**	**26,768**	**4,457**	**4,388**
Cash dividend paid to non-controlling Interests	-	-	(3,015)	(4,376)	(650)	(890)
Net cash flow from operating activities	108,788	313,350	61,451	16,605	17,431	17,819
Net cash flow from used in investing activities	(70,067)	(144,937)	(119,338)	(25,361)	(11,257)	(13,709)
Net cash flow (used in)/ from financing activities	(69,064)	(169,668)	(10,938)	34,287	(4,092)	(4,519)
Effects of exchange rate changes on cash and cash equivalents	(179)	247	(203)	(550)	(11)	(23)
Net (decrease)/ increase in cash flows	(30,343)	(1,255)	(71,840)	21,155	1,432	(1,299)

27. Related party transactions

The Group has entered into transactions with related parties on terms approved by management. Transactions and balances with related parties (in addition to those disclosed in other notes) are as follows:

	2021	2020
	KD '000	KD '000
Transactions		
Revenue	811	1,611
Cost of sales	7,076	6,835
Key management compensation		
Salaries and other short term employee benefits	2,245	2,637
Post-employment benefits	822	1,181
Balances		
Trade receivables (from parent company)	700	3,823
Other receivables (from associate)	25,959	-
Trade payables (to parent company)	6,872	6,302

28. Commitments and contingencies

	2021	2020
	KD '000	KD '000
Capital commitments	80,091	91,441
Uncalled share capital of investee companies	1,303	3,105
Letters of guarantee and credit	80,982	76,786

The Company is a guarantor for credit facilities amounting to KD Nil (2020 – KD 7.288 million) granted to a founding shareholder in SMTC. This, guarantee was released during September 2021 as the credit facility was fully settled.

Income taxes in Iraq

Atheer received additional income tax claims for the years 2004 to 2010 from Iraq General Commission for Taxes (IGCT). In November 2016, Atheer signed an agreement with Iraq's Ministry of Finance under which it obtained the right to submit its objection to these additional income tax claimed by the IGCT amounting to US$ 196 million (KD 59.212 million) and submitted its objections against the tax claim objecting to the full amount of the claim. On 15 October 2019, the Appeals Committee of IGCT issued its decision to reduce the amount of claim to US$ 88.8 million (KD 26.826 million).

IGCT had the option to challenge this decision before the Court of Cassation within 15 days of Appeals Committee decision. The challenge period has elapsed and Atheer did not receive any notification from the Court of Cassation or the IGCT about challenging the decision. Atheer has petitioned the Court of Cassation to direct IGCT to issue the final settlement order and is awaiting a response. On the basis of the report of its attorneys, Atheer believes that the possibility of further appeals is remote and that the final settlement order will be received by Atheer.

Atheer received additional income tax claim of US$ 19.3 million (KD 5.831 million) from IGCT for the year 2011 on 9 March 2020. On 12 March 2020, Atheer submitted its objection to this additional income tax claim which was rejected by the IGCT on 15 March 2020. This additional tax claim is now under appeal procedures before the Appeals Committee of IGCT. Atheer believes that it has adequate provisions to meet this liability, if it arises.

Renewal of license in Iraq

On 6 July 2020, the CMC Board decided to renew Atheer's license for an additional eight years ending on August 30, 2030, and to grant license for the operation of fourth generation of broadband cellular network technology (4G) starting from January 1, 2021. On 7 July 2020, the Iraqi Cabinet ratified this decision. In August 2020, this decision was challenged by a member of parliament, and later by the president of the parliament as a second plaintiff, against the Iraqi Cabinet, CMC and three operators in Iraq ("the defendants") in the Court of First Instance. On 25 August 2020, the Court of First Instance issued a restraining order to prevent CMC from completing the executive procedures of the license extension and granting of 4G license.

The defendants challenged the restraining order before the Court of First Instance and later in the Court of Appeals, but it was rejected by both in September and October 2020 respectively. The hearing of the main lawsuit started in September 2020. On 15 November 2020, the Court of First Instance issued a decision against the defendants. However, the decision did not object to the extension of existing license and granting of 4G license, but it did not approve the procedures followed in forming the decision dated 6 July 2020, as the quorum in CMC Board was insufficient. To address this, on 24 November 2020, the CMC Board issued a new decision for renewal of Atheer's license which was similar to the decision dated 6 July 2020 but was signed with complete quorum. On 26 November 2020, the defendants challenged the decision of Court of First Instance dated 15 November 2020 in the Court of Appeals. On 23 December 2020, the Court of Appeals confirmed the earlier decision of Court of First Instance. However, the Court of Appeals confirmed the legitimacy of CMC Board decision dated 24 November 2020. Based on this decision, Atheer signed the agreement for license extension with CMC on 7 January 2021. One member of the Parliament has challenged the court decision and Atheer challenged the same on 20 January 2021. On 24 April 2021 the Cassation Court upheld the decision of the court of appeals which confirmed CMC procedure of granting extra 8 years license and accordingly, the case has been closed.

Pella - Jordan

a) Pella has initiated legal proceedings against a claim of KD 9.724 million (31 December 2020 - KD 9.551 million) by the regulatory authority relating to revenue share for the years 2002 - 2005 on the grounds that it has already paid the amount that it was obligated to pay for those years. On June 9, 2021 the Court of Appeal decided to dismiss the case and oblige Pella to pay the whole amount, and the Company challenged this decision before the court of cassation and the case is still under the court of cassation.

In the opinion of the legal advisor, the Company's position is still good, and can challenge the same before the Court of Cassation. However, in case the lawsuit is lost by the company, it is expected that the claim will be significantly higher considering the interest that has been accumulated since the first claim date. Any future claims by the TRC related to the terms following 2006 shall be subject to challenge by the Group before the courts.

Subsequent to the consolidated financial statements date, a letter was issued by the Telecommunications Regulatory Commission (TRC) that included an abstract from a decision that was issued by the cabinet of the Hashemite Kingdom of Jordan aiming to reform the telecom sector and boost the operators' appetite to introduce the 5G technology in Jordan. The abstract included certain recommendations and directions to the TRC to initiate the negotiations with all the operators in Jordan to reform the deformity in the telecom sector through several motivational packs, including extending the term of the licenses, adding neutrality capacity to all frequencies, and settling the current disputes between the operators and the TRC, to name a few. The cabinet letter also included a direction to suspend the procedures of litigation on the cases that are being processed by the courts until further notice. The cabinet also advised to hire a consultant to calculate the settlement figures, in addition to a law firm which is going to be involved in the negotiation process. Management believes that there are several variables which have to be taken into consideration before residing on a final decision on the possible outcome of the above, and thus, it believes that the exact amount needed for the settlement cannot be reliably estimated at this stage.

b) Pella has also initiated legal proceedings against the regulatory authorities claiming refund of excess revenue share paid amounting to KD 9.616 million (31 December 2020 - KD 9.666 million) for the years 2002 to 2010. The court of cassation decided to dismiss the case and Pella challenged the court decision and the case is pending at the appeal court.

c) Pella is a defendant in lawsuits amounting to KD 22.292 million (31 December 2020 – KD 43.636 million). Based on the report of its attorneys, the Group expects the outcome of these proceedings to be favorable to Pella.

In addition, legal proceedings have been initiated by and against the Group in some jurisdictions. On the basis of information currently available and the advice of the legal advisors, Group management is of the opinion that the outcome of these proceedings is unlikely to have a material adverse effect on the consolidated financial position or the consolidated performance of the Group.

29. Financial risk management

The Group's financial assets have been categorized as follows:

	Amortized costs	At fair value through profit or loss	Fair value through comprehensive income
	KD '000	KD '000	KD '000
31 December 2021			
Cash and bank balances	231,884	-	-
Trade and other receivables	542,923	-	-
Investment securities	-	28,423	18,165
	774,807	**28,423**	**18,165**
31 December 2020			
Cash and bank balances	393,060	-	-
Trade and other receivables	446,304	-	-
Investment securities	-	9,785	5,325
	839,364	**9,785**	**5,325**

Financial risk factors

The Group's use of financial instruments exposes it to a variety of financial risks such as market risk, credit risk and liquidity risk. The Group continuously reviews its risk exposures and takes measures to limit it to acceptable levels. The Board of Directors has the overall responsibility for the establishment and oversight of the Group's risk management framework and developing and monitoring the risk management policies in close co-operation with the Group's operating units. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Group's activities. The Group through its training and management standards and procedures aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Group's Board Committee oversees how management monitors compliance with the risk management policies and procedures and reviews adequacy of the risk management framework in relation to the risks faced by the Group. The Board Committee is assisted in its oversight role by the Internal audit and the Group risk management department. The significant risks that the Group is exposed to are discussed below:

(a) Market risk

(i) Foreign exchange risk

Foreign currency risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

Group management has set up a policy that requires Group companies to manage their foreign exchange risk against their functional currency. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

The Group is primarily exposed to foreign currency risk as a result of foreign exchange gains/losses on translation of foreign currency denominated assets and liabilities such as trade and other receivables, trade and other payables and due to banks. The impact on the post tax consolidated profit arising from a 10% weakening/strengthening of the functional currency against the major currencies to which the Group is exposed is given below:

Currency	2021	2020
	KD '000	KD '000
US Dollar	40,249	40,458
Euro	181	542
Other	6,803	3,858

(ii) Equity price risk

This is the risk that the value of financial instruments will fluctuate as a result of changes in market prices, whether these changes are caused by factors specific to individual instrument or its issuer or factors affecting all instruments, traded in the market. The Group is exposed to equity securities price risk because of investments held by the Group and classified in the consolidated statement of financial position as FVOCI. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

The effect on the consolidated profit as a result of changes in fair value of equity instruments classified as 'at fair value through profit or loss' and the effect on equity of equity instruments classified as 'fair value through other comprehensive income' arising from a 5% increase/ decrease in equity market index, with all other variables held constant is as follows:

Market indices	2021		2020	
	Impact on net profit	Effect on Equity	Impact on net profit	Effect on Equity
	KD '000	KD '000	KD '000	KD '000
Kuwait Stock Exchange	±184	±71	±181	±84

Profit for the year would increase/decrease as a result of gains/losses on equity securities classified as 'at fair value through profit or loss'. Equity would increase/decrease as a result of gains/losses on equity securities classified as 'available for sale'.

(iii) Cash flow and fair value interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate risk arises from short-term bank deposits and bank borrowings carried at amortized cost. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The Group's borrowings at variable rates are denominated mainly in US Dollars.

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Group calculates the impact on consolidated statement of profit or loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major interest-bearing positions. The Group manages interest rate risk by monitoring interest rate movements and by using Interest Rate Swaps to hedge interest rate risk exposures. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied.

At 31 December 2021, if interest rates at that date had been 50 basis points higher/lower with all other variables held constant, consolidated profit for the year would have been lower/higher by KD 6.528 million (2020: KD 5.982 million).

Interest rate benchmark reforms

The Group is exposed to US$ LIBOR. The exposures arise on derivatives and non-derivative liabilities (debt).

As listed in note 2, the Group has cash flow hedge relationships affected by the interest rate benchmark reform. Hedged items in these hedges include issued US$ floating rate debt. Hedging instruments include LIBOR based interest rate swaps. The Group also has debts linked to US$ LIBOR, which are not designated in hedging relationships.

The Group is closely monitoring the market and the output from the various industry working groups managing the transition to new benchmark interest rates. This includes announcements made by the IBOR regulators. The regulators have confirmed that all LIBOR settings will either cease to be provided by any administrator or no longer be representative:

- Immediately after 31 December 2021, in the case of all sterling, euro, Swiss franc and Japanese yen settings, and the 1-week and 2-month US dollar settings
- Immediately after 30 June 2023, in the case of the remaining US dollar settings

In response to the announcements, the Group has set up an IBOR transition programme under the governance of the Chief Financial Officer who reports to the Board.

Progress towards implementation of alternative benchmark interest rates:

The Group is planning to transition the majority of its LIBOR-linked contracts to risk-free rates (RFR) through introduction of, or amendments to, fallback clauses into the contracts which will change the basis for determining the interest cash flows from LIBOR to RFR at an agreed point in time.

Interest rate benchmark transition for non-derivative financial instruments

The Group has not yet agreed changes with any counterparties.

Interest rate benchmark transition for derivatives and hedge relationships:

The Group has in issue US$ denominated floating rate bank borrowings, linked to LIBOR, which are cash flow hedged using interest rate swaps. The Group has not yet transitioned the interest rate swaps to alternative risk-free rate; however, the Phase 1 amendments permit continuation of hedge accounting even though there is uncertainty about the timing and amount of the hedged cash flows due to the interest rate benchmark reforms.

The following table contains details of all of the financial instruments that the Group holds at 31 December 2021 which reference US$ LIBOR and have not yet been transitioned to SOFR or an alternative interest rate benchmark:

	31 December 2021
	KD '000
Non-derivative liabilities exposed to US$ LIBOR Measured at amortised cost	
Due to banks	795,570
Total non-derivative liabilities exposed to US$ LIBOR	**795,570**

Refer note 30 for details of the hedging instruments and hedged items in scope of the IFRS 9 amendments due to interest rate benchmark reform, by hedge type. The terms of the hedged items listed match those of the corresponding hedging instruments.

The Group will continue to apply the amendments to IFRS 9 until the uncertainty arising from the interest rate benchmark reforms with respect to the timing and the amount of the underlying cash flows that the Group is exposed to ends.

The Group has assumed that this uncertainty will not end until the Group's contracts that reference LIBORs are amended to specify the date on which the interest rate benchmark will be replaced, the cash flows of the alternative benchmark rate and the relevant spread adjustment. This will, in part, be dependent on the introduction of fall back clauses which have yet to be added to the Group's contracts and the negotiation with lenders.

b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation causing the other party to incur a financial loss. Financial assets, which potentially subject the Group to credit risk, consist principally of fixed and short notice bank deposits, trade and other receivables, contract assets and loans to associates.

The Group manages the credit risk on bank balances by placing fixed and short term bank deposits with high credit rating financial institutions. Credit risk with respect to trade receivables and contract assets is limited due to dispersion across large number of customers. Group manages credit risk of customers by continuously monitoring and using experienced collection agencies to recover past due outstanding amounts. Credit risk of distributors, roaming and interconnect operators, due from associates and others including third parties on whose behalf financial guarantees are issued by the Group is managed by periodic evaluation of their credit worthiness or obtaining bank guarantees in certain cases.

Expected credit loss (ECL) measurement

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition wherein if a financial instrument that is not credit-impaired on initial recognition is classified in Stage 1. If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to Stage 2 but is not yet deemed to be credit-impaired and if the financial instrument is credit-impaired, the financial instrument is then moved to Stage 3.

Significant increase in credit risk

When determining whether the risk of default has increased significantly since initial recognition, the Group considers quantitative, qualitative information and backstop indicators and analysis based on the Group's historical experience and expert credit risk assessment, including forward-looking information. For customer, distributors, roaming and interconnect trade receivables significant increase in credit risk criteria does not apply since the group is using simplified approach which requires use of lifetime expected loss provision.

For amounts due from banks, the Group uses the low credit risk exemption as permitted by IFRS 9 based on the external rating agency credit grades. If the financial instrument is rated below BBB- (sub investment grade) on the reporting date, the Group considers it as significant increase in credit risk.

Financial instrument is determined to have low credit risk if:

- The financial instrument has a low risk of default,
- The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
- Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

Credit impaired assets

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, there is sufficient doubt about the ultimate collectability; or the customer is past due for more than 90 days.

Incorporation of forward looking information

The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. The Group has performed historical analysis and identified Gross Domestic Product (GDP) of each geography in which they operate as the key economic variables impacting credit risk and ECL for each portfolio. Relevant macro-economic adjustments are applied to capture variations from economic scenarios. These reflect reasonable and supportable forecasts of future macro-economic conditions that are not captured within the base ECL calculations. Incorporating forward-looking information increases the degree of judgement required as to how changes in GDP will affect ECLs. The methodologies and assumptions including any forecasts of future economic conditions are reviewed regularly.

The following table contains an analysis of the maximum credit risk exposure of financial instruments for which an ECL allowance is recognized:

	ECL staging				
	Stage 1	Stage 2	Stage 3	Simplified approach	
	12-month	Lifetime	Lifetime	Lifetime	Total
	KD '000	KD '000	KD '000	KD '000	KD '000
At 31 December 2021					
Cash and bank balances	179,375	36,320	32,636	-	248,331
Less: ECL	(84)	(540)	(15,823)	-	(16,447)
	179,291	**35,780**	**16,813**	**-**	**231,884**
Customers	-	-	-	340,285	340,285
Distributors	-	-	-	46,706	46,706
Contract assets	-	-	-	108,880	108,880
Less: ECL	-	-	-	(166,271)	(166,271)
	-	**-**	**-**	**329,600**	**329,600**
Roaming partners	-	-	-	7,775	7,775
Other operators (interconnect)	-	-	-	63,083	63,083
Less: ECL	-	-	-	(5,867)	(5,867)
	-	**-**	**-**	**64,991**	**64,991**
Other receivables	-	99,863	-	-	99,863
Less: ECL	-	(2,067)	-	-	(2,067)
	-	**97,796**	**-**	**-**	**97,796**
At 31 December 2020					
Cash and bank balances	292,628	83,082	35,323	-	411,033
Less: ECL	(664)	(1,413)	(15,896)	-	(17,973)
	291,964	**81,669**	**19,427**	**-**	**393,060**
Customers	-	-	-	306,264	306,264
Distributors	-	-	-	42,282	42,282
Contract assets	-	-	-	97,298	97,298
Less: ECL	-	-	-	(191,200)	(191,200)
	-	**-**	**-**	**254,644**	**254,644**
Roaming partners	-	-	-	7,894	7,894
Other operators (interconnect)	-	-	-	61,177	61,177
Less: ECL	-	-	-	(6,847)	(6,847)
	-	**-**	**-**	**62,224**	**62,224**
Other receivables	-	46,907	-	-	46,907
Less: ECL	-	(2,699)	-	-	(2,699)
	-	**44,208**	**-**	**-**	**44,208**
Financial guarantees	-	7,288	-	-	7,288
Less: ECL	-	(1,050)	-	-	(1,050)
	-	**6,238**	**-**	**-**	**6,238**

ECL allowance of trade and other receivables are assessed as follows:

	31 December 2021	31 December 2020
	KD '000	KD '000
Collectively assessed	166,271	191,200
Individually assessed	7,934	9,546
	174,205	**200,746**

The following table shows the movement in the loss allowance that has been recognized for trade and other receivables and contract assets:

	Collectively assessed	Individually assessed	Total
	KD '000	KD '000	KD '000
1 January 2020	158,662	10,739	169,401
Recoveries	331	12	343
Amounts written off	(3,211)	(1,058)	(4,269)
Foreign exchange gains and losses	(1,926)	(156)	(2,082)
Net increase in loss allowance	37,344	9	37,353
31 December 2020	**191,200**	**9,546**	**200,746**
Recoveries	336	21	357
Amounts written off	(23,138)	(429)	(23,567)
Foreign exchange gains and losses	(542)	(132)	(674)
Net decrease in loss allowance	(1,585)	(1,072)	(2,657)
31 December 2021	**166,271**	**7,934**	**174,205**

For customer, distributor and contract assets the Group uses a provision matrix based on the historic default rates observed and adjusted for forward looking factors to measure ECL as given below.

	31 December 2021			31 December 2020		
Aging brackets of postpaid trade receivables	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
Not due /< 30 days	205,419	3%	5,693	180,681	3%	5,024
31 – 60 days	15,232	3%	413	10,547	4%	460
61 – 90 days	9,427	12%	1,133	8,493	16%	1318
91 – 180 days	19,296	18%	3,432	16,069	27%	4,283
> 181 days	246,497	63%	155,600	230,054	78%	180,115
	495,871		**166,271**	**445,844**		**191,200**

Credit quality of roaming, interconnect and other balances:

	31 December 2021 KD '000	31 December 2020 KD '000
Credit quality – Performing	164,189	107,435
Impaired	6,532	8,543
ECL	(7,934)	(9,546)
	162,787	**106,432**

The net decrease in the loss allowance during the year is mainly attributed to the increase in collections.
The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

(c) Liquidity risk

Liquidity risk is the risk that the Group may not be able to meet its funding requirements. The Group manages this risk by maintaining sufficient cash and marketable securities, availability of funding from committed credit facilities and its ability to close out market positions on short notice. The Company's Board of Directors increases capital or borrowings based on ongoing review of funding requirements.

The Group has committed to provide working capital and other financial support to some of its affiliates (refer note 3). Other than the total cash and bank balances of KD 33.917 million (2020 - KD 43.399 million) equivalent held in Sudan, South Sudan and Lebanon, all other cash and bank balances are maintained in freely convertible currencies.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the consolidated statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 year KD '000	Between 1 and 2 years KD '000	Between 2 and 5 years KD '000	Over 5 years KD '000
At 31 December 2021				
Bank borrowings	431,441	251,319	710,780	-
Trade and other payables	822,519	-	-	-
Other non-current liabilities				
Payable to Ministry of Finance – Saudi Arabia	51,641	106,512	103,179	65,997
Due to CITC for acquisition of spectrum	15,241	30,482	45,723	63,582
Other	2,233	1,962	1,333	1,859
Lease liabilities	67,532	34,974	69,695	47,411
Net settled derivative liabilities - Interest rate swaps	32	9,320	2,618	-
At 31 December 2020				
Bank borrowings	203,376	513,306	662,054	2,050
Trade and other payables	855,174	-	-	-
Other non-current liabilities				
Payable to Ministry of Finance – Saudi Arabia	58,492	55,450	153,199	122,642
Due to CITC for acquisition of spectrum	11,394	30,562	30,562	94,309
Other	2,515	2,244	3,411	14,679
Lease liabilities	49,673	52,765	61,752	58,704
Net settled derivative liabilities - Interest rate swaps	4,588	5,184	6,911	-

30. Derivative financial instruments

In the ordinary course of business, the Group uses derivative financial instruments to manage its exposure to fluctuations in interest and foreign exchange rates. A derivative financial instrument is a financial contract between two parties where payments are dependent upon movements in price of one or more underlying financial instruments, reference rate or index.

The table below shows the positive and negative fair values of derivative financial instruments, together with the notional amounts analysed by the term to maturity. The notional amount is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured.

The notional amounts indicate the volume of transactions outstanding at the year end and are not indicative of either market or credit risk. All derivative contracts are fair valued based on observable market data.

	Notional amounts by term to maturity		
At 31 December 2021:	Positive fair value KD '000	Negative fair value KD '000	Notional amount KD '000
Derivatives held for hedging:			
Cash flow hedges - Receive 3-month LIBOR/ SIBOR, pay fixed profit rate			
Profit rate swaps (maturing after one year)	-	8,895	258,464
At 31 December 2020:			
Derivatives held for hedging:			
Cash flow hedges - Receive 3-month LIBOR/ SIBOR, pay fixed profit rate			
Profit rate swaps (maturing after one year)	-	16,699	147,950

Profit rate swaps are contractual agreements between two parties to exchange interest based on notional value in a single currency for a fixed period of time. The Group uses profit rate swaps to hedge changes in interest rate risk arising from floating rate borrowings.

31. Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide return on investment to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In managing capital, the Group considers the financial covenants in various loan agreements that require the Group to maintain specific levels of debt-equity and leverage ratios.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity, as shown in the consolidated statement of financial position, plus net debt.

The gearing ratios at the consolidated statement of financial position dates were as follows:

	2021	2020
	KD '000	KD '000
Total borrowings including lease liabilities (refer note 15 and 16)	1,487,867	1,378,504
Less: Cash and bank balances (refer note 4)	(231,884)	(393,060)
Net debt	1,255,983	985,444
Total equity	1,812,016	1,934,544
Total capital	3,067,999	2,919,988
Gearing ratio	**41%**	**34%**

32. Fair value of financial instruments

The fair value hierarchy of the Group's financial instruments is as follows.

31 December 2021

	Level 1	Level 2	Level 3	Total
	KD '000	KD '000	KD '000	KD '000
Financial assets at fair value:				
Investments at fair value through profit or loss	234	9,440	18,749	28,423
Investments at fair value through other comprehensive income	1,412	2,703	14,050	18,165
Total assets	**1,646**	**12,143**	**32,799**	**46,588**

31 December 2020

	Level 1	Level 2	Level 3	Total
	KD '000	KD '000	KD '000	KD '000
Financial assets at fair value:				
Investments at fair value through profit or loss	740	9,045	-	9,785
Investments at fair value through other comprehensive income	1,676	1,897	1,752	5,325
Total assets	**2,416**	**10,942**	**1,752**	**15,110**

Fair values of the financial instruments carried at amortized cost approximate their carrying value. This is based on level 3 inputs, with the discount rate that reflects the credit risk of counterparties, being the most significant input.
During the year, there were no transfers between any of the fair value hierarchy levels.

33. Net monetary gain

Following management's assessment, the Group's subsidiary in South Sudan was accounted for as an entity operating in hyperinflationary economy since 2016.

The general price indices used in adjusting the results, cash flows and the financial position of Zain South Sudan set out below is based on the Consumer Price Index (CPI) published by South Sudan Bureau for Statistics:

	Index	Conversion factor
31 December 2021	19,067	1.00
31 December 2020	16,841	1.13
31 December 2019	10,657	1.79
31 December 2018	6,306	3.02
31 December 2017	4,502	4.23
31 December 2016	2,068	9.22
31 December 2015	357	53.44
31 December 2014	170	112.15
31 December 2013	155	123.23

Based on the above, the Group determined net monetary gain to be local currency equivalent to KD 0.313 million (2020: KD 5.163 million) stated net of the foreign exchange loss on the monetary amount of the Group's net investment in South Sudan.

34. Significant accounting judgments and estimates

In accordance with the accounting policies contained in IFRS and adopted by the Group, management makes the following judgments and estimations that may significantly affect amounts reported in these consolidated financial statements.

Judgments

Business combinations

To allocate the cost of a business combination management exercises significant judgment to determine identifiable assets, liabilities and contingent liabilities whose fair value can be reliably measured, to determine provisional values on initial accounting and final values of a business combination and to determine the amount of goodwill and the Cash Generating Unit to which it should be allocated.

Consolidation of entities in which the Group holds less than a majority of voting right (de facto control)

The Group considers that it controls SMTC though it owns less than 50% of the voting rights. In assessing whether the Group has de-facto control, the management exercised significant judgment which takes into account many factors such as it being the single largest shareholder in SMTC, its majority representation in the Board, voting patterns of other dominant shareholders etc. If the Group had concluded that the ownership interest was insufficient to give the Group control in SMTC, it would instead have been classified as an associate and the Group would have accounted for it using the equity method of accounting.

Identifying performance obligations in a bundled sale of equipment and installation services

The Group provides telecommunications services that are either sold separately or bundled together with the sale of equipment (hand sets) to a customer. The Group uses judgement in determining whether equipment and services are capable of being distinct. The fact that the Group regularly sells both equipment and services on a stand-alone basis indicates that the customer can benefit from both products on their own. Consequently, the Group allocated a portion of the transaction price to the equipment and the services based on relative stand-alone selling prices.

Principal versus agent considerations

Revenue from value added services (VAS) sharing arrangements depend on the analysis of the facts and circumstances surrounding these transactions. The determination of whether the Group is acting as an agent or principal in these transactions require significant judgement and depends on the following factors:

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

Consideration of significant financing component in a contract

The Group sells bundled services on a monthly payment scheme over a period of one to two years.

In concluding whether there is a significant financing component in a contract requires significant judgements and is dependent on the length of time between the customers payment and the transfer of equipment to the customer, as well as the prevailing interest rates in the market. The Group has concluded that there is no significant financing component in its contract with customers after such assessment.

In determining the interest to be applied to the amount of consideration, the Group has concluded that the interest rate implicit in the contract (i.e., the interest rate that discounts the cash selling price of the equipment to the amount paid in advance) is appropriate because this is commensurate with the rate that would be reflected in a separate financing transaction between the entity and its customer at contract inception.

Assets held for sale

In 2018, the Board of Directors announced its decision to sell some of the telecom tower assets in Kuwait. Part of these telecom towers were sold during the year and the remaining towers are recorded under "assets and liabilities of disposal group classified as held for sale". This is considered to have met the criteria as held for sale for the following reasons:

A. These assets are available for immediate sale and can be sold to the buyer in its current condition
B. The actions to complete the sale were initiated and expected to be completed within one year from the date of initial classification
C. A potential buyer has been identified and negotiations as at the reporting date are at an advance stage

These assets continued to be classified as non-current assets held for sale as the Group is committed to its plan to sell the assets and the delay was caused due to events and circumstances beyond the Group's control.

Classification of equity investments

On acquisition of an equity investment security, the Group decides whether it should be classified as fair value through profit or loss or fair value through .

Contingent liabilities

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

Hyperinflation

The Group exercises significant judgement in determining the onset of hyperinflation in countries in which it operates and whether the functional currency of its subsidiaries, associates or joint venture is the currency of a hyperinflationary economy.

Various characteristics of the economic environment of each country are taken into account. These characteristics include, but are not limited to, whether:

- the general population prefers to keep its wealth in non-monetary assets or in a relatively stable foreign currency;
- prices are quoted in a relatively stable foreign currency;
- sales or purchase prices take expected losses of purchasing power during a short credit period into account;
- interest rates, wages and prices are linked to a price index; and
- the cumulative inflation rate over three years is approaching, or exceeds, 100%.

Management exercises judgement as to when a restatement of the financial statements of a Group entity becomes necessary.

Determining the lease term

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

Discounting of lease payments

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

Sources of estimation uncertainty

Fair values - unquoted equity investments and business combinations

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

Provision for expected credit losses of customer, distributor receivables and contract assets

The Group uses a provision matrix to calculate ECLs for customer, distributor receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year, which can lead to an increased number of defaults the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in note 29.

Tangible and intangible assets

The Group estimates useful lives and residual values of tangible assets and intangible assets with definite useful lives. Changes in technology or intended period of use of these assets as well as changes in business prospects or economic industry factors may cause the estimate useful of life of these assets to change.

Taxes

The Group's current tax provision as disclosed in note 14 relates to management's assessment of the amount of tax payable on open tax positions where the liabilities remain to be agreed with the tax authorities. Uncertain tax items for which a provision of KD 54.806 million is made, relate principally to the interpretation of tax legislation. Due to the uncertainty associated with such tax items, there is a possibility that, on conclusion of open tax matters at a future date, the final outcome may differ significantly.

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes a liability for anticipated taxes based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Any changes in the estimates and assumptions used as well as the use of different, but equally reasonable estimates and assumptions may have an impact on the carrying values of the deferred tax assets.

Impairment of non-financial assets

The Group annually tests non-financial assets for impairment to determine their recoverable amounts based on value-in-use calculations or at fair value less costs to sell. The value in use includes estimates on growth rates of future cash flows, number of years used in the cash flow model and the discount rates. The fair value less cost to sell estimate is based on recent/intended market transactions and the related EBITDA multiples used in such transactions.

35. IMPACT OF COVID-19

The outbreak of the novel Coronavirus (Covid-19) in early 2020 in most countries has caused widespread disruptions to business, with a consequential negative impact on economic activities. The Group is continually monitoring its impact, while working closely with the local regulatory authorities, to manage the evolving business disruption of the COVID-19 pandemic.

In light of COVID-19, the 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 statements. Below are the key assumptions about the future and other key sources of estimation that may have a significant risk of causing material adjustments to the consolidated financial statements.

Impairment of non-financial assets

The Group has considered any impairment indicators arising and any significant uncertainties around its property, plant and equipment, and right-of-use assets especially arising from any change in lease terms and concluded there is no material impact due to COVID-19. For impairment assessment of goodwill refer note 12.

Expected Credit Losses ("ECL") and impairment of financial assets

The Group applied management overlays on the existing ECL models by applying probability weightage scenarios on the relevant macroeconomic factors relative to the economic climate of the respective market in which it operates. There have been significant improvements in the economic environment during the current year. The Group continues to monitor the appropriateness of the management overlays considering evolving impact of current pandemic situation in respective locations.

Commitments and contingent liabilities

The Group has assessed the impact of any operational disruptions, including any contractual challenges and changes in business or commercial relationships among the Group, customers and suppliers, with a view of potential increase in contingent liabilities and commitments and no issues were noted.

Going concern

The Group has performed an assessment of whether it is a going concern in the light of current economic conditions and all available information about future risks and uncertainties. The projections have been prepared covering the Group's future performance, capital and liquidity. The impact of COVID-19 may continue to evolve, but at the present time the projections show that the Group has ample resources to continue in operational existence and its going concern position remains largely unaffected and unchanged. As a result, these consolidated financial statements have been appropriately prepared on a going concern basis.