



Annual Report  
**2021**

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**His Majesty  
King Hamad bin Isa  
Al Khalifa**

The King of  
the Kingdom of Bahrain



**His Royal Highness  
Prince Salman bin Hamad  
Al Khalifa**

The Crown Prince and Prime  
Minister of the Kingdom of Bahrain

# Introduction



2021 was a transformational year for Batelco with key achievements reached in digital growth, customer experience and environmental sustainability.

Every success story at Batelco has its roots in customer centricity, with a strategy developed around delivering the latest and most innovative products, services and solutions. Making a positive difference in people's lives is the common denominator across all Batelco's initiatives.

Batelco's digital growth ambitions took a major leap forward with the company receiving an Open Banking License and introducing Beyon Money, Bahrain's first financial super App.

Network expansion continued in 2021, with Batelco succeeding in extending 5G reach to cover 100% of Bahrain's population and delivering increased 5G speeds.

The customer journey was greatly improved with several processes digitized, and customer touch points completely overhauled, leading to faster and improved delivery to businesses and consumers, expanding the use of the eServices platform and making more services available through Batelco's Mobile App.

Batelco's efforts in the field of environmental sustainability made immense progress during 2021, as our first Solar Park was opened and began producing clean energy, which is already powering one of Batelco's Data Centres.

By focussing on these improvements across its core businesses while simultaneously moving decisively into the world of digital, Batelco delivered a strong performance for the year, achieving increased earnings per share, in line with Batelco's commitment to ensure the best returns for its shareholders.



# CREATING A DIGITAL FUTURE

# Vision, Mission & Values

**VISION**

Be a leading provider of innovative digital services and connectivity to empower people, enable businesses and enrich society.

**MISSION**

To serve and inspire our customers by building, operating and investing in digital services, forefront technology and connectivity.

**VALUES iCARE**

Our values define how we work together as a team, how we serve our customers and guides our behaviour as well as decision making.

Innovative    Accountable    Empowered

**iCARE**

Competitive    Responsive

## Annual Highlights

Batelco achieved strong financial results for 2021 with a 16% year-over-year increase in net profit attributable to equity holders of BD65.9M

Net Profit

**BD65.9m**

EBITDA Margin

**41%**



 Operating Profit

**BD89.2m**

(2020: BD81.1m)

 Consolidated Net Profit

**BD65.9m**

(2020: BD56.7m)

 Gross Revenue

**BD399.6m**

(2020: BD387.3M)

 EBITDA

**BD163.0m**

(2020: BD154.7 M)

 Net Assets

**BD530.7m**

(2020: BD512.1M)

 Cash & Bank Balance

**BD220.7m**

(2020: BD195.3M)

 Earnings Per Share

**39.8fils**

(2020: 34.2 FILS)

 EBITDA Margin

**41%**

(2020: 40%)

 Net Profit Margin

**16%**

(2020: 15%)

## Board of Directors



**Shaikh Abdulla bin Khalifa Al Khalifa**  
Chairman



**Mr. Raed Abdulla Fakhri**  
Deputy Chairman



**Mr. Abdulla Abdulhameed Alhammadi**  
Director



**Mr. Abdulla Abdulrazak Bukhowa**  
Director



**Mr. Ahmed Abdulwahed Abdulrahman**  
Director



**Shaikh Ali bin Khalifa Al Khalifa**  
Director



**Major General Ali Saqer AlNoaimi**  
Director



**Ms. Fatema Ghazi Alarayedh**  
Director



**Mr. Jean Christophe Durand**  
Director



**Mr. Khalid Hussain Taqi**  
Director

Batelco's 2021 results reflect the company's strength and resilience whilst continuing to achieve its strategic objectives and its commitment to delivering favorable returns to shareholders.



# THE FIRST TELECOM COMPANY IN THE GCC TO BE CERTIFIED A "GREAT PLACE TO WORK"

Batelco has been ranked the number 1 certified organization in the telecommunication sector across the GCC in 2021 as a great workplace by Great Place to Work® Institute Middle East. Our work environment promotes innovation and rewards high performers.

## Chairman's Statement



The many successes of 2021 have provided us with a strong platform as we take on ambitious plans for 2022. Digital growth will continue to factor strongly in the Company's plans to play a bigger role in areas beyond our traditional core business.

Abdulla bin Khalifa Al Khalifa  
Chairman of the Board

### On behalf of the Board of Directors, it gives me great pleasure to present the 40<sup>th</sup> Annual Report of the Bahrain Telecommunications Company BSC and its subsidiaries and affiliates (Batelco), for the year ended 31<sup>st</sup> December 2021.

Batelco achieved strong financial results for 2021 with a 16% year-over-year increase in net profit attributable to equity holders of BD65.9M (US\$174.8M).

The 2021 results reflect the company's strength and resilience whilst continuing to achieve its strategic objectives and its commitment to delivering favorable returns to shareholders. Financial results for 2021 witnessed YoY increases in revenues, EBITDA, operating profits and net profit attributable to equity holders in all four quarters of the year.

Gross revenues for the year of BD399.6M (US\$1,059.9M) are 3% above 2020, while EBITDA of BD163.0M (US\$432.4M) increased by 5% YoY with a healthy margin of 41%. Operating profit in 2021 stood at BD89.2M (US\$236.6M), 10% above the prior year.

Batelco's balance sheet remains strong with total assets of BD1,030.6M (US\$2,733.7M) and net assets of BD530.7M (US\$1,407.7M) as of 31 December 2021.

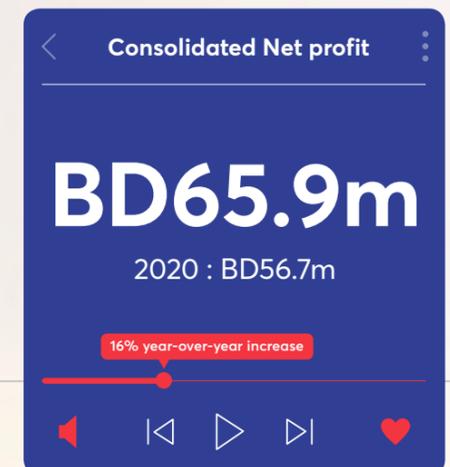
The Company ended the year with substantial cash and bank balances of BD220.7M (US\$585.4M) and a robust Net Debt to EBITDA ratio of 0.5x.

#### Proposed Appropriations

Based on the financial results, the Board of Directors has recommended for the approval of shareholders, the following appropriations for the year 2021.

BD millions	2021	2020
Final cash dividends proposed	27.44	27.44
Interim cash dividends paid	22.35	22.36
Donations	1.65	4.39
Transfer to statutory reserve	-	-

Batelco is committed to consistently delivering attractive returns to its shareholders. Accordingly, the Board of Directors has recommended a full year cash dividend of BD49.8M (US\$132.1M), at a value of 30.0 fils per share to be agreed at the Annual General Meeting, of which 13.5 fils per share was already paid during the third quarter of 2021 with the remaining 16.5 fils to be paid following the AGM in March 2022.



Chairman's Statement  
(Continued)

**Board and Management Remuneration**

**1. Board remuneration**

The total Board remuneration received during the year 2021 amounted to BD573,749, this includes the annual board remuneration of the company (subject to AGM approval), its subsidiaries, sitting fees and other expenses paid to the Board of Directors. The details of the Board remuneration are illustrated in the table on page 66 of this report in the consolidated financial statements.

**2. Executive Management Remuneration**

The total amount of remuneration paid to the 6 highest paid executives in the Company during the year 2021 amounted to BD1,318,822. The details of the executive remuneration is illustrated in page 67 of this report in the consolidated financial statements.

The Board is very pleased to finish 2021 with positive financial results, achieving 16% increase in Net Profits, 3% increase in Revenues, and Operating Profit and EBITDA up by 10% and 5% respectively. The results for 2021 reflect the successful execution of Batelco's strategy which include strengthening the core business and implementing new and upgraded solutions as part of the Company's ambitious digitisation plans.

The past year was distinguished by key achievements across our core businesses and advances in our digital growth, including the launch of Batelco's first digital brand, Beyon Money. We are extremely happy to enter this new chapter and look forward to seeing the developments in the coming year.



Reflecting the importance of people, Batelco continued with initiatives aimed at nurturing its team members, developing a high-performance culture and an admirable workplace environment.



Reflecting the importance of people, Batelco continued with initiatives aimed at nurturing its team members, developing a high-performance culture and an admirable workplace environment. I am delighted to note that these efforts resulted in Batelco being recognised as a great workplace, by Great Place to Work® Institute Middle East, for the second year. Furthermore, I personally presented rewards to Batelco's team members who were selected throughout 2021 as part of the 2<sup>nd</sup> annual Chairman's Award programme.

The combined knowledge and experience contributed by my colleagues on the Board is invaluable and I offer each one my personal thanks for the roles they played in helping to ensure we continued to meet the expectations of Batelco's shareholders. I also offer my appreciation to Batelco's management and team members for their efforts in implementing Batelco's strategy, which helped to deliver this strong set of financial results.

Batelco's Board places great importance on meeting shareholders' expectations and we are pleased to announce a good increase in EPS for 2021. On behalf of my colleagues, I want to thank our shareholders for the confidence they place in our strategic direction, and we will remain committed to delivering excellent returns on their investment in the year ahead.

Batelco was gratified to see the government announcement of a new national economic growth and fiscal balance plan aimed at supporting the post-Covid recovery. Accordingly, on behalf of Batelco's Board I would like to extend my sincere gratitude to His Majesty King Hamad bin Isa Al Khalifa and His Royal Highness Prince Salman bin Hamad Al Khalifa, the Crown Prince and Prime Minister, for the ongoing support which is vital for all sectors including telecoms.

The many successes of 2021 have provided us with a strong platform as we take on ambitious plans for 2022. Digital growth will continue to factor strongly in the Company's plans to play a bigger role in areas beyond our traditional core business. I have confidence in the commitment of Batelco's management and team members and look forward to a successful year ahead.

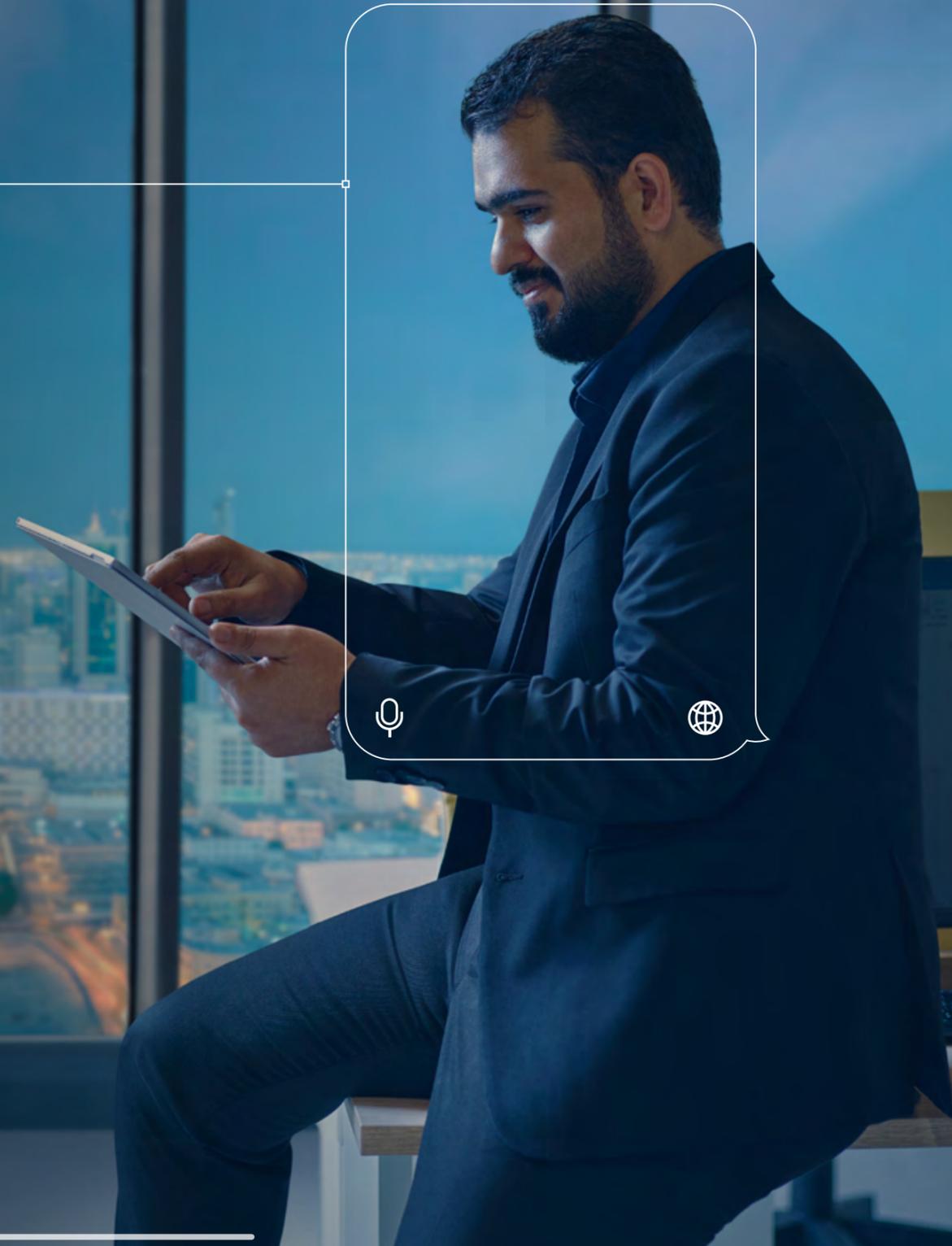
**Auditors**

The Board of Directors will recommend the re-appointment of KPMG Fakhro as Batelco's auditors for the financial year ending 31<sup>st</sup> December 2022.

**Abdulla bin Khalifa Al Khalifa**  
Chairman of the Board  
Bahrain Telecommunications Company BSC  
February 24<sup>th</sup> 2022

# LEADING TELECOM IN BAHRAIN FOR 5G SPEED AND COVERAGE

Batelco's 5G coverage reached 100% of Bahrain's population in 2021, providing customers access to the network across Bahrain with speeds up to 3Gbps.



# Executive Management



**Mikkel Vinter**  
Chief Executive Officer



**Faisal Qamhiyah**  
Chief Financial Officer



**Abdulla Danesh**  
General Manager Enterprise Division



**Faisal Al-Jalahma**  
Chief Human Resources Officer



**Hani Askar**  
Chief Global Business Officer



**Karel Staněk**  
General Manager IT



**Shaikh Bader bin Rashid Al Khalifa**  
General Manager Corporate Communications and Sustainability



**Bilal Adham**  
Chief Marketing Officer



**Buddhadeb Samanta**  
Chief of Internal Audit



**Maitham Abdulla**  
General Manager Consumer Division



**Shaikh Mohamed bin Khalifa Al Khalifa**  
Chief Digital Growth Officer



**Noora Sulaibekh**  
General Counsel and Board Secretary



**Christopher Hild**  
Chief Strategy Officer

In the home market of Bahrain, the team worked very hard to turn Batelco's digital growth vision into reality, maintain leadership in 5G, and make good progress with our sustainability goals.



**Rashid Mohamed**  
General Manager Network



**Saurabh Gupta**  
Chief Technical and Information Officer

\*Abderrahmane Mounir served as General Manager Enterprise Division until 4 July 2021.

## CEO Message

**2021 was a very successful year for Batelco reflected by the achievement of the highest net profits in 10 years, with this success supported by the efforts of Batelco's business in Bahrain and across its international operations.**

In the home market of Bahrain, the team worked very hard to turn Batelco's digital growth vision into reality, maintain leadership in 5G, and make good progress with our sustainability goals. Operational efficiency was enhanced across the business, and digital platforms were revamped to support the evolving requirements of consumers and businesses and deliver exceptional customer experience.

### Investing in our Team

Driven from our belief that people are the greatest assets of a company, Batelco continued to invest heavily in developing motivated and high-performing team members through collaborations with international education partners, and we are pleased to see these efforts are producing significant results. As part of this, a group of Batelco's young Bahraini talents successfully completed an executive development

programme with London Business School, and a new programme will take place in 2022 to develop high potential Bahrainis for executive leadership roles, in collaboration with eCornell, Cornell University's professional education unit.

Batelco's commitment to the educational development of its team members is matched by the Company's efforts to enhance workplace culture through a wide range of initiatives, and as a result, Batelco was recognised as a great workplace by Great Place to Work® Institute Middle East, for the second year.

### Business Overview

Across the year, Batelco focused on upgrading infrastructure and enhancing core services. Batelco's 2G service was phased out, with the capacity being reallocated towards the growth of more advanced networks. Other key highlights included the expansion of Batelco's mobile networks including 5G which now reaches 100% of Bahrain's population.

Following the official launch of Batelco's Tier III Enterprise Data Centre we were glad to sign partnership agreements with leading companies in the finance sector to move their IT infrastructure onboard.

As part of simplifying and enhancing the digital experience for customers, the Batelco Mobile App and e-services platform were revamped in line with continuous efforts to digitise the customer journey.

### Digital Journey

Batelco took major steps forward in 2021 as part of the Company's digital growth journey by venturing into the world of FinTech, obtaining an Open Banking license and culminating in the launch of Beyon Money, the first financial Super App in Bahrain.

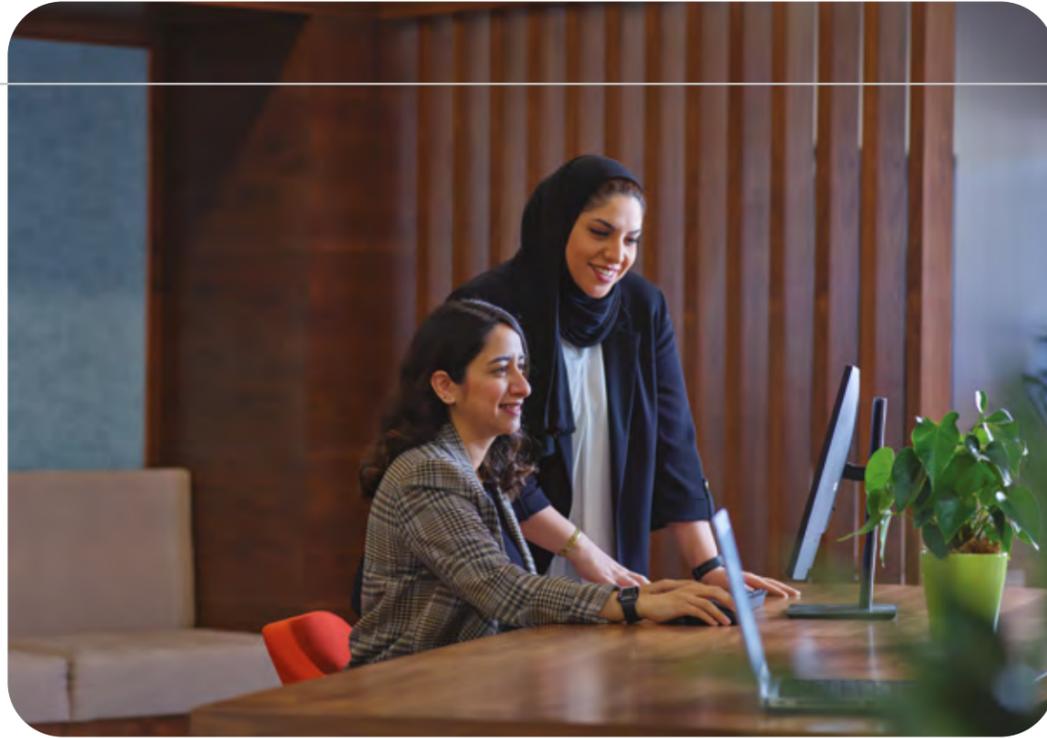
< Venturing into the world of FinTech

**with the establishment of Batelco Financial Services, culminating in the launch of Beyon Money, the first financial Super App in Bahrain.**

**Key highlights included the expansion of Batelco's mobile networks including 5G which now reaches 100% of Bahrain's population.**

Mikkel Vinter  
Chief Executive officer

CEO Message  
(Continued)



The service delivers direct Open Banking access to consumers in Bahrain as well as enabling a range of financial transactions. Users have the ability to view all transactions with their banks and with their cards, as well as transact and transfer funds between accounts and into their digital wallet with ease.

**Commitment to the Environment & Community**

Batelco established a new sustainability function and strategy during 2021 in line with best international practice, with one of the strategic pillars being to produce clean energy to support the vision of net zero carbon. To take steps toward that goal, Batelco opened a Solar Park, which is already providing clean energy to power one of the Company's Data Centers. The Park produces a total of 1,600 MWh of clean energy, which will aid in reducing approximately 900 tons of carbon emissions annually. Our sustainability efforts are beginning to make a significant difference and as a result, our ESG rating has improved substantially.

Furthermore, to give back to the community, we extend our initiatives to create strong social impact. Among key programmes launched in 2021, we introduced an annual 4-year university scholarship to give access to talented government school students to an international education, in collaboration with the American University of Bahrain.

**Partners in Success**

I extend my appreciation to Batelco's Board of Directors for their guidance and invaluable support, which enables us to roll out our strategy with confidence.

I also offer personal thanks to the management team and all team members for their efforts which helped to ensure an overall strong performance for the year.

Our customers are central to everything that we do; meeting their needs is a priority and on behalf of Batelco's management and team members, I offer sincere thanks to them for continuing to choose Batelco's products and services.

**Looking Forward**

We have an ambitious and wide-ranging strategy in place for 2022, with key focus areas being on core connectivity to further strengthen market leadership in mobile and broadband, enhancing our digital channels and enriching customer experience across all platforms.

Digital growth will remain a priority; Batelco will develop new digital companies to provide state-of-the-art solutions that cater to the emerging needs of today's businesses in areas such as ICT, cloud computing, cyber security, and digital communications. Furthermore, plans are in place to enrich Batelco's financial services offerings by rolling out new products and services under the Beyon Money brand.

Batelco's focus for 2022 is in line with Bahrain's 5<sup>th</sup> National Telecommunication Plan and the country's 2030 vision for a strong digital economy, to support the Kingdom's role as a regional hub for telecommunications and ICT.

**Mikkel Vinter**  
Chief Executive Officer

Batelco established a new sustainability function and strategy during 2021 in line with best international practice, with one of the strategic pillars being to produce clean energy to support the vision of net zero carbon.



# BEYON MONEY, FIRST FINANCIAL SUPER APP IN BAHRAIN

Batelco entered the world of FinTech and became the first telecom company in the GCC to obtain an Open Banking license, culminating in the launch of Beyon Money, Batelco's first digital brand.



## Digital Growth Report

2021 was marked by key achievements in line with Batelco's digital growth strategy.

Batelco improved its operational efficiency with the implementation of automated processes and dashboards, revamped Batelco Mobile App and eServices, and introduced its first digital financial service with the launch of Beyon Money, all serving to improve the overall customer experience.

### BEYON MONEY

Batelco has been on a path towards digital transformation. This includes innovation within the Company's core services to streamline the efficiency of every customer related activity. Crucially, Batelco also set goals to diversify and enter adjacent industries to enable growth and sustainability for the long term.

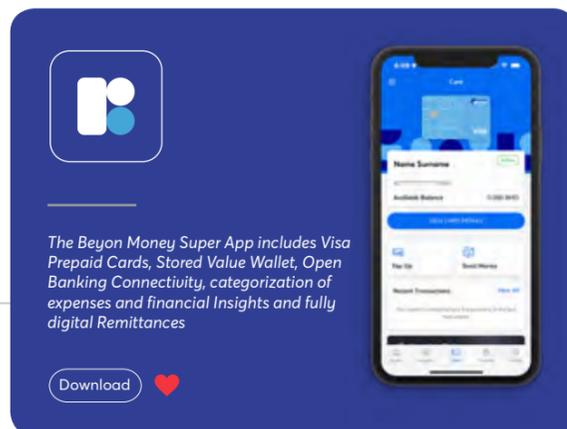
This aspiration has driven Batelco's investment in digital solutions and services and led to a major milestone achievement in 2021 with the launch of Beyon Money, the Company's first financial services brand.

Realising this ambition required years of planning and hard work, with Batelco firstly establishing a new digital hub and building a team of local and international experts. Through the team's dedication and patience in meeting the many challenges along the way, Batelco was pleased to announce its entry into the FinTech space, following the receipt of an Open Banking license issued by the CBB (Central Bank of Bahrain), making it the first telecom company in the GCC to achieve this.

Batelco quickly built on this success and was proud to introduce Beyon Money in December 2021. Beyon Money has partnered with a number of international players, bringing high reliability and scalability to its proposition.

The Beyon Money Super App includes Visa Prepaid Cards, Stored Value Wallet, Open Banking Connectivity, categorization of expenses and financial Insights and fully digital Remittances. It is the first fully digital Financial Super App to deliver direct Open Banking access to consumers in Bahrain, connecting all the banks across the Kingdom in one App. Users will have the ability to view all transactions with their banks and with their cards, as well as transact and transfer funds between accounts and into their digital wallet with ease.

Beyon Money will play a vital role in supporting the advancement of payments innovation and digital ecosystems for consumers and businesses by accelerating digital adoption of financial solutions. The Company's mission is to make digital financial instruments more accessible, easy to understand, transparent and value driven, giving customers greater degrees of choice.

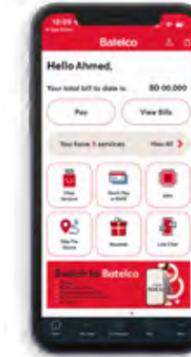


The Beyon Money Super App includes Visa Prepaid Cards, Stored Value Wallet, Open Banking Connectivity, categorization of expenses and financial Insights and fully digital Remittances

Download



Robotic Process automation (RPA) was introduced as part of the Company's internal digital transformation, to automate manual activities, rule-based processes and repetitive tasks, with the aim of enhancing customer experience.



### Enhancing Customer Experience

To enhance its customers' digital experience when dealing with everyday communications tasks, Batelco accelerated its mobile first strategy. Significant investment in the Batelco Mobile App resulted in a new, simple, yet intuitive interface that makes it easy for customers to access all of the support features that traditionally, were only available through Retail or by calling the Contact Centre.

New features have been added to the App such as selecting broadband and postpaid plans, introduction of Apple pay, download eSim on the go, rewarding platform and more.

Batelco created an entirely new experience within the eServices platform, for consumers and enterprises, introducing a new look & feel and simplifying the user experience to enable customers to navigate and act with the click of a button.

An Artificial Intelligence (AI) based chatbot was implemented within digital channels to address the customers' frequent enquiries. This reduced the customers' waiting time for answers and decreased the number of transactions going to the agents by 30%.

Robotic Process automation (RPA) was introduced as part of the Company's internal digital transformation, to automate manual activities, rule-based processes and repetitive tasks, with the aim of enhancing customer experience.

### Award Winning Network

Batelco's fast, secure and reliable connectivity meets the ever-changing needs of society, by enabling digital lives.

During 2021, Batelco's 5G coverage reached 100% of Bahrain's population, providing customers across Bahrain with access to the network, with speeds up to 3Gbps.

Batelco's network quality and reliability has led to the Company being recognised by a number of entities as a leader in the Kingdom of Bahrain's telecommunications sector.

#### • Best Mobile Network in Bahrain by Ookla

In early 2021, Batelco was announced by Speedtest by Ookla as Bahrain's Top-Rated Mobile Network for Q3-Q4 2020 based on feedback from mobile users in Bahrain.

#### • Batelco's Network highly rated by Speedtest

Batelco's mean download speed for December 2021 rivalled the national average speeds of the Top 10 Fastest Countries in Global Mobile Speed Rankings.

#### • Fastest & Best Coverage in Bahrain

During 2021, a number of external bodies named Batelco for The Fastest Download & Upload throughput with the largest 5G Network Coverage in Bahrain, including the TRA.

#### • MEA Business – Technology Achievement Awards

Batelco was recognised for its Outstanding Leadership and Growth, in the MEA Business – Technology Achievement Awards, announced on the sidelines of GITEX 2021.

Batelco's key achievements including being first to deliver 5G commercially in Bahrain, being first to achieve nationwide 5G coverage and being the winner in Bahrain of the most Ookla Network Awards during Q1-Q2 2021, led to the win.

Batelco's fast, secure and reliable connectivity meets the ever-changing needs of society, by enabling digital lives.

## Human Resources Report

# Investing in our Future Leaders

Batelco continued with its efforts in 2021 to transform the Company's corporate culture, invest in high-level team development programmes and launch initiatives to engage with the team members to create a positive and wonderful working environment.

### Youth Development Programme SIMBA

SIMBA is a unique programme designed to provide Batelco with a continuous pipeline of high calibre young Bahraini team members to prepare future leaders within the organization. The SIMBA team made great progress in 2021, successfully completing a customized Executive Education programme in collaboration with London Business School.

In addition, all SIMBA team members have actively participated in 5 main strategic projects that feed into the corporate strategy of Batelco. The development opportunity was linked with a mentorship programme delivered by Batelco's top management team.



### Return to office plan

As part of our efforts to maintain the safety of all team members and in line with the direction of the Government, a phased return plan for those working from home was implemented, with all team members returning to the workplace during September and October 2021. Strict safety measures have been maintained emphasizing on the importance of sticking to each unit's zoned bubble while encouraging team members to continue their meetings virtually via Microsoft Teams.

### Internal events

Batelco continuously engages with team members through open discussion forums. Despite the pandemic, Batelco made sure that internal events continued through virtual platforms as they are an integral part of the engagement initiatives.

**13 sessions** were held virtually with team members from all business units, as part of HR open forums to outline HR initiatives and projects and listen to comments from team members.

**B Majlis**, a series of 20 informal sessions giving team members the opportunity to chat with the HR team, took place throughout 2021. These sessions focused on enhancing innovation and ideation, along with discussing topics of interest suggested by team members. Over 70 ideas were generated including new ways to enhance customer experience, digital innovation, and promoting a high performing culture.

**Batelco's annual Town Hall** took place at Batelco's Headquarters and was broadcasted live to Batelco team members, as part of the safety measures taken in combating COVID-19. During the meeting, Batelco's Chairman addressed team members and presented the Chairman's Award prizes, while Batelco's CEO presented past achievements and outlined the strategy towards an unrecognizable Batelco.



### Career management framework

Batelco's Career Management Framework is a systematic framework designed for all business units to identify suitable roles and support the career progression of team members. The framework aims to empower team members, helping to unlock their potential by elevating the level of their capabilities and skills.

### Team Development Discussions (TDD)

Another exciting initiative that was introduced as part of enhancing the employee experience in Batelco, is the Team Development Discussions (TDD). The process focuses on discussing team members personal and professional development plans leading to an action plan that team members can commit towards achieving within the agreed timeline. The process focuses on providing honest and transparent feedback to the line-managers, all part of our 360-degree feedback process towards enhancing the business operations and achieving a high performing culture.

**Human Resources Reports**  
(Continued)

**GPTW**

**Being Employee Centric - Batelco Maintains Great Place to Work Certification**

Batelco has been ranked the number 1 certified organization in the telecommunication sector across the GCC in 2021 as a great workplace, by Great Place to Work® Institute Middle East. Achieving such a prestigious award reflects all the initiatives and commitment by management and team members in transforming the culture at Batelco. Great Place to Work® is the global authority on high-trust, high-performance workplace cultures.

Every participating company is evaluated by a Trust Index; a questionnaire based on five principles to establish an employee's definition of an ideal working environment. This certification is based on direct feedback from all Batelco team members, provided as part of a survey about the workplace experience. The continuous recognition as a Great Place to Work stems from the dedicated efforts of all team members of Batelco, and positions Batelco as a benchmark for global tech companies.

**Training Hours**

Batelco continuously provides internal and external training opportunities for team members, with many sessions conducted virtually in line with health & safety guidelines. Investment in training ensures smooth succession planning guaranteeing a pool of trained and knowledgeable team members that can assume critical roles in the company.

In 2021, 34,613 training hours were completed for all our team members with an average of 37.0 hours per employee.

As important as it is to build the skill sets of team members, it is also a priority to ensure that future leaders for the organization are emotionally intelligent, capable of leading digital teams, understand and practice the iCARE values, and have the capability to analyze data that drives corporate decisions.

Batelco's affiliations to support training and development have expanded to reach internationally renowned educational institutions such as MIT, Harvard Business School, London Business School and Cornell University, as well as local providers.

Furthermore, hackathons that were put on hold due to the pandemic were relaunched in 2021, with a successful "Digital Transformation" hackathon taking place. 22 team members participated in a three-day event and contributed with notable innovative ideas designed to support Batelco's strategic vision.

Average hours Per TM:

**37.0**

\*Average hours Per TM are only for Batelco team members, excluding all other OpCos and subsidiaries.

Total Hours:

**34,613**

**iCARE Ambassadors & The Chairman's Award**

To promote Batelco's values, the iCARE Ambassador Awards were revamped this year to reward team members who are considered as role models to others, through projecting the iCARE values in their daily work and contributing significantly to Batelco's success. Each month throughout the year, a team member is selected as the iCare Ambassador of the month.

**The Chairman's Award**

Batelco's Chairman, Shaikh Abdulla bin Khalifa Al Khalifa continued with his endorsement of the unique and prestigious award, The Chairman's Award, to select 3 individuals from a pool of

17 distinguished team members (including the iCARE Ambassadors) to be honoured for their demonstration of the iCARE values and outstanding contributions to Batelco.

The iCare Ambassador and Chairman's Award programmes promoted a great level of engagement and high performance across the organization. For 2021 five additional candidates were selected, for a total of 17 candidates compared to 12 nominees in 2020. The aim is to highlight achievements and accomplishments from a larger pool focusing on team members' outstanding efforts.

1<sup>st</sup> place winner for 2021 was Fahad Bardooli from the Finance division, 2<sup>nd</sup> Place winner was Walaa Radhi from the Information Technology team, 3<sup>rd</sup> place winner was Elham Al Moosawi from Global Business.



The Chairman's Award winners with Batelco Chairman, CEO and Chief Human Resources Officer

**Talent Acquisition**

**30 years**

Average Age of new joiners in 2021

**35 years**

Average Age of Employees in Years

**8 years**

Average Years of Service to the Company

**100%**

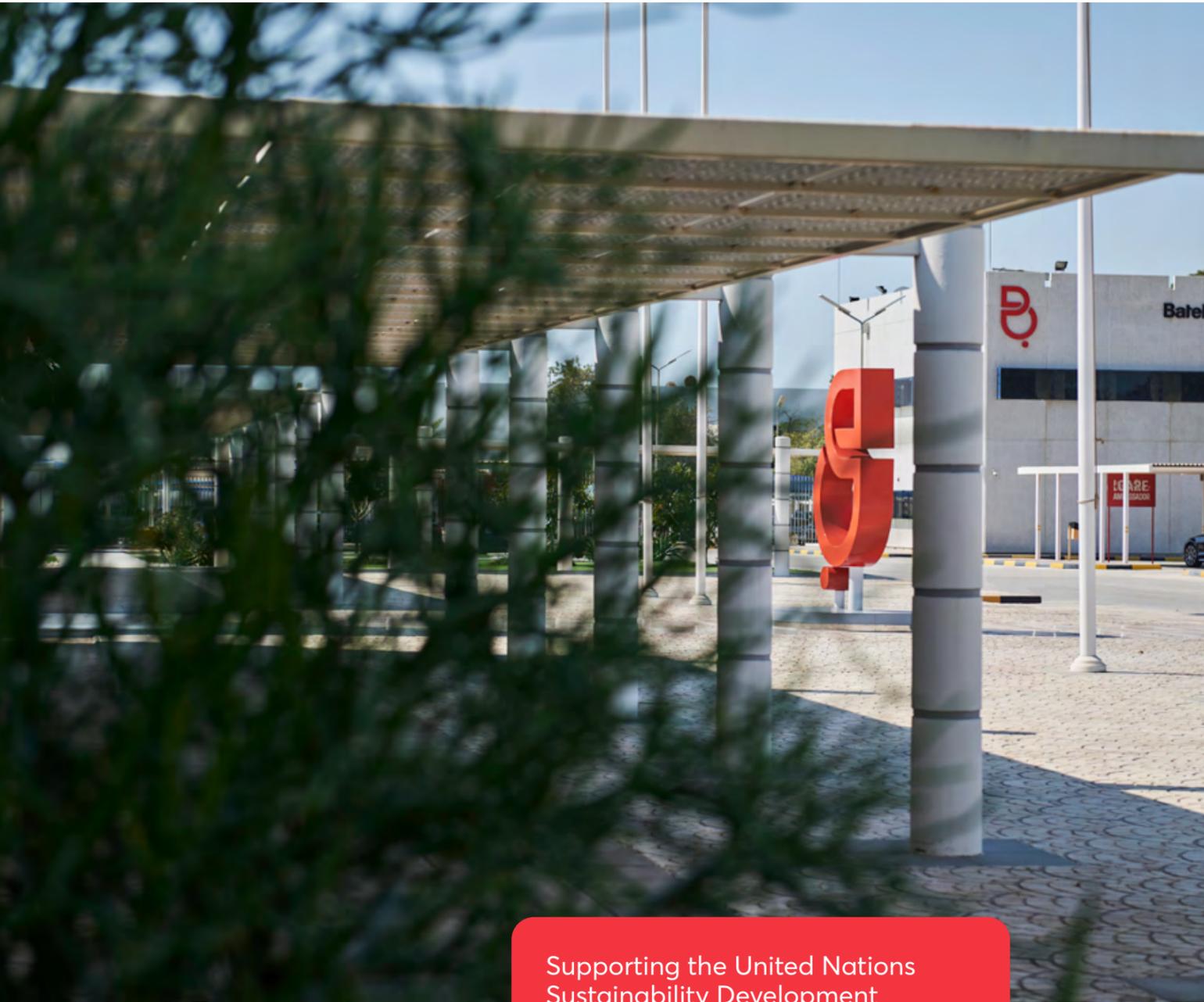
establishment of the GTs



# THE FIRST TELECOM COMPANY IN BAHRAIN TO INSTALL SOLAR ENERGY SYSTEMS THAT PRODUCE CLEAN ENERGY

Batelco Solar Park, opened in 2021, is producing clean energy to power one of Batelco's Data Centres, which contributes to Bahrain's renewable energy goals, particularly the national goal of reaching zero-carbon neutrality by 2060 and reducing emissions by 30% by 2035 through decarbonization and energy efficiency initiatives

## Social Impact and Sustainability



Supporting the United Nations Sustainability Development Goals of:

- Sustainable Cities & Communities
- Quality Education
- Good Health & Well-Being

### EDUCATION



#### Taking Steps that Positively Impacted the Community during 2021.

Batelco believes it has a responsibility to give back to the communities in which it operates, and has designed and implemented a strategy for social impact and sustainability, which focusses on having a positive impact on people in Bahrain, supported by strategic partnership.

Batelco's main focus areas are Education and Youth & Sports, with programmes designed to complement the United Nations Sustainability Development Goals of Sustainable Cities & Communities, Quality Education and Good Health & Well-Being.

Batelco aims to drive youth-centric educational initiatives that will prepare Bahrain's younger generations for the future in line with the Kingdom's 2030 economic vision.

Under the umbrella of Takadam, meaning to 'move forward', Batelco's youth development programme, a group of students were selected during 2021 to benefit from mentoring, professional certification, and on-job training support from Batelco and its partners, Injaz Bahrain, Brinc and Clever Play. Takadam is aimed at secondary school graduates and designed to support them while at university, enhancing the students' readiness for the workplace by the time they graduate.

To boost young people's prospects, Batelco join the panel of judges in Injaz' s UoB University Tournament 2021. The tournament encouraged participants to find innovative solutions for real business challenges.

Batelco supported TechConnect, a series of webinars, in collaboration with the University of Bahrain, College of IT and the Institute of Electrical and Electronics Engineers (IEEE), Bahrain section, with the goal of promoting technological literacy in Bahrain. The TechConnect webinars, which featured topics including 'Introduction to the World of WiFi' and 'The Future of IoT Adoption', were presented by a number of Batelco's Network Engineers.

Batelco's education support was also extended to other leading third level establishments, through presentations and mentoring, including Ahlia University and Bahrain Polytechnic, and covered topic such as Radio Technology, Evolution of Mobile Networks, and How the Internet Works.

As part of supporting academically promising young Bahraini students, Batelco introduced a Higher Education Scholarship in partnership with the American University of Bahrain (AUBH), to sponsor a 4-year university education for one Bahraini student, selected on merit from one of the Kingdom's government's schools each year.



## SOCIAL IMPACT AND SUSTAINABILITY (CONTINUED)

### YOUTH & SPORTS



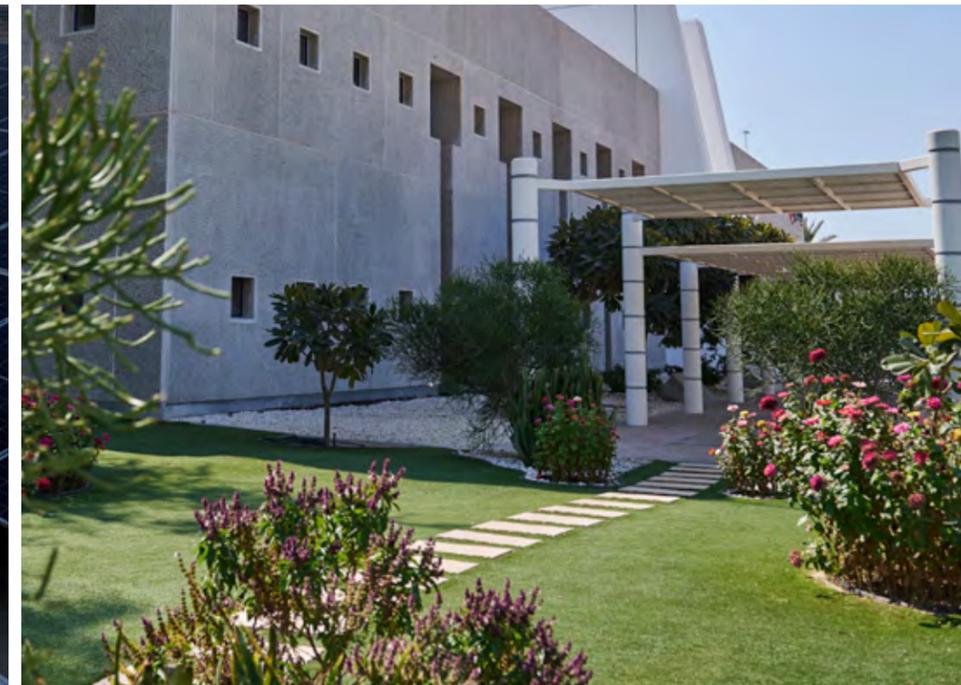
**Batelco is prominent supporter of sporting events, providing opportunities to participate in or enjoy as a spectator.**

Batelco includes a strong focus on sports in its social impact programmes, with the aim of encouraging and motivating young Bahrainis to stay active and maintain a healthy lifestyle, through activities such as football, cycling and ironman, with such sports all promoting a team building spirit between participants.

Batelco is also a keen contributor to the sport of horseracing, driven by Bahrain's rich heritage and history with the sport and through lending its support on an annual basis, Batelco endeavours to help sustain the sport for generations to come.

In collaboration with Bahrain International Circuit (BIC) Batelco renewed its support for a second season of Batelco Fitness on Track, with runners and cyclists of all ages invited to take part. The initiative is an annual programme that offers cycling and running enthusiasts the opportunity to train or simply take casual exercise in a safe and controlled environment, at Bahrain's world renowned F1 circuit.

On the occasion of the 5<sup>th</sup> Bahrain Sports Day Batelco encouraged its team members to participate in a virtual challenge to achieve 1M steps in six days. Participation was high, with team members surpassing expectations and clocking up 1.2M steps, reflecting the great popularity of the initiative.



### COMMUNITY



**Batelco is keen to play a central role in the local community, supporting the needs of people and the environment.**

Batelco's sustainability programme gained momentum and reached a new milestone with the opening of Batelco Solar Park, which coincided with the goal that His Royal Highness Prince Salman bin Hamad Al Khalifa, Crown Prince and Prime Minister of the Kingdom of Bahrain, has set and announced as part of his address during the 26<sup>th</sup> United Nations Climate Change Conference 2021, which reiterates the Kingdom's commitment to achieve zero carbon neutrality by 2060.

With a view on environmental sustainability, Batelco joined representatives from NIAD (National Initiative for Agriculture Development) on the occasion of planting the first tree to mark the start of the Forever Green Initiative, which aims to plant 50,000 trees and shrubs in 27 different locations across the Kingdom.

The high dependency on fast and reliable internet carried over from 2020 into 2021, as most people continued to be home based due to the ongoing Covid pandemic. To support customers with remote learning and working from home, Batelco extended its popular Fiber speed initiative, delivering boosted speeds up to 5 times the customers' regular speeds at no extra cost, until the end of August 2021, when the majority began returning to schools and the workplace.

Under the slogan, 'From Bahrain to Bahrain', reflecting on our national identity and to support both Bahraini talents and Bahraini businesses, Batelco hosted a National Day concert featuring popular Bahraini artistes and attracting thousands of citizens to the venue at the Bahrain International Circuit. All proceeds from the event went to support the Royal Humanitarian Foundation.

As part of awareness programmes arranged for its team members, Batelco hosted a number of water safety sessions in collaboration with the RLSB (Royal Life Saving Bahrain), which included a demonstration on improvised rescue techniques.

## BNET CEO Message

**As part of its integral role within the telecommunications sector in the Kingdom, BNET follows a holistic approach as it works to implement its medium to long-term strategic goals. We aim to support the Kingdom of Bahrain's efforts and achieving our wise leadership's vision to position Bahrain as a strategic regional hub for ICT. BNET is key to the success of this vision, through its mandate to ensure the delivery of secure, reliable, and affordable broadband services through our customers, Bahrain's licensed service providers. We work to enhance Bahrain's national broadband network in line with international standards, and this ultimately supports Bahrain's economic growth.**

2021 was a year of important achievements for BNET, starting with the launch of our Service Management Centre (SMC) which provides round-the-clock support to BNET customers and licensed service providers in the Kingdom, and our Networks Intelligence Centre of Excellence, overseeing the delivery of secure and stable network services, and moving on to the completion of the financial separation process from our parent company "Batelco", and the launch of BNET e-Marketplace; a digital solution to manage supply chain operations under a single platform.

One of the highlights of 2021 was BNET's Reference Offer Week (RO Week) workshop in November; the first event of its kind at the regional level. We brought together our customers, Bahrain's licensed telecommunications operators, with the aim of

enriching our upcoming Reference Offer with valuable feedback from our customers and actively engaging them to ensure that they, our partners, enjoy a seamless and positive experience. RO Week was a great success, and we aim to continue providing our full support to our partners and to enable them with high-quality services in order to increase broadband penetration rates and enhance end-user experience.

Q4 of 2021 saw concentrated efforts on revamping our corporate strategy, including a renewed vision and mission and improved corporate objectives inspired by the principle "One Team, One Vision". We worked to ensure our internal business units' strategies align with our stakeholders' expectations and followed a customer-centric approach. Our focus will continue to be smooth customer experiences, added value, and making a positive impact in our community.

We are very pleased with the progress BNET's made this far, and we're committed to realizing the goals set by the National Telecommunications Plan for country-wide broadband coverage and increased broadband penetration rates announced by the Telecommunications Regulatory Authority. We will continue our NBN rollout efforts to tackle these goals and enable the Kingdom of Bahrain's digital transformation and economic growth with the provision of an advanced and modern telecommunications infrastructure.

In conclusion, I would like to take this opportunity to extend my sincere appreciation to the Chairman of our Board, His Excellency Shaikh Ali bin Khalifa Al Khalifa, and our Board of Directors for their invaluable contributions and guidance. I also offer my appreciation to BNET executive management and our entire team for their hard work that let to a successful 2021, building a strong foundation on which we continue our journey towards excellence and further success during 2022 and for the coming years.

Ahmed Jaber Aldoseri  
Chief Executive Officer BNET



**We aim to support the Kingdom of Bahrain's efforts and achieving our wise leadership's vision to position Bahrain as a strategic regional hub for ICT.**

Ahmed Jaber Aldoseri  
Chief Executive officer

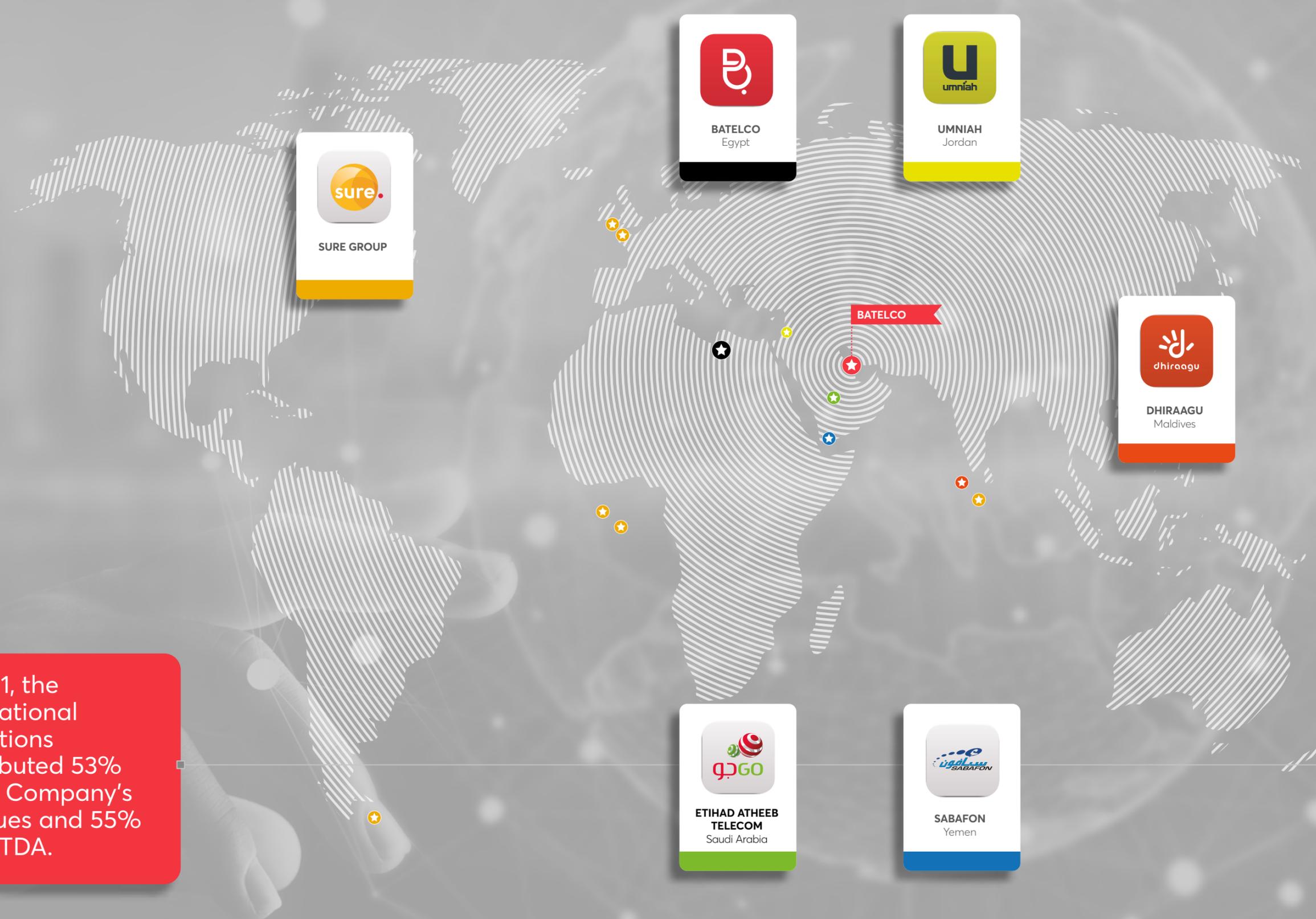
# THE LARGEST ENTERPRISE DATA CENTER IN BAHRAIN

Batelco's Tier III Data Centre was established as part of the company's efforts to provide world-class facilities that support the accelerated development of the Kingdom's digital economy.



# International Investments

Batelco operates across 12 international geographies - Jordan, Maldives, Guernsey, Jersey, Isle of Man, Diego Garcia, St. Helena, Ascension Island, Saudi Arabia, Egypt, and Yemen.



In 2021, the International operations contributed 53% to the Company's revenues and 55% to EBITDA.

\*The stars are representing Batelco's operating countries world wide.

## Subsidiaries and Affiliates

### Umniah Jordan



Since its launch in June 2005, Umniah, a 96% owned subsidiary of Batelco, has maintained its strong presence in the Jordanian telecommunications market, offering high-quality mobile, Internet and enterprise solutions. Umniah's GSM and Internet services continued to grow in 2021, with a sharp focus on expanding consumer and enterprise services (GSM and Broadband). The company's position and market share strengthened further due to its fiber expansion, extensive cybersecurity, cloud and mobile payments solutions, among others. Umniah also continued to drive community engagement by taking an active role in social development in the communities within which it operates.

In the first half of 2021, Umniah became the first operator in the region to shut down its second-generation (2G) network to upgrade and invest in its existing 3G and 4G networks. The company's advanced 3G and 4G networks provide subscribers with higher quality calls, faster data, smooth transmission between voice and data and extended coverage with enhanced network stability.

Umniah, through FiberTech (its joint venture company with JEPCO), continued to expand its fiber network into the country's most densely populated areas. With the ambitious rollouts, more than 600,000 homes and commercial buildings can now access Umniah's fiber services that provide speeds up to 1000 Mbps and at very competitive rates.

In 2021, UWallet, a subsidiary of Umniah, continued providing innovative payment services including the launch of e-voucher services that offer its customers access to over 86 global brands. UWallet also announced several partnerships with financial service providers to allow for microfinancing, loan applications, payment and international money transfer services. Finally, UWallet introduced the first digital Gold debit card in Jordan. UWallet was also the first in Jordan to receive the Digital First certification for its debit card services, offering the highest in digital security standards for digital wallets.

In line with its commitment to enrich the lives of the communities that it impacts, Umniah launched the Forsa initiative, a CSR platform that focuses on renovating and repairing public school playgrounds. The JD1 million initiative was kicked off during Jordan's centennial celebrations and is supported by the Ministry of Education. The five-year project will realize a more comprehensive learning environment for students through skills enhancement and will provide them with a safe space for their health and mental wellness.



**Ziad Shatara**  
Chief Executive Officer

### Dhivehi Raajjeyge Gulhun Plc (DHIRAAGU) Maldives



Dhivehi Raajjeyge Gulhun PLC (Dhiraagu), incorporated in the Maldives in 1988 and listed on the Maldives Stock Exchange, is the leading digital services and telecommunications provider in the Maldives. The company offers a comprehensive range of mobile, internet, data and fixed line, TV and other services throughout the country. Batelco acquired 52% shareholding of the company in 2013.

As the leading telecommunications and digital services company in the country, its business is to inspire and empower customers to 'take on tomorrow' and thrive in the digital future. Dhiraagu's vision of a '#DigitalRaajje' complements its vision to use its services and capabilities to enrich people's lives by

providing intelligent connectivity, which can make individual lives easier, healthier, smarter and for communities, bolster disaster response, revolutionise education, improve healthcare and extend financial services.

In July 2019, Dhiraagu became the first to launch 5G in the Maldives and achieve a significant milestone of being the first operator to commercially provide 5G in South Asia. During 2021, the company further expanded its high-speed fibre broadband network to 82% of national households covering 74 islands. By the end of the year DhiraaguTV had been extended to 82% of the households across the country.

The Maldives-Sri Lanka Cable (MSC) system was commissioned in early 2021. As Dhiraagu's second international submarine cable system, it is a key investment to enhance internet connectivity, improve network diversity and resilience, and facilitate innovation for future growth.

With the ongoing pandemic, the company continued to support the community and assist the Government and authorities in their emergency response efforts. Dhiraagu also continued to support the community to empower women and young people, care for children and the environment.

By creating value for its customers, communities, and shareholders, Dhiraagu continues to lead by investing in resilient and adaptable infrastructure which is of strategic long-term benefit to the country's economy, the progress, and the prosperity of the Maldives.



**Ismail Rasheed**  
Chief Executive Officer &  
Managing Director

## Subsidiaries and Affiliates

(Continued)

## Sure Group CIIM and SADG



The SURE Group comprises of a number of geographically diverse operations which are wholly owned subsidiaries of Batelco, acquired in 2013. Head quartered in Guernsey, the Group provides telecommunications and related services across the Channel Islands, the Isle of Man and in the British Overseas Territories of the islands of Ascension, Falklands, Saint Helena and Diego Garcia.

In Guernsey, Sure is the leading full service operator with market-leading positions in fixed voice, mobile, broadband, cloud and cybersecurity services and the prime competitor in both Jersey and Isle of Man. In the British Overseas Territories, Sure operates under exclusive licences with full feature networks delivering voice, broadband data services and, in certain markets, TV.



**Alistair Beak**  
Chief Executive Officer

The COVID 19 pandemic continued to be the key issue facing the island communities Sure serves resulting in an increasing reliance and demand for broadband and digital services. Working and learning from home, established now in all of our communities, became essential through lockdown periods especially during the first half of the year and latterly during the Omicron wave. The resilience and performance of our networks has been fundamental to keeping our communities connected and thanks to the investment in broadband infrastructure across all of our operations Sure's networks handled an increase of 40% traffic during peak periods of the year.

Sure's purpose is to connect our island communities for a better future and with demand for broadband at unprecedented levels Sure has been investing in fibre during 2021. In September, Sure announced a partnership with the States of Guernsey to connect fibre to every property on the island by the end of 2026. This represents a substantial £25m investment by Sure and £12.5m by the States of Guernsey in order to reach every property in an accelerated 5 year period. By the end of 2021 Sure had already built a network to 1,400 properties, utilising XGS-PON state of the art technology, capable of delivering 10 Gigabit per second speeds to the home.

In the Isle of Man, Sure secured a major contract with the Government for providing data and internet services which will lead to Sure investing millions of pounds to expand our fibre network. While in Jersey Sure brought further choice and competition to the market with the introduction of a new fibre broadband product, leveraging bitstream technology. In the Falkland Islands, Sure expanded 4G network coverage, as well as upgrading broadband networks, bringing higher speed mobile and broadband access to rural and remote areas. In addition, Sure completed an upgrade to its subsea fibre optic network to 100 Gigabit capacity, the result of a multi-million pound investment, providing future-proofed connectivity for years to come.

### SABAFON YEMEN



Sabafon, in which Batelco has a minority shareholding of 26.94%, is a GSM operator in Yemen offering national coverage across the country. The company started its operations in 2001 with the vision to establish a strong, dynamic and flexible organization to serve and benefit the people of Yemen with the latest GSM technology and services.

Sabafon has been operating in a challenging environment due to the existing political instability. Nonetheless, Batelco continues to believe that Sabafon has solid business fundamentals and will be in a leading position to seize opportunities once the geopolitical position improves.

### ETIHAD ATHEEB TELECOM SAUDI ARABIA



Etihad Atheeb Telecommunications Company (Atheeb) was established in 2008 and is a publicly listed company in the Kingdom of Saudi Arabia, in which Batelco holds a 15% stake.

The company operates under the "GO" brand and has a broad portfolio of products and services for both business and retail customers including but not limited to VOIP communication solutions, high-speed data services, wireless broadband internet, fixed line telephony, hosting cloud solutions and enterprise connectivity services.

### BATELCO EGYPT COMMUNICATIONS (S.A.E.) EGYPT



Batelco Egypt is wholly owned by Batelco Group. The company was established in 2003 with a focus on providing end-to-end worldwide data communication solutions to corporates, multinational customers and global telecommunication providers.

Over recent years Batelco's global connectivity to Egypt has been upgraded significantly to accommodate the increasing demand to and from Egypt, allowing Batelco to secure several global contracts. Through partnerships and alliances with other leading providers Batelco is gaining strength in Egypt's enterprise sector among local and multinational companies.

Batelco Egypt is contributing towards Batelco's strategy of building a cloud centric platform by introducing relevant services and enhancing its infrastructure. Such initiatives are serving to broaden the company's portfolio, boost its competitiveness and enrich its service offerings in and out of Egypt.

# Corporate Governance

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# Corporate Governance

for the year 2021

## 1. Descriptions of the actions taken to complete the Corporate Governance Code during the year 2021 in BATELCO and how they were applied

As a Bahrain-based Company, BATELCO is subject to the Corporate Governance standards of Bahrain Commercial Companies Law; and in line with the Corporate Governance Code 2018 of the Ministry of Industry, Commerce and Tourism (MOICT). BATELCO aspires to the highest standards of ethical conduct based on sound Corporate Governance, in accordance with its commitment to both meeting legal and regulatory requirements and adhering to international best practices, BATELCO has put in place a comprehensive Corporate Governance framework to maximize operational efficiency and protect shareholders' rights. BATELCO regards the guiding principles of its Corporate Governance framework to be fairness, transparency, accountability and responsibility, and is committed to complying with the ten principles of the Corporate Governance Code. The Board of Directors undertook measures and ensured that for the year ended 31 December 2021, BATELCO was compliant with the provisions of the Corporate Governance Code 2018 of the Ministry of Industry, Commerce and Tourism (MOICT) (please refer to page number 64 of the report). The Board has resolved that it shall investigate any non-compliance or deviations from its Corporate Governance Guidelines which have been established and is available on the Company's website; or can be obtained from the Corporate Governance Officer.

In order to ensure that the Company follows the Corporate Governance standards, in the year 2021 the Board of Directors reviewed the Board and Committee charters as part of the review conducted every two years and made some enhancements to ensure an efficient governance framework is adapted across the Board and Committee meetings. Additionally, the Board hosted a training session for the Board of Directors which was focused on Network and cybersecurity trends, not to mention a dedicated training session for the Audit committee members on the Digital evolution of auditing.

### Key Persons Policy

As part of their policies to maintain a fair, orderly and transparent securities market, the Bahrain Bourse and the Central Bank of Bahrain (CBB) enforced the stipulation of "Key Persons' Dealing Policy" on listed companies. The policy regulates the trading of securities by members of the Board of Directors, Executive Management and other defined members of staff in the Company that are defined as Key Persons. The Directors have access to sensitive information that if exposed to the market, may directly or indirectly affect the value or price of the securities. Batelco ensures the adherence to the Key Persons Policy and reports on a regular basis to the CBB and Bahrain Bourse as required and on any irregular activities that may occur from a key person within the Company. A copy of the policy can be reviewed on the Company's website.

### Elections of the Board of Directors, its Term, Induction and Orientation

According to Article (27) of the Company's Articles of Association the Term of Directors membership on the Board shall not exceed 3 years. The recent term begun in March 2020 and the start of the new term will be in March 2023. The board placed formal, rigorous and transparent procedures for the appointment of new directors to the Board. The Nomination Committee handles the responsibility of overseeing the process of nomination to the Board, and all candidates are identified against a criterion in line with Article (28) of the Company's Articles of Association. At the Annual General Assembly Meeting in the year 2020, the new board composition was announced and upon the appointment of the new directors, the Company handled the induction and orientation of the Directors to assist in familiarizing them with the organization and their duties and responsibilities. In addition to that, they were briefed about the terms and conditions of their directorship, the annual remuneration, and entitlement to reimbursement of expenses and access to independent professional advice when needed, not to mention any directorship in the Board sub committees or Opco's.

### Termination of Directors

The membership of the Directors is terminated upon the expiry of the term upon which the director shall be subject to re-election. The termination of directorship can also take effect if any Director is in breach of the conditions outlined in Article (29) of the Company's Articles of Association.

### Performance Evaluation

In line with the governing laws of the Kingdom, the Board members undergo an annual performance evaluation of the Board, Board Committees, and their individual performance. The evaluation is designed to determine whether the Board, its Committees, and its directors are capable of providing high level of judgment. For the year 2021, All directors have effectively completed their performance evaluations and the result of the Board Performance evaluation was 91.73% (Excellent) as per the evaluation rating criteria. The next performance evaluation of the Board is scheduled for 2022.

### Code of Conduct and Whistle Blowing Policy

The Board of Directors have developed a Code of Conduct and Ethics policy for the Board of Directors, which in line with the regulations of the MOICT Corporate Governance Code; and ensure that the Board of Directors are aware of their role towards conducting ethical practices. The Board of Directors has also developed a whistle blowing policy which has been communicated to the employees of the Company to guide them and promote ethical behavior, honesty and integrity in their normal daily activities; and to safeguard and uphold the reputation of the Company at all times. The policies can be reviewed on the Company's website.

## Corporate Governance (Continued)

### 2. Transactions of Directors and Executive Management trading during the year 2021

The following table provides details of shares owned by the Board of Directors and Executive Management during the year 2021. For further details, kindly refer to **note 36** in the Financial Statements.

#	Name	Position/kinship	Shares held at 31/12/2021	Total Sale Transaction in 2021	Total Purchase Transaction in 2021
1	Raed Abdulla Fakhri	Director	5,240	Nil	Nil
2	Batelco Employee Benefit Trust	Company Employee Share incentive scheme	1,712,541	Nil	293,986
3	Christopher Hild	Chief Strategy Officer	41,000	Nil	41,000
4	Reem Al Tajer	Director of Treasury & Investor Relations	5,987	Nil	Nil
5	Nicolas Di Vara	Director Digital Growth Strategy	7,000	Nil	7,000
6	Mohammed Mustafa Ali	Director Revenue Management & Business Assurance	30,400	Nil	Nil

### 3. Composition of the Board

The Board of the Company comprises of 10 Directors, 8 whom are Non- Executive Independent Directors, below are their details:

#	Name	Type	Qualification and Experience	Appointment and Term of Directorship	Directorships and positions in other companies	Positions in any key regulatory, government or commercial entities.
1	<b>Shaikh Abdulla bin Khalifa Al Khalifa</b> Chairman	Non – Executive Independent	Bachelor of Science in Business Administration from the George Washington University, USA. Started his career at the Arab Banking Corporation B.S.C. Served as Head of Wealth Management at Standard Chartered Bank, Bahrain. Over 23 years of experience	Appointed by Mumtalakat since June 2018 until the end of term. Was reappointed in AGM 2020 for a period of 3 years.	<ul style="list-style-type: none"> <li>Chairman of BTC Sure Group Limited Company (UK)</li> <li>Chairman of SICO Investment Bank</li> <li>Deputy Chairman of Bank of Bahrain and Kuwait</li> </ul>	Chief Executive Officer at Osool Asset Management

## Corporate Governance (Continued)

#	Name	Type	Qualification and Experience	Appointment and Term of Directorship	Directorships and positions in other companies	Positions in any key regulatory, government or commercial entities.
2	<b>Mr. Raed Abdulla Fakhri</b> Deputy Chairman	Non – Executive Independent	Executive MBA from the University of Bahrain, and Bachelor of Science in Electronics Engineering Technology from the University of Central Florida, Orlando, USA. Co-founded BDI Partners in 2010 and headed the firm as a Managing Director. Used to hold the following roles: <ul style="list-style-type: none"> <li>Head of Investment Department in Capivest Investment Bank.</li> <li>Batelco Senior Manager in New Business Development Unit.</li> <li>Control Systems Engineer and Project Engineer in Gulf Petrochemical Industries Company (GPIC).</li> </ul> Over 27 years of experience mainly in business development and investments.	Appointed by Mumtalakat and served as a board member since 2014. Was reappointed in AGM 2020 for a period of 3 years.	<ul style="list-style-type: none"> <li>Board Member in Gulf Air Group Holding</li> <li>Board Member in Gulf Aviation Academy</li> <li>Board Member in Bahrain Airport Company W.L.L</li> <li>Board Member in Bahrain National Dredging Company</li> <li>Board Member in Investrade</li> <li>Board Member in Bahrain Investment Holding Company -ISTITHMAR</li> <li>Board Member in BDI Partners</li> <li>Board Member in ELM Education Fund</li> <li>Board Member in American University Bahrain</li> <li>Board Member in LE University Holding</li> <li>Board Member in Khairat Al Bahrain Holding</li> <li>Board Member in Prodrive international Company</li> </ul>	Mumtalakat Managing Director – Investments
3	<b>Mr. Abdulla Abdulhameed Alhammedi</b> Director	Non – Executive	B.A. with honors from Georgetown University in finance and international business Regional Business Lead for Snapchat MENA Used to hold the following roles: <ul style="list-style-type: none"> <li>Senior Engagement Manager with McKinsey &amp; Company</li> <li>Member of the founding team in Careem</li> <li>Lead of small business marketing in Google -Saudi Arabia</li> </ul> Over 11 years of experience in management consultancy, tech and startups	Appointed by Mumtalakat at the AGM in 2020 for a period of 3 years.	<ul style="list-style-type: none"> <li>Deputy Chairman of Batelco Financial Services B.S.C closed</li> <li>Deputy Chairman of Batelco Remittance Service B.S.C closed</li> </ul>	Nil

**Corporate Governance**  
(Continued)

**3. Composition of the Board (Continued)**

#	Name	Type	Qualification and Experience	Appointment and Term of Directorship	Directorships and positions in other companies	Positions in any key regulatory, government or commercial entities.
4	<b>Mr. Abdulla Abdulrazak Bukhawa</b> Director	Non – Executive Independent	Bachelor of Business from the University of Texas, USA. Chief Executive Officer of Bahrain Commercial facilities company. Used to hold the following roles: - Chief Executive Officer of Standard Chartered Bank Bahrain - Chief Executive Officer of Standard Chartered Bank Qatar from January 2017 to March 2019 - Lead of Financial Markets and Corporate and Institutional Banking segments- Standard Chartered Bahrain - Head of Global Markets and co-Head of Wholesale Bank in September 2010- Standard Chartered Bahrain Over 21 years of experience.	Appointed by Social Insurance Organization at the AGM in 2020 for a period of 3 years.	<ul style="list-style-type: none"> <li>Board member in the Bahrain Association of Banks</li> <li>Board member in Future Generation Reserve</li> <li>Board member in National Motors Company</li> <li>Board member in Tasheelat Insurance Services Company (TISCO)</li> </ul>	Nil
5	<b>Mr. Ahmed Abdulwahed Abdulrahman</b> Director	Non – Executive Independent	Bachelor's Degree (Hons) in Business Systems & Information Technology from University of Northumbria, Newcastle Chief Executive Officer of Esterad Investment Company B.S.C Used to hold the following roles: - Founder & Managing Partner of Clan Partners Advisory - CEO and Managing Director of Beacon Capital Management - Head of Private Equity for GCC, Levant and Turkey at Bank Al Khair - Relationship Manager at Ahli United Bank – Offshore Unit - Relationship Manager at Kuwait Finance House – Bahrain - Started his career at BDO Jawad Habib as an analyst in the Financial Advisory Services unit Over 19 years of experience in Investment Banking, Mergers & Acquisitions and Private Equity	Elected by the shareholders in the AGM 2020 for a period of 3 years.	<ul style="list-style-type: none"> <li>Deputy Chairman of the Board and Chairman of the Audit Committee in Dhiraagu Telecommunications Company (Maldives).</li> <li>Board member of Native Land investment.</li> <li>Board member in Beacon capital management</li> <li>Director in Clan Partners Advisory</li> </ul>	Nil

**Corporate Governance**  
(Continued)

**3. Composition of the Board (Continued)**

#	Name	Type	Qualification and Experience	Appointment and Term of Directorship	Directorships and positions in other companies	Positions in any key regulatory, government or commercial entities.
6	<b>Shaikh Ali Bin Khalifa Al Khalifa</b> Director	Non – Executive Independent	Bachelor of Science in Mechanical Engineering from The George Washington University, D.C. Master's degree in business administration from DePaul Graduate program at BIBF, Bahrain.	Appointed by Amber Holdings since June 2018 until the end of term. Was reappointed in AGM 2020 for a period of 3 years.	<ul style="list-style-type: none"> <li>Chairman of BNET Company (Bahrain)</li> <li>Chairman of B Secure W.L.L</li> <li>President of Bahrain Football Association.</li> <li>Member of Asian Football Association Executive Committee.</li> <li>Member of the Bahrain Olympic Committee.</li> <li>Member of FIFA Competitions Committee.</li> <li>Over 25 years of experience.</li> </ul>	Joined the Bahrain Defense Force in June 1996 and currently holds the rank of Lieutenant Colonel. He has held various positions within the organization.
7	<b>Major General Ali Saqer Al Noaimi</b> Director	Non – Executive Independent	Graduated from the Military College, Kuwait, in November 1978. Military officer with the rank of Major General in Bahrain Defense Force appointed as Director of Logistics & Supplies in BDF. Held the position of a commandant of Isa Royal Military College Over 43 years of experience.	Appointed by Amber Holdings on 31 <sup>st</sup> March 2020 until the end of term.	<ul style="list-style-type: none"> <li>Board Member at BNET (Bahrain).</li> <li>Deputy Chairman of the Military consumer and economic associations.</li> <li>President of Bahrain Golf Association</li> </ul>	Director of Logistics & Supplies in BDF. Deputy Chairman of the Military consumer and economic associations.
8	<b>Ms. Fatema Ghazi AlArayedh</b> Director	Non – Executive	B.A. with honors in Political Science from Yale University J.D. from Columbia Law School where she was a Harlan Fiske Stone Scholar. Admitted to the Bar in New York Attorney at the law firm of Debevoise & Plimpton LLP in London Used to practice law at the offices of Cleary Gottlieb Steen & Hamilton LLP in New York. Worked on economic development projects at the Clinton Foundation in New York and at the Economic Development Board in Bahrain	Appointed by Mumtalakat at the AGM in 2020 for a period of 3 years.	Nil	Nil

**Corporate Governance**  
(Continued)

**3. Composition of the Board (Continued)**

#	Name	Type	Qualification and Experience	Appointment and Term of Directorship	Directorships and positions in other companies	Positions in any key regulatory, government or commercial entities.
9	<b>Mr. Jean Christophe Durand</b> Director	Non – Executive Independent	Graduated from ESSEC (Ecole Supérieure des Sciences Economiques et Commerciales), French Business School in Paris. Chief Executive Officer of National Bank of Bahrain. Previously held the role of Global Head of BNP Paribas MEA (Middle East & Africa) region for Corporate and Institutional Banking and Asset Management for over 15 years. Several years of experience in Bahrain working with Banque Indosuez and BNP Paribas. Over 41 years of experience in the banking and finance sector.	Elected by the shareholders in 2017 and served for a period of 3 years. Was re-elected in the AGM 2020 for a period of 3 years.	<ul style="list-style-type: none"> <li>Chairman in Umniah Mobile and Telephone Company (Jordan)</li> <li>Board Member in Gulf Air</li> <li>Board Member in BIBF</li> <li>Chairman of the French Chamber of Commerce and Industries in Bahrain (FCCIB)</li> <li>Deputy Chairman of Bahrain Islamic Bank (BISB)</li> </ul>	Nil
10	<b>Mr. Khalid Hussain Taq</b> Director	Non – Executive Independent	Bachelor of Commerce degree in Finance- Concordia University, Montreal – Canada. Master's degree in Finance from DePaul University's Kellstadt Graduate School of Business. Used to hold a role as part of the Transaction Advisory Services Team at Ernst & Young – Bahrain. 15 years of experience.	Appointed by Social Insurance Organization since January 2019 until the end of term. Was reappointed in AGM 2020 for a period of 3 years.	<ul style="list-style-type: none"> <li>Deputy Chairman and Chairman of the Audit Committee in BNET (Bahrain)</li> <li>Board member in Gulf Hotels Group</li> </ul>	Deputy Chief Investment Officer at Osool Asset Management.

**Total Remuneration paid to the directors for the year 2020 and 2021**

Batelco ensures that the Board of Directors are remunerated fairly in consideration of their responsibility towards fulfilling the duties of the Board, its Committees in addition to their representation on the Company's subsidiary Boards.

For the year 2020, Directors total remuneration for the is BD542,000 including sitting fees.

For the year 2021, Directors total remuneration for the is BD 573,749 including sitting fees. This is also including the proposed Annual Remuneration for the Board members of BD 500,000 for the year 2021 which will be presented at the Annual General Assembly Meeting for their approval. Kindly refer to **note 36** in the Financial Statements.

**Sitting fees paid to the directors for attendance of the Board's committees for the year 2021**

Name of Committee	Number of Meetings	Total amount paid to Directors (BD)
<b>Audit Committee</b>	4	8,000
<b>Remuneration, Nomination, Donation and Corporate Governance Committee</b>	4	9,000
<b>Executive Committee</b>	9	20,250

**Corporate Governance**  
(Continued)

**3. Composition of the Board (Continued)**
**Board Meetings**

According to the Governance laws and applicable laws, the Board are required to meet during each financial year for at least 4 times. During the year 2021, the Board has met on **8** occasions on the following dates:

Members	Attendance percentage	21 Feb	31 March	28 Apr	9 Jun	7 Jul	29 Jul	31 Oct	6 Dec
Sh. Abdulla Al Khalifa (Chairman)	100%	☎	☎	☎	☎	☎	☎	☎	☎
Mr. Raed Fakhri (Deputy Chairman)	100%	☎	☎	☎	☎	☎	☎	☎	☎
Mr. Jean Christophe Durand (Member)	75%	☎	☎	☎	☎	☎	☎	☎	☎
Sh. Ali Al Khalifa (Member)	75%	☎	☎	☎	☎	☎	☎	☎	☎
Mr. Khalid Taqi (Member)	100%	☎	☎	☎	☎	☎	☎	☎	☎
Mr. Abdulla Bukhowa (Member)	87.5%	☎	☎	☎	☎	☎	☎	☎	☎
Ms. Fatema AlArayedh (Member)	100%	☎	☎	☎	☎	☎	☎	☎	☎
Mr. Abdulla Alhammadi (Member)	75%	☎	☎	☎	☎	☎	☎	☎	☎
Mr. Ahmed Abdulrahman (Member)	100%	☎	☎	☎	☎	☎	☎	☎	☎
Maj. Gen. Ali AlNoaimi (Member)	87.5%	☎	☎	☎	☎	☎	☎	☎	☎

**Board's Duties and Responsibilities**

- The Board of Directors are responsible for monitoring and overseeing the overall performance of the Company; and to ensure best practices are adopted to guarantee the best interest of the shareholders and stakeholders. Also, to ensure the effective execution of their responsibilities; the Board has the trust of the established sub committees and executive management to offset some of their duties as below:
- Represent the shareholder interests and optimizing long term financial returns.
- Establishing the Company's policies and strategy and regularly monitoring the performance of executive management against it.
- Oversight, performance evaluation and succession planning of executive management
- Preparation and fair presentation of the financial statements in accordance with the applicable financial reporting standards.
- Supervision of Risk recognition and assessment to ensure that the Company's operations are measured, monitored and controlled by appropriate, effective and prudent risk management systems.
- Approve and monitor the progress of major capital expenditure, capital management, and loans, including the sale of movable and immovable property, granting permission for withdrawal of money and securities.
- Establishing policies to manage potential conflicts of interest including matters such as related party transactions.
- Establishing and disseminating to all employees and appointed representatives of the Company a corporate code of conduct.

**Related party transactions during the year 2021**

It is the policy and practice of the Company that all related party and intra-group transactions are done on an arm's length basis in the ordinary course of business and are approved by the Executive Management of the Company, please refer the **note 36** (Transactions with Related Parties) of the Financial Statements for the details of related party transactions Directors and Management trading of the Company shares during the year.

Below is a summary of the related party transactions held in 2021 that were relevant to the Board Members:

Details of Transaction	Type of Transaction	Amount paid in 2021 (BD)
Bahrain Football association	Donation	150,000
Market Making agreement with SICO	Business	59,224
Bahrain Golf Association	Donation	40,000
Bahrain Olympic Committee	Donation	7,000
American University of Bahrain	Sponsorship	3,961.78
Gulf Air	Gifts and Giveaways	3,960
Bahrain Institute of Banking and Finance (BIBF)	Donation	315
Gulf Hotel	Gifts and Giveaways	120

## Corporate Governance (Continued)

### 3. Composition of the Board (Continued)

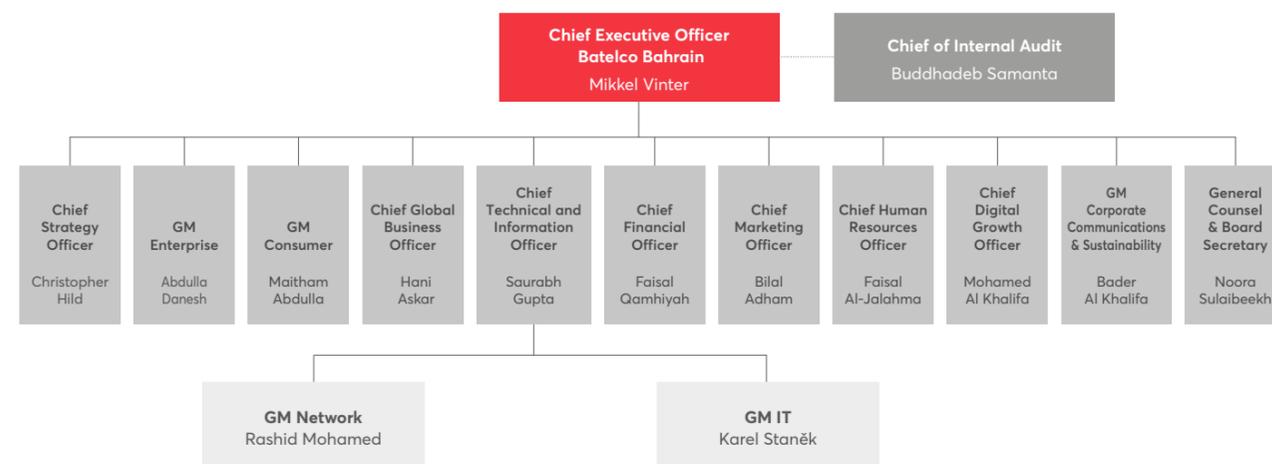
#### Conflict of Interest

Batelco has ensured that all Board Members are aware of their obligation to adhere to the Company's strict policy to disclose any conflict of interest that may arise before a discussion of a certain agenda item, or any external appointment made that may affect their judgment. Additionally, the Board has the duty to avoid any circumstances that may result in a conflict. In all cases, all matters of conflict must be declared and approved by the Board. During the year 2021, the Board Members have declared conflict in discussions and refrained from voting on the below:

#	Date	Meeting	Conflict of Interest Matter	Declared by
1	21 February 2021	Board Meeting	Bank Deposit Limits	Shaikh Abdulla Al Khalifa Mr. Jean Christophe Durand Mr. Abdulla Bukhowa
2	31 March 2021		Batelco Financial Services Business plan	Shaikh Abdulla Al Khalifa
3	28 April 2021		Establishment of Batelco Remittance Service	Shaikh Abdulla Al Khalifa Mr. Abdulla Bukhowa
4	29 July 2021		Update -Batelco Financial Services	Shaikh Abdulla Al Khalifa Mr. Jean Christophe Durand
			Bahrain Golf association sponsorship	Maj. Gen Ali Al Noaimi
5	31 October 2021		Batelco Financial Services update	Shaikh Abdulla Al Khalifa Mr. Jean Christophe Durand
6	8 June 2021	Remuneration, Nomination, Donations and Corporate Governance Committee Meeting	Scholarship proposal for American University of Bahrain	Mr. Raed Fakhri

#### Batelco Organizational Structure

Batelco's Organization structure is comprised of several levels, the below structure highlights some of the main Key Executive Management in the Company:



## Corporate Governance (Continued)

### 3. Composition of the Board (Continued)

Below is a summary of the Key Executive Management Profiles:

Name and Position	Experience	Education	Appointment date in the Company
<b>Mikkel Vinter</b> Chief Executive Officer	Mr. Vinter has over 20 years of international experience gained with telecom operators in the Middle East, Asia and Europe, including several greenfield mobile start-up operations. He founded Virgin Mobile, Middle East & Africa in 2006 and served as its Chief Executive Officer until 2016. Prior to setting up Virgin Mobile Middle East & Africa, Mr. Vinter was Chief Commercial Officer at Nawras Oman.  <b>Directorships/ Other Roles</b> • Chairman of the Board - Beyon Solutions W.L.L • Member of the Board of Directors - Umniah Mobile Company PLC, Sure Limited and Dhiraagu (Dhivehi Raajjeyge Gulhun PLC) where he is also on the RNG Committee. • Member of the Al Waha Fund of Funds, Limited Partner Advisory Committee.	<ul style="list-style-type: none"> <li>Master's degree in Economics and Business Administration - Copenhagen Business School.</li> <li>Completed marketing and management programmes with McGill University and INSEAD.</li> </ul>	2019
<b>Faisal Qamhiyah</b> Chief Financial Officer	Mr. Qamhiyah's experience includes commercial and financial roles across various industries including financial investments and telecoms. Prior to becoming CFO, he held the role of CFO of Batelco Group, and earlier was CFO at Umniah, Batelco's sister operation in Jordan, Finance Director, Chief Operations Officer for Zain Jordan and investments Director for Ern Capital.  <b>Directorships/Other Roles</b> • Member of the Board of Directors - Umniah Mobile Company PLC, Dhiraagu (Dhivehi Raajjeyge Gulhun PLC), Sabafon and Beyon Solutions W.L.L • Co-founder and Board of Directors' member of Jordan Association of Management Accountants (JAMA).	<ul style="list-style-type: none"> <li>BA in Economics &amp; Accounting - Yarmouk University Jordan.</li> <li>Passed the AICPA exams from Delaware USA in 1999.</li> <li>Completed the Executive Development Programme (EDP) at Kellogg School of Management, Chicago USA.</li> <li>Attended several leadership courses at the world's most prestigious universities such as Harvard Business School, Stanford School of Business and London Business School.</li> </ul>	2012
<b>Abdulla Danesh</b> General Manager Enterprise	Mr. Danesh has 15 years of experience in the telecommunications and ICT industry, occupying a multitude of roles in sales, operational efficiency, and management, prior to joining Batelco. Since joining the company, he has held various roles across Batelco, including the position of Director of Public Sector and Sovereign Wealth Fund and Director of Sales for the Government and Security Sector. He is a key player in driving the development and growth of products and services for the Enterprise Sector.  <b>Directorships/Other Roles</b> • Member of the Board of Directors – Beyon Solutions W.L.L.	<ul style="list-style-type: none"> <li>Bachelor's Degree in Financial Services from the University of Buckingham, United Kingdom.</li> <li>Completed Executive education programmes from Harvard Business School.</li> </ul>	2018

**Corporate Governance**  
(Continued)

**3. Composition of the Board (Continued)**

Name and Position	Experience	Education	Appointment date in the Company
<b>Shaikh Bader bin Rashed Al Khalifa</b> General Manager Corporate Communications & Sustainability	<p>Shaikh Bader has over 25 years' experience across diverse fields including HR, Learning &amp; Development, and Communications. His experience prior to Batelco included working on important projects such as the expansion of the smelter at ALBA (Aluminium Bahrain). Since joining Batelco in 2010, Shaikh Bader has held a number of managerial and executive roles and in addition to being responsible for Corporate Communications his role has expanded to include leading the Company's Sustainability initiatives, while also managing Batelco's VIP segment.</p> <p><b>Directorships/Other Roles</b></p> <ul style="list-style-type: none"> <li>Member of the Board of Directors - Umniah Mobile Company PLC.</li> <li>Member of the Board of Directors – INJAZ Bahrain</li> </ul>	<ul style="list-style-type: none"> <li>BA in Business Administration - Boston University, USA.</li> <li>Master of Science in Management - Boston University, USA.</li> </ul>	2010
<b>Bilal Adham</b> Chief Marketing Officer	Mr. Adham has over 13 years' experience within the ecommerce, retail and telecoms sector having worked for a number of International businesses, VC backed and privately owned such as Accenture and Landmark group. Additionally, he sat on customer advisory boards for global tech companies enabling first to market Digital commerce initiatives.	<ul style="list-style-type: none"> <li>BSc in Internet Business - University of Westminster.</li> <li>Chartered Marketer accredited by the Chartered Institute of Marketing.</li> </ul>	2019
<b>Buddhadeb Samanta</b> Chief of Internal Audit	Mr. Samanta has over 20 years of experience in the international telecommunications industry, having established the Internal Audit functions for mobile operators in Indonesia, Dubai and India. Among his previous roles he was Chief Internal Auditor of Smartfren Telecom (Indonesia) and held various roles with Du Telecom (Dubai) including the post of Director Internal Audit.	<ul style="list-style-type: none"> <li>Bachelor's degree in Commerce - St Xavier's College, Calcutta University.</li> <li>Chartered Accountant qualifications from the Institute of Chartered Accountants of India.</li> </ul>	2019
<b>Christopher Hild</b> Chief Strategy Officer	<p>With over 13 years' experience in strategy development and execution, Mr. Hild's previous roles include senior positions in strategy consulting, leading projects related to digital transformation, customer experience, topline growth, operational excellence, and cost optimization, for a number of telecom operators in the Middle East, Europe, Africa and Asia.</p> <p><b>Directorships/Other Roles</b></p> <ul style="list-style-type: none"> <li>Member of the Board of Directors and Audit Committee - Umniah</li> <li>Member of the Board of Directors and Chairman of Audit committee - BTC Sure Group Limited.</li> </ul>	<ul style="list-style-type: none"> <li>BA in Public Management &amp; Governance - Zeppelin University, Germany.</li> </ul>	2019

**Corporate Governance**  
(Continued)

**3. Composition of the Board (Continued)**

Name and Position	Experience	Education	Appointment date in the Company
<b>Faisal Al-Jalahma</b> Chief Human Resources Officer	<p>Mr. Al Jalahma held various roles including Director of Finance, IT and HR at the Bahrain Telecommunications Regulatory Authority (TRA), prior to joining Batelco. The role included transformational projects to digitalise and automate systems at the TRA. Mr. Al Jalahma was part of the team in Batelco's separation project into two separate entities and continues to play a key role in Batelco's cultural transformation journey.</p> <p><b>Directorships/Other Roles</b></p> <ul style="list-style-type: none"> <li>Member of the Board of Directors - Sabafon, B Secure W.L.L. (branded as BEYON Cyber) and Batelco International Company.</li> </ul>	<ul style="list-style-type: none"> <li>MBA - University of Strathclyde, UK</li> <li>Several executive qualifications from Harvard Business School and Harvard University, John F. Kennedy School of Government.</li> </ul>	2018
<b>Hani Askar</b> Chief Global Business Officer	<p>Since joining Batelco, Mr. Askar has held various roles across the Company including the position of Manager Datacom Products National and International in the Enterprise Division and Senior Manager Global Products and Capacity Management in the Global Division. He was a key player in the development of Manama Internet Exchange (MN-IX), Global Zone Bahrain and Batelco Gulf Network (BGN).</p> <p><b>Directorships/Other Roles</b></p> <ul style="list-style-type: none"> <li>Chairman of the Board - Batelco Egypt</li> <li>Member of the Board of Directors - ARC Limited Abu Dhabi.</li> </ul>	<ul style="list-style-type: none"> <li>BEng (Hons) in Computing and Communications Systems Engineering - University of Manchester, Institute of Science and Technology (UMIST), UK.</li> <li>Postgraduate Certificate in Management (Telecoms) - Lancaster University, UK.</li> </ul>	2004
<b>Karel Staněk</b> General Manager IT	Mr. Staněk has almost 20 years of experience in the technology sector, which includes key roles in the telecommunications industry. Prior to joining Batelco, he held the role of Chief Information Officer with Vodafone Czech Republic and before that, he was responsible for Digital Transformation, Core IT, and delivery of strategic programmes for the company. His previous roles include senior positions in IT projects delivery, and leading major ERP implementations across various geographies in Europe.	<ul style="list-style-type: none"> <li>Master's degree in System Engineering &amp; Informatics - VSB - Technical University of Ostrava, Czech Republic.</li> <li>Several professional certifications in the Agile and Project management domain.</li> </ul>	2020
<b>Maitham Abdulla</b> General Manager Consumer Division	During over 15 years with Batelco, Mr. Abdulla has demonstrated strong skills in telecom product management and development. His wide experience covers business planning, mobile technology, fiber-based products, Data Centers and content services.	<ul style="list-style-type: none"> <li>MBA in Marketing &amp; Business Management from Al-Ahlia University.</li> <li>BSc in Management Information Systems from NYIT.</li> </ul>	2006

## Corporate Governance (Continued)

### 3. Composition of the Board (Continued)

Name and Position	Experience	Education	Appointment date in the Company
<b>Shaikh Mohamed Al Khalifa</b> Chief Digital Growth Officer	<p>Shaikh Mohamed was Head of Strategic Projects, and ICT Business Development at the Bahrain Economic Development Board prior to joining Batelco. His role revolved around public and private sector cloud adoption, Blockchain, startups and enhancing infrastructure development across the GCC. Previously, Shaikh Mohamed was advisor to the Minister of Foreign Affairs.</p> <p><b>Directorships/Other Roles</b></p> <ul style="list-style-type: none"> <li>Chairman of the Board of Directors - ARC Limited Abu Dhabi, Batelco Financial Services Company, Batelco Remittance Service and Public Square (Public2) (branded as Beyon Connect).</li> <li>Member of the Board of Directors - Umniah Mobile Company PLC., Etihad Atheeb, Beyon Solutions W.L.L, and B Secure W.L.L (branded as Beyon Cyber).</li> <li>Chairman of the Audit Committee - Umniah Mobile Company PLC.</li> </ul>	<ul style="list-style-type: none"> <li>Bachelor's degree in Politics - American University, Washington DC.</li> <li>MSC in Middle East Politics - School of Oriental and African Studies, UK.</li> </ul>	2020
<b>Noora Sulaibeekh</b> General Counsel and Board Secretary	<p>Mrs. Sulaibeekh is a qualified Bahraini lawyer specialized in Telecom, Media and Technology, with over 14 years of international experience within the telecom industry. Her previous roles include the position of Group Legal Counsel at Etisalat Group from 2013 to 2015 and prior to that held the role of Group Legal Counsel with Batelco from 2009.</p> <p><b>Directorships/Other Roles</b></p> <ul style="list-style-type: none"> <li>Member of the Board of Directors of BTC Sure Group, Batelco International Company, Batelco Egypt, Batelco Middle East Company, Batelco Financial Services Company, Batelco Remittance Service and Public Square (Public2) (branded as Beyon Connect).</li> <li>Member of Audit Committee - BTC Sure Group Limited</li> </ul>	<ul style="list-style-type: none"> <li>Master's degree in International Relations and Sustainable Development Law - Paris Sorbonne University.</li> </ul>	2015
<b>Rashid Mohamed</b> General Manager Network	<p>Mr. Mohamed has more than 15 years' experience in telecommunications, having joined Batelco as a network engineer in 2005. He has held key management positions in various divisions at Batelco including Mobile Network development, Fixed Operations as well as leading the Strategy role for Network and IT to deliver the latest digital technologies.</p> <p><b>Directorships/Other Roles</b></p> <ul style="list-style-type: none"> <li>Member of the Board of Directors - Umniah Mobile Company PLC., Fiber Tech Jordan and BTECH Bahrain Technology Company Society.</li> </ul>	<ul style="list-style-type: none"> <li>Master's degree in Engineering &amp; Management from Northumbria University, UK.</li> <li>BSc in Electronics &amp; Communication Engineering from Napier University, UK.</li> </ul>	2005

## Corporate Governance (Continued)

### 3. Composition of the Board (Continued)

Name and Position	Experience	Education	Appointment date in the Company
<b>Saurabh Gupta</b> Chief Technology and Information Officer	<p>Mr. Gupta worked with Vodafone for over 8 years across UK, Germany, and Czech Republic where he held the role of Chief Information Officer, before joining Batelco. Previously, he spent over 10 years with Unilever in India and the UK in a number of technology delivery and management roles.</p> <p><b>Directorships/Other Roles</b></p> <ul style="list-style-type: none"> <li>Member of the Board of Directors - BTC Sure Group Limited, B Secure W.L.L (branded as Beyon Cyber) and Beyon Solutions W.L.L</li> </ul>	<ul style="list-style-type: none"> <li>Engineering degree - IIT (Indian Institute of Technology) Roorkee.</li> <li>Post-graduate in Management - IIM (Indian Institute of Management) Ahmedabad.</li> <li>Technology Excellence Programme - Imperial College Business School London.</li> </ul>	2020

### Total Remuneration paid to the Key Executive Management for the year 2021

The Company has a framework in place to monitor and evaluate the performance of the executive management and employees of the Company. An equitable and transparent system of limits and performance metrics is in place which is used to reward the employees of the Company for their accomplishments during the year. The executive management under the guidance of the Remuneration Committee is responsible for administering the employee performance process. The total of the top five key executive management compensation was recorded at BD 1,176,483 which includes salaries, benefits, allowances and increases.

### 4. External Auditors

KPMG has had a presence in the Kingdom of Bahrain for nearly 50 years. From a small local accounting firm, founded in 1968 by university friends Jassim M. Fakhro and Hussain Kasim, KPMG in Bahrain has become one of the largest and most prestigious professional services firms in the country. KPMG in Bahrain employs over 300 professional staff and partners. They also provide clients a suite of locally supported Audit, Tax and Advisory services

Name of the Audit Firm	KPMG Fakhro
Years of service as the Company's External Auditor	Since 1993
Name of the Partner in Charge of the Company's Audit	Salman Manjlai
The Partner's years of service as the partner in charge of the Company's audit	2 <sup>nd</sup> year
Total audit fees for the financial statements for the year 2021 (BD)	109,150
Other special fees and charges for non-audit services other than auditing the financial statements for the year 2021 (BD) if any. In the absence of such fees, this shall be expressly stated	141,300

### 5. Board Committees Structure

In line with the Code of Governance the Board have set up sub committees to oversee some of their responsibilities which are clarified in each Committee's charter, below is the Company's Board Committee's Structure:



## Corporate Governance (Continued)

### 5. Board Committees Structure (Continued)

#### Audit Committee

As per the Charter of the Audit Committee, the Directors are required to meet at least 4 times in a given financial year to discharge its responsibilities effectively. During the year, the Audit Committee met on **4** occasions on the following dates:

Members	16 Feb	27 Apr	28 Jul	28 Oct
Mr. Jean Christophe Durand (Chairman)	☎	☎	☎	☎
Mr. Abdulla Bukhowa (Deputy Chairman)	☎	☎	☎	☎
Sh. Ali Al Khalifa (Member)	☎	☎	☎	☎
Maj. Gen. Ali AlNoaimi (Member)	☎	☎	☎	☎

#### Remuneration, Nomination, Donation and Corporate Governance Committee

As per the Charter the Directors are required to meet at least 2 times in a given financial year to discharge its responsibilities effectively.

During the year, the Committee met on **4** occasions on the following dates:

Members	10 Feb	11 Apr	8 Jun	10 Oct
Sh. Abdulla Al Khalifa (Chairman)	☎	☎	☎	☎
Mr. Raed Fakhri (Deputy Chairman)	☎	☎	☎	☎
Mr. Khalid Taqi (Member)	☎	☎	☎	☎
Ms. Fatema AlArayedh (Member)	☎	☎	☎	☎

#### Executive Committee

As per the Charter of the Executive Committee, the Directors are required to meet at least 4 times in a given financial year to discharge its responsibilities effectively.

During the year, the Executive Committee met on **9** occasions on the following dates:

Members	15 Feb	23 Feb	22 Apr	1 Jun	27 Jul	16 Sep	27 Oct	2 Nov	28 Nov
Mr. Raed Fakhri (Chairman)	☎	☎	☎	☎	☎	☎	☎	☎	☎
Mr. Khalid Taqi (Deputy Chairman)	☎	☎	☎	☎	☎	☎	☎	☎	☎
Mr. Abdulla Alhammadi (Member)	☎	☎	☎	☎	☎	☎	☎	☎	☎
Mr. Ahmed Abdulrahman (Member)	☎	☎	☎	☎	☎	☎	☎	☎	☎

### 6. Corporate Governance Officer

Batelco appointed Ms. Noor Bukamal as Corporate Governance Officer in December 2018; she has an MA in Human Resource Management.

### 7. Details of any irregularities committed during the financial year

Nil

### 8. Cash and in-kind contributions made by the Company during the year 2021

The AGM last year approved a budget of BD 4.39M for the purpose of donation. The amount mentioned has been donated to different societies and causes that aimed to better the local community. Major contributions were given towards the Health, Community, Environment, Sports and Youth domains.

## Corporate Governance (Continued)

### 9. Ownership Structure

Batelco is a Public Listed Company which its share capital is owned by various Government, Organizations and the General Public from different regions. The Table below displays the details of the shareholders' equity and distribution:

Name	Number of Shares held	Percentage of shares held	Type	Shareholder Classification
Mumtalakat Holding Company	609,840,000	36.67%	Government	Local
Amber Holding Company	332,640,000	20%	Organization	Foreign
Social Insurance Organization	337,835,705	20.31%	Government	Local
Public	382,884,295	23.02%	Individuals, corporate, government and organizations	Local, Gulf, Arab, and Foreign

#### Shareholders who hold 5% or more of the Company's share capital as at 31/12/2021

According to the Company's share register as at 31/12/2021, there is no individual that holds over 5% of the Company's share capital.

#### Shareholders Distribution by Size of Ownership

The table below shows the distribution of Ownership of Batelco shares by Size of Ownership:

Shareholding Amount	Number of Shareholders	Number of shares held	Percentage of shares held
Less than 50,000	9,879	31,980,775	1.923%
50,000 to 500,000	664	91,427,077	5.497%
500,000 to 5,000,000	109	141,258,020	8.493%
More than 5,000,000	12	1,398,534,128	84.087 %
<b>Total</b>	<b>10,644</b>	<b>1,663,200,000</b>	<b>100 %</b>

#### Significant events that occurred during the year 2021

In 2021, Batelco has established five companies in which it owns a majority shareholding stake. The names of the established companies are as follows:

- 1) Batelco Financial Services Company B. S.C Closed
- 2) Public Square (Public2) Company B. S.C Closed
- 3) Batelco Remittance Service B. S.C Closed
- 4) B Secure Company W.L. L
- 5) Beyon Solutions W.L. L

## Corporate Governance (Continued)

### 10. Compliance with the provisions of the Corporate Governance Code, as follows:

Principle	Non-Compliant	Partially Compliant	Fully Compliant	Explanation in case of non-compliance
<b>Principle 1:</b> The Company shall be headed by an effective, qualified and expert board.			✓	
<b>Principle 2:</b> The directors and executive management shall have full loyalty to the company.			✓	
<b>Principle 3:</b> The Board shall have rigorous controls for financial audit and reporting, internal control, and compliance with law.			✓	
<b>Principle 4:</b> The Company shall have effective procedures for appointment, training, and evaluation of the directors			✓	
<b>Principle 5:</b> The Company shall remunerate directors and senior officers fairly and responsibly.			✓	
<b>Principle 6:</b> The Board shall establish a clear and efficient management structure for the Company and define the job titles, powers, roles and responsibilities.			✓	
<b>Principle 7:</b> The Company shall communicate with shareholders, encourage their participation, and respect their rights.			✓	
<b>Principle 8:</b> The Company shall disclose its corporate governance.			✓	
<b>Principle 10:</b> The Board shall ensure the integrity of the financial statements submitted to shareholders through appointment of external auditors.			✓	
<b>Principle 11:</b> The Company shall seek through social responsibility to exercise its role as a good citizen.			✓	
<b>*Principle 9:</b> Companies which offer Islamic services shall adhere to the principles of Islamic Shari'a. *			Not Applicable to Batelco	

\* Applicable only to the companies offering Islamic services.

### 11. Any disclosures required by the regulatory authorities

Nil

## Consolidated Financial Statements

For the year ended 31 December 2021

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## Chairman's Report

For the year ended 31 December 2021

**On behalf of the Board of Directors, it gives me great pleasure to present the 40<sup>th</sup> Annual Report of the Bahrain Telecommunications Company BSC and its subsidiaries and affiliates (Batelco), for the year ended 31<sup>st</sup> December 2021.**

Batelco achieved strong financial results for 2021 with a 16% year-over-year increase in net profit attributable to equity holders of BD65.9M (US\$174.8M).

The 2021 results reflect the company's strength and resilience whilst continuing to achieve its strategic objectives and its commitment to delivering favorable returns to shareholders. Financial results for 2021 witnessed YoY increases in revenues, EBITDA, operating profits and net profit attributable to equity holders in all four quarters of the year.

Gross revenues for the year of BD399.6M (US\$1,059.9M) are 3% above 2020, while EBITDA of BD163.0M (US\$432.4M) increased by 5% YoY with a healthy margin of 41%. Operating profit in 2021 stood at BD89.2M (US\$236.6M), 10% above the prior year.

Batelco's balance sheet remains strong with total assets of BD1,030.6M (US\$2,733.7M) and net assets of BD530.7M (US\$1,407.7M) as of 31 December 2021. The Company ended the year with substantial cash and bank balances of BD220.7M (US\$585.4M) and a robust Net Debt to EBITDA ratio of 0.5x.

### Proposed Appropriations

Based on the financial results, the Board of Directors has recommended for the approval of shareholders, the following appropriations for the year 2021.

BD millions	2021	2020
Final cash dividends proposed	27.44	27.44
Interim cash dividends paid	22.35	22.36
Donations	1.65	4.39
Transfer to statutory reserve	-	-

Batelco is committed to consistently delivering attractive returns to its shareholders. Accordingly, the Board of Directors has recommended a full year cash dividend of BD49.8M (US\$132.1M), at a value of 30.0 fils per share to be agreed at the Annual General Meeting, of which 13.5 fils per share was already paid during the third quarter of 2021 with the remaining 16.5 fils to be paid following the AGM in March 2022.

### Board and Management Remuneration

#### 1. Board Remuneration

The total Board remuneration received during the year 2021 amounted to BD573,749, this includes the annual board remuneration of the company (subject to AGM approval), its subsidiaries, sitting fees and other expenses paid to the Board of Directors. The table below includes the details of the Board remuneration for the year 2021:

Name	Fixed remunerations					Variable remunerations					End-of-service award (BD)	Aggregate amount (Does not include expense allowance) (BD)	Expenses Allowance (BD)
	Remunerations of the chairman and BOD (BD)	Total allowance for attending Board and committee meetings (BD)	Salaries (BD)	Others (BD)	Total (BD)	Remunerations of the chairman and BOD (BD)	Bonus (BD)	Incentive plans (BD)	Others (BD)	Total (BD)			
<b>First: Independent Directors:</b>													
*Shaikh Abdulla Bin Khalifa Al Khalifa - Chairman	100,910	3,000	0	0	103,910	0	0	0	0	0	0	103,910	1,020
*Raed Abdulla Fakhri – Deputy Chairman	45,455	9,000	0	0	54,455	0	0	0	0	0	0	54,455	0
*Shaikh Ali Bin Khalifa Al Khalifa – Director	44,091	1,500	0	0	45,591	0	0	0	0	0	0	45,591	0
Jean Christophe Durand – Director	55,455	3,000	0	0	58,455	0	0	0	0	0	0	58,455	0
*Khalid Husain Taqi – Director	50,455	10,250	0	0	60,705	0	0	0	0	0	0	60,705	0
*Abdulla Abdulrazak Bukhowa – Director	45,455	2,000	0	0	47,455	0	0	0	0	0	0	47,455	0
Ahmed Abdulwahed Abdulrahman – Director	50,455	8,250	0	0	58,705	0	0	0	0	0	0	58,705	0
*Major General Ali Saqer Al Noaimi – Director	50,455	4,000	0	0	54,455	0	0	0	0	0	0	54,455	0

## Chairman's Report (Continued)

For the year ended 31 December 2021

### 1. Board Remuneration (Continued)

<b>Second: Non-Executive Directors:</b>													
*Abdulla Abdulhameed Alhammadi – Director	36,175	4,500	0	0	40,675	0	0	0	0	0	0	40,675	868
*Fatema Ghazi Alarayedh – Director	45,455	2,000	0	0	47,455	0	0	0	0	0	0	47,455	0
<b>Total</b>	<b>524,361</b>	<b>47,500</b>	<b>0</b>	<b>0</b>	<b>571,861</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>571,861</b>	<b>1,888</b>

Notes:

- The Board Remuneration included in the above table is inclusive of any Remuneration paid to the Directors serving on any of the company's subsidiary Boards. It is also inclusive of the Annual Board Remuneration amount which is subject to the approval of the AGM.
- \*Annual Board Remuneration shall be paid to the entity (shareholder) in which the board members represent.

### 2. Executive Management Remuneration

The total amount of remuneration paid to the 6 highest paid executives in the Company is as follows:

Executive management	Total paid salaries and allowances (BD)	Total paid remuneration (Bonus) (BD)	Any other cash/ in kind remuneration for 2021 (BD)	Aggregate Amount (BD)
Top 6 remunerations for executives, including CEO and CFO	922,251	396,571	0	1,318,822

The Board is very pleased to finish 2021 with positive financial results, achieving 16% increase in Net Profits, 3% increase in Revenues, and Operating Profit and EBITDA up by 10% and 5% respectively. The results for 2021 reflect the successful execution of Batelco's strategy which include strengthening the core business and implementing new and upgraded solutions as part of the Company's ambitious digitisation plans.

The past year was distinguished by key achievements across our core businesses and advances in our digital growth, including the launch of Batelco's first digital brand, Beyon Money. We are extremely happy to enter this new chapter and look forward to seeing the developments in the coming year.

Reflecting the importance of people, Batelco continued with initiatives aimed at nurturing its team members, developing a high-performance culture and an admirable workplace environment. I am delighted to note that these efforts resulted in Batelco being recognised as a great workplace, by Great Place to Work® Institute Middle East, for the second year. Furthermore, I personally presented rewards to Batelco's team members who were selected throughout 2021 as part of the 2<sup>nd</sup> annual Chairman's Award programme.

The combined knowledge and experience contributed by my colleagues on the Board is invaluable and I offer each one my personal thanks for the roles they played in helping to ensure we continued to meet the expectations of Batelco's shareholders. I also offer my appreciation to Batelco's management and team members for their efforts in implementing Batelco's strategy, which helped to deliver this strong set of financial results.

Batelco's Board places great importance on meeting shareholders' expectations and we are pleased to announce a good increase in EPS for 2021. On behalf of my colleagues, I want to thank our shareholders for the confidence they place in our strategic direction, and we will remain committed to delivering excellent returns on their investment in the year ahead.

Batelco was gratified to see the government announcement of a new national economic growth and fiscal balance plan aimed at supporting the post-Covid recovery. Accordingly, on behalf of Batelco's Board I would like to extend my sincere gratitude to His Majesty King Hamad bin Isa Al Khalifa and His Royal Highness Prince Salman bin Hamad Al Khalifa, the Crown Prince and Prime Minister, for the ongoing support which is vital for all sectors including telecoms.

The many successes of 2021 have provided us with a strong platform as we take on ambitious plans for 2022. Digital growth will continue to factor strongly in the Company's plans to play a bigger role in areas beyond our traditional core business. I have confidence in the commitment of Batelco's management and team members and look forward to a successful year ahead.

### Auditors

The Board of Directors will recommend the re-appointment of KPMG Fakhro as Batelco's auditors for the financial year ending 31<sup>st</sup> December 2022.

**Abdulla bin Khalifa Al Khalifa**  
Chairman of the Board  
Bahrain Telecommunications Company BSC  
February 24<sup>th</sup> 2022

**Raed Abdulla Fakhri**  
Deputy Chairman of the Board  
Bahrain Telecommunications Company BSC  
February 24<sup>th</sup> 2022

## Independent Auditors' Report to the Shareholders

Bahrain Telecommunications Company BSC  
Manama, Kingdom of Bahrain

### Opinion

We have audited the consolidated financial statements of Bahrain Telecommunication Company BSC (the "Company") and its subsidiaries (together the "Group"), which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Kingdom of Bahrain, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

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

#### Key audit matter 1: Revenue recognition

(refer to the use of estimate and management judgement in note 5, the accounting policies in note 8 (c) and disclosure in note 26 of the consolidated financial statements)

The key audit matter	How the matter was addressed in our audit
<p>We focused on this area because:</p> <ul style="list-style-type: none"> <li>– There is an inherent risk around the accuracy of revenue recorded given the complexity of systems involved in processing revenue transactions and the impact of changing pricing models to revenue recognition (tariff structures, incentive arrangements, discounts, etc.).</li> <li>– The application of revenue recognition accounting standards is complex and involves a number of key judgements and estimates.</li> </ul>	<p>Our audit approach included controls testing and substantive procedures for key revenue streams covering, in particular:</p> <ul style="list-style-type: none"> <li>– testing the IT environment in which rating, billing and other relevant support systems reside, including the change control procedures in place around systems that bill material revenue streams;</li> <li>– testing the controls and governance processes over reconciliation from business support systems to rating and billing systems to the general ledger;</li> <li>– performing tests on the accuracy of customer bill generation including credits and discounts applied to customer bills on a sample basis;</li> <li>– performing tests on allocation of revenue for bundled contracts and recognition of revenue on multi-period contracts;</li> <li>– performing tests on accuracy of allocation and recording unbilled revenue representing good and service obligations performed but not billed yet; and</li> <li>– evaluating the adequacy of the Group disclosures related to revenue recognition by reference to the relevant accounting standards.</li> </ul>

## Independent Auditors' Report to the Shareholders (Continued)

Bahrain Telecommunications Company BSC  
Manama, Kingdom of Bahrain

#### Key audit matter 2: Carrying value of goodwill

(refer to the use of estimate and management judgement in note 5 and accounting policy in note 8(n)(ii) and disclosure in note 11 of the consolidated financial statements)

The key audit matter	How the matter was addressed in our audit
<p>As at 31 December 2021, the Group's consolidated financial statements includes recognised goodwill of BD 137.3 million which arose from the acquisition of subsidiaries.</p> <ul style="list-style-type: none"> <li>– Impairment charges on goodwill has been recognized in the prior periods. An assessment is required annually to establish whether this goodwill should continue to be recognized or if any impairment is required. The impairment assessment relies on determining the recoverable amount of the investment in the subsidiary or a cash generating unit using valuation techniques such as discounted cash flows. The estimation of future cash flows and the rate at which they are discounted is inherently uncertain and requires significant judgement and hence has been identified as a key area of audit focus.</li> </ul>	<p>Our audit procedures, amongst others, included:</p> <ul style="list-style-type: none"> <li>– understanding of the Group's budgeting process upon which the forecasts are based;</li> <li>– we involved our own valuation specialists to assist us in: <ul style="list-style-type: none"> <li>• evaluating the appropriateness of the methodology used by the Group to assess impairment of goodwill; and</li> <li>• evaluating key inputs and assumptions in cash flow projections used by the Group in comparison to externally derived data as well as our own assessments of investee specific circumstances and experience in the related industry, in particular its derivation of discount rates, long term growth rates, revenue and EBITDA margins and comparing progress against stated business plans.</li> </ul> </li> <li>– evaluating the adequacy of the Group disclosures related to goodwill impairment by reference to the relevant accounting standards.</li> </ul>

#### Key audit matter 3: Capitalisation and useful lives of network assets and telecom equipment, and other intangible assets

(refer to the use of estimate and management judgement in note 5, accounting policy in notes 8(d) and 8(f) and disclosures in note 9 and 12 of the consolidated financial statements)

The key audit matter	How the matter was addressed in our audit
<p>We focused on this area because there are a number of areas where management judgement impacts the carrying value of network assets and telecom equipment, and other intangible assets and their respective depreciation/ amortisation profiles. These include:</p> <ul style="list-style-type: none"> <li>– The decision to capitalise or expense costs;</li> <li>– The timeliness of the transfer from assets in the course of construction/ deployment to relevant capitalized asset categories; and</li> <li>– The annual review of the useful life of the assets including the impact of changes in the Group's strategy.</li> </ul>	<p>Our audit procedures, amongst others, included:</p> <ul style="list-style-type: none"> <li>– we tested controls in place over the fixed asset cycle, the acquisition process and evaluated the appropriateness of capitalisation policies, and assessed the timeliness of the transfer of assets in the course of construction;</li> <li>– we assessed the nature of costs incurred and capitalised in capital projects through testing of amounts recorded and assessing whether the expenditure incurred met capitalisation criteria;</li> <li>– we tested the controls over the annual review of useful life of assets. In addition, we tested whether the Group's decisions on useful life of asset are appropriate by considering our knowledge of the business and practice in the wider telecoms industry; and</li> <li>– evaluating the adequacy of the Group disclosures related to capitalisation and useful life of network assets and telecom equipment and other intangible assets by reference to the relevant accounting standards.</li> </ul>

## Independent Auditors' Report to the Shareholders (Continued)

Bahrain Telecommunications Company BSC  
Manama, Kingdom of Bahrain

### Other Information

The board of directors is responsible for the other information. The other information comprises the annual report but does not include the consolidated financial statements and our auditors' report thereon. Prior to the date of this auditors' report, we obtained the Chairman's Report which forms part of the annual report, and the remaining sections of the annual report are expected to be made available to us after that date.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we have obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Board of Directors for the Consolidated Financial Statements

The board of directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as the board of directors 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, the board of directors 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 the board of directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

### Auditors' 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 auditors' 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 judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.
- Conclude on the appropriateness of the board of directors' 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 auditors' 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

## Independent Auditors' Report to the Shareholders (Continued)

Bahrain Telecommunications Company BSC  
Manama, Kingdom of Bahrain

We communicate with the board of directors 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 the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and 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 the board of directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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.

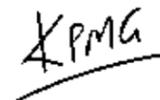
1) As required by the Commercial Companies Law, we report that:

- a) the Company has maintained proper accounting records and the consolidated financial statements are in agreement therewith;
- b) the financial information contained in the Chairman's Report is consistent with the consolidated financial statements;
- c) we are not aware of any violations during the year of the Commercial Companies Law or the terms of the Company's memorandum and articles of association that would have had a material adverse effect on the business of the Company or on its financial position; and
- d) satisfactory explanations and information have been provided to us by management in response to all our requests.

2) As required by the Ministry of Industry, Commerce and Tourism in their letter dated 30 January 2020 in respect of the requirements of Article 8 of Section 2 of Chapter 1 of the Corporate Governance Code, we report that the Company has:

- a) a corporate governance officer; and
- b) a Board approved written guidance and procedures for corporate governance

The engagement partner on the audit resulting in this independent auditors' report is Salman Manjlai.



**KPMG Fakhro**

Partner Registration Number 213

24 February 2022

## Consolidated Statement of Financial Position

As at 31 December 2021

BD'000

	Note	2021	2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	9	300,494	282,651
Right-of-use assets	10	55,170	50,970
Goodwill	11	137,259	137,504
Other intangible assets	12	125,882	137,821
Equity accounted investees	13	7,142	4,709
Deferred tax assets	14	7,429	8,642
Investments	16	23,078	20,071
Other non-current assets		5,099	1,850
<b>Total non-current assets</b>		<b>661,553</b>	644,218
<b>Current assets</b>			
Inventories		8,784	8,255
Trade and other receivables	17	135,893	143,887
Investments	16	3,611	497
Cash and bank balances	18	220,744	195,299
<b>Total current assets</b>		<b>369,032</b>	347,938
<b>Total assets</b>		<b>1,030,585</b>	992,156
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Trade and other payables	19	26,740	19,832
Lease liabilities	10	45,527	43,852
Loans and borrowings	21	223,151	201,290
Deferred tax liabilities	14	7,701	8,896
<b>Total non-current liabilities</b>		<b>303,119</b>	273,870
<b>Current liabilities</b>			
Trade and other payables	19	185,015	176,680
Lease liabilities	10	8,046	7,185
Loans and borrowings	21	3,722	22,339
<b>Total current liabilities</b>		<b>196,783</b>	206,204
<b>Total liabilities</b>		<b>499,902</b>	480,074
<b>Net assets</b>		<b>530,683</b>	512,082
<b>EQUITY</b>			
Share capital	23	166,320	166,320
Statutory reserve	24	83,285	83,285
General reserve	24	44,001	44,000
Other reserves		(35,668)	(42,035)
Treasury shares	25	(4,578)	(2,792)
Retained earnings		236,236	224,390
<b>Total equity attributable to equity holders of the Company</b>		<b>489,596</b>	473,168
Non-controlling interest		41,087	38,914
<b>Total equity (Page 13 - 14)</b>		<b>530,683</b>	512,082

The consolidated financial statements were approved by the Board of Directors on 24 February 2022 and signed on its behalf by:

**Abdulla bin Khalifa Al Khalifa**  
Chairman

**Raed Abdulla Fakhri**  
Deputy Chairman

**Mikkel Vinter**  
Chief Executive Officer

The accompanying notes 1 to 40 form an integral part of these consolidated financial statements.

## Consolidated Statement of Comprehensive Income

For the year ended 31 December 2021

BD'000

	Note	2021	2020
<b>Revenue</b>	26	<b>399,644</b>	387,303
<b>Expenses</b>			
Network operating expenses	27	(130,206)	(135,046)
Staff costs		(53,152)	(51,236)
Voluntary employee retirement program cost	20	(2,120)	-
Depreciation, amortisation and tangible asset impairment	9,10,12	(73,817)	(73,572)
Impairment loss on trade receivables and contract assets	17	(3,448)	(4,302)
Other operating expenses	28	(47,745)	(42,035)
<b>Total expenses</b>		<b>(310,488)</b>	(306,191)
<b>Results from operating activities</b>		<b>89,156</b>	81,112
Finance and related income		4,059	5,387
Finance and related expenses		(11,626)	(14,968)
Other income/ (expenses) (net)	29	1,246	(1,908)
Share of loss from equity accounted investees (net)		(573)	(829)
<b>Profit before taxation</b>		<b>82,262</b>	68,794
Income tax expense	14	(7,750)	(4,949)
<b>Profit for the year</b>		<b>74,512</b>	63,845
<b>Other comprehensive income</b>			
<i>Items that are or may be reclassified subsequently to profit or loss</i>			
Foreign currency translation differences - foreign operations		(1,644)	1,264
Investment fair value changes (debt securities)		(51)	(123)
		<b>(1,695)</b>	1,141
<i>Items that will never be reclassified to profit or loss</i>			
Remeasurement of defined benefit asset including related tax		-	(4,439)
Investment fair value changes (equity securities)	16	7,530	-
		<b>7,530</b>	(4,439)
<b>Total other comprehensive income, net of tax</b>		<b>5,835</b>	(3,298)
<b>Total comprehensive income for the year</b>		<b>80,347</b>	60,547
<b>Profit for the year attributable to:</b>			
Equity holders of the Company		65,891	56,738
Non-controlling interest		8,621	7,107
		<b>74,512</b>	63,845
<b>Total comprehensive income for the year attributable to:</b>			
Equity holders of the Company		71,725	53,438
Non-controlling interest		8,622	7,109
		<b>80,347</b>	60,547
<b>Basic and diluted earnings per share (Fils)</b>	30	<b>39.8</b>	34.2

The consolidated financial statements were approved by the Board of Directors on 24 February 2022 and signed on its behalf by:

**Abdulla bin Khalifa Al Khalifa**  
Chairman

**Raed Abdulla Fakhri**  
Deputy Chairman

**Mikkel Vinter**  
Chief Executive Officer

The accompanying notes 1 to 40 form an integral part of these consolidated financial statements.

## Consolidated Statement of Cash Flows

For the year ended 31 December 2021

BD'000

	Note	2021	2020
<b>Operating Activities</b>			
Profit for the year		74,512	63,845
<b>Adjustment for:</b>			
Non-operating items, including tax		14,071	16,438
Share of loss from equity accounted investees (net)		573	829
Depreciation, amortisation and tangible asset impairment		73,817	73,572
Impairment loss on trade receivables and contract assets	17	3,448	4,302
		<b>166,421</b>	158,986
<b>Working capital changes:</b>			
Decrease / (increase) in trade and other receivables		4,480	(14,845)
Increase in inventories		(541)	(13)
Increase in trade and other payables		7,512	9,338
<b>Cash generated from operating activities</b>		<b>177,872</b>	153,466
Taxes paid		(5,156)	(5,638)
Payment to charities		(878)	(4,428)
<b>Net cash from operating activities</b>		<b>171,838</b>	143,400
<b>Investing Activities</b>			
Acquisition of property, equipment and intangibles, net of disposals		(68,672)	(61,760)
Net cash (for purchase) / from sale of investments		(40,428)	65,086
Interest and investment income received		4,039	7,404
<b>Net cash (used in)/ from investing activities</b>		<b>(105,061)</b>	10,730
<b>Financing Activities</b>			
Dividend paid		(54,446)	(60,223)
Payment of lease liabilities		(12,553)	(10,584)
Interest paid		(5,936)	(11,155)
Borrowings drawn/ (repaid), net		3,214	(14,388)
Acquisition of share based payment treasury shares		(165)	(716)
Market making share transactions, net		(1,621)	(17)
<b>Net cash used in financing activities</b>		<b>(71,507)</b>	(97,083)
<b>(Decrease)/ increase in cash and cash equivalents during the year</b>		<b>(4,730)</b>	57,047
Cash and cash equivalents at 1 January	18	143,457	86,410
<b>Cash and cash equivalents at 31 December</b>	18	<b>138,727</b>	143,457

The accompanying notes 1 to 40 form an integral part of these consolidated financial statements.

## Consolidated Statement of Changes in Equity

For the year ended 31 December 2021

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	Note	Equity attributable to equity holders of the Company										Non-controlling interest	Total equity	
		Share capital	Statutory reserve	General reserve	Foreign currency translation reserve	Investment fair value reserve	Share based payment reserve	Market making shares	Share based payment treasury shares	Retained earnings	Total			
<b>2021</b>														
At 1 January 2021		166,320	83,285	44,000	(13,228)	(28,807)	-	(2,076)	(716)	224,390	473,168	38,914	512,082	
<b>Profit for the year</b>		-	-	-	-	-	-	-	-	65,891	65,891	8,621	74,512	
<b>Other comprehensive income</b>														
Foreign currency translation differences		-	-	-	(1,645)	-	-	-	-	-	(1,645)	1	(1,644)	
Investment fair value changes		-	-	-	-	7,479	-	-	-	-	7,479	-	7,479	
<b>Total other comprehensive income</b>		-	-	-	<b>(1,645)</b>	<b>7,479</b>	-	-	-	-	<b>5,834</b>	<b>1</b>	<b>5,835</b>	
<b>Total comprehensive income for the year</b>		-	-	-	<b>(1,645)</b>	<b>7,479</b>	-	-	-	<b>65,891</b>	<b>71,725</b>	<b>8,622</b>	<b>80,347</b>	
<b>Contributions and distributions</b>														
Final dividends declared for 2020	31	-	-	-	-	-	-	-	-	(27,308)	(27,308)	-	(27,308)	
Interim dividend declared for 2021	31	-	-	-	-	-	-	-	-	(22,344)	(22,344)	-	(22,344)	
Donations approved for 2020		-	-	-	-	-	-	-	-	(4,392)	(4,392)	-	(4,392)	
Market making shares transactions, net	25	-	-	-	-	-	-	(1,621)	-	-	(1,621)	-	(1,621)	
Acquisition of share based payment treasury shares	25	-	-	-	-	-	-	-	(165)	-	(165)	-	(165)	
Equity-settled share-based payment	24	-	-	-	-	-	533	-	-	-	533	-	533	
Transfer to General reserve	24	-	-	1	-	-	-	-	-	(1)	-	-	-	
Dividends to non-controlling interest		-	-	-	-	-	-	-	-	-	-	(6,449)	(6,449)	
<b>Total contributions and distributions</b>		-	-	<b>1</b>	-	-	<b>533</b>	<b>(1,621)</b>	<b>(165)</b>	<b>(54,045)</b>	<b>(55,297)</b>	<b>(6,449)</b>	<b>(61,746)</b>	
<b>At 31 December 2021</b>		<b>166,320</b>	<b>83,285</b>	<b>44,001</b>	<b>(14,873)</b>	<b>(21,328)</b>	<b>533</b>	<b>(3,697)</b>	<b>(881)</b>	<b>236,236</b>	<b>489,596</b>	<b>41,087</b>	<b>530,683</b>	

	Note	Equity attributable to equity holders of the Company										Non-controlling interest	Total equity
		Share capital	Statutory reserve	General reserve	Foreign currency translation reserve	Investment fair value reserve	Post-employment benefit actuarial reserve	Market making shares	Share based payment treasury shares	Retained earnings	Total		
<b>2020</b>													
At 1 January 2020		166,320	83,160	44,000	(14,490)	(28,684)	(4,177)	(2,059)	-	229,040	473,110	40,265	513,375
<b>Profit for the year</b>		-	-	-	-	-	-	-	-	56,738	56,738	7,107	63,845
<b>Other comprehensive income</b>													
Foreign currency translation differences		-	-	-	1,262	-	-	-	-	-	1,262	2	1,264
Investment fair value changes		-	-	-	-	(123)	-	-	-	-	(123)	-	(123)
Remeasurement of defined benefit asset including related tax		-	-	-	-	-	4,177	-	-	(8,616)	(4,439)	-	(4,439)
<b>Total other comprehensive income</b>		-	-	-	<b>1,262</b>	<b>(123)</b>	<b>4,177</b>	-	-	<b>(8,616)</b>	<b>(3,300)</b>	<b>2</b>	<b>(3,298)</b>
<b>Total comprehensive income for the year</b>		-	-	-	<b>1,262</b>	<b>(123)</b>	<b>4,177</b>	-	-	<b>48,122</b>	<b>53,438</b>	<b>7,109</b>	<b>60,547</b>
<b>Contributions and distributions</b>													
Final dividends declared for 2019	30	-	-	-	-	-	-	-	-	(28,994)	(28,994)	-	(28,994)
Interim dividend declared for 2020	30	-	-	-	-	-	-	-	-	(22,362)	(22,362)	-	(22,362)
Donations approved for 2019		-	-	-	-	-	-	-	-	(1,291)	(1,291)	-	(1,291)
Market making shares transactions, net	25	-	-	-	-	-	-	(17)	-	-	(17)	-	(17)
Acquisition of share based payment treasury shares	25	-	-	-	-	-	-	-	(716)	-	(716)	-	(716)
Transfer to statutory reserve	24	-	125	-	-	-	-	-	-	(125)	-	-	-
Non-controlling interest recognised on acquisition		-	-	-	-	-	-	-	-	-	-	397	397
Dividends to non-controlling interest		-	-	-	-	-	-	-	-	-	-	(8,857)	(8,857)
<b>Total contributions and distributions</b>		-	<b>125</b>	-	-	-	-	<b>(17)</b>	<b>(716)</b>	<b>(52,772)</b>	<b>(53,380)</b>	<b>(8,460)</b>	<b>(61,840)</b>
<b>At 31 December 2020</b>		<b>166,320</b>	<b>83,285</b>	<b>44,000</b>	<b>(13,228)</b>	<b>(28,807)</b>	-	<b>(2,076)</b>	<b>(716)</b>	<b>224,390</b>	<b>473,168</b>	<b>38,914</b>	<b>512,082</b>

The accompanying notes 1 to 40 form an integral part of these consolidated financial statements.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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### 1. Reporting Entity

Bahrain Telecommunications Company BSC (the "Company", the "Parent") was incorporated as public shareholding company registered under commercial registration number 11700 in the Kingdom of Bahrain in the year 1981 and is engaged in the provision of public telecommunications and associated products and services. The consolidated financial statements for the year ended 31 December 2021 comprise the financial statements of the Company, and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in associates. The registered office of the Company is P.O. Box 14, Manama, Kingdom of Bahrain. Unless otherwise stated, the subsidiaries as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group and the proportion of ownership interests held equals to the voting rights held by Group. The country of incorporation or registration is also their principal place of business. The significant subsidiaries and equity accounted investees of the Group included in these consolidated financial statements are as follows:

Company	Country of incorporation	Principal activity	Share Holding (%)
<b>Subsidiaries</b>			
Bnet B.S.C (c)	Kingdom of Bahrain	Telecommunication services	100
B-secure W.L.L	Kingdom of Bahrain	Digital services	100
Beyon Solutions W.L.L	Kingdom of Bahrain	Digital services	100
Public Square (public2) Company B.S.C closed	Kingdom of Bahrain	Digital services	100
Batelco Financial Service Company B.S.C closed	Kingdom of Bahrain	Digital financial services	100
Batelco Remittance Services B.S.C closed	Kingdom of Bahrain	Digital financial services	100
Batelco Middle East Holding Co. B.S.C (c)	Kingdom of Bahrain	Holding Company	100
Batelco International Company B.S.C (c)	Kingdom of Bahrain	Holding Company	100
Batelco Middle East Jordan LLC	Kingdom of Jordan	Holding Company	100
Umniah Mobile Company PSC	Kingdom of Jordan	Telecommunication services	96
Batelco Jordan PSC	Kingdom of Jordan	Telecommunication services	96
Urcell Telecom & Technologies Services LLC	Kingdom of Jordan	Telecommunication services	96
Umniah for Renewable energy	Kingdom of Jordan	Renewable energy	96
Al-Huloul Al-Malyeh Leldafea Belhatef Anaqal ("Alhuloul")	Kingdom of Jordan	Digital services	63.36
Dhivehi Raajjeyge Gulhun Plc (Dhiraagu)	Maldives	Telecommunication services	52
Sure (Guernsey) Limited	Guernsey	Telecommunication services	100
Sure (Jersey) Limited	Bailiwick of Jersey	Telecommunication services	100
Foreshore Limited	Bailiwick of Jersey	Telecommunication services	100
Sure (Isle of Man) Limited	Isle of Man	Telecommunication services	100
Sure (Diego Garcia) Limited	Bermuda	Telecommunication services	100
Sure South Atlantic Limited	Falklands	Telecommunication services	100
BMIC Limited	Mauritius	Holding Company	100
Batelco Egypt Communications (S.A.E.)	Arab Republic of Egypt	Telecommunication services	100
Batelco International Group Holding Limited	Bailiwick of Jersey	Holding Company	100
Batelco International Finance No1 Limited	Cayman Islands	Holding Company	100
BTC Islands Limited	United Kingdom	Holding Company	100
BTC Sure Group Limited	United Kingdom	Holding Company	100
<b>Equity accounted investees</b>			
Yemen Company for Mobile Telephony Y.S.C ("Sabafon")	Republic of Yemen	Telecommunication services	26.94
The Jordanian Company for Advanced Optical Fiber - (FiberTech)	Kingdom of Jordan	Telecommunication services	49
Advanced Regional Communication Solutions Holding Limited (ARC)	United Arab Emirates	Telecommunication services	50

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2021

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### 2. Statement of Compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), and the requirements of the Commercial Company Law and Central Bank of Bahrain's Disclosure Standards for listed entities. They were authorised for issue by the Company's board of directors on 24 February 2022.

Details of the Group's accounting policies, including changes thereto, are included in note 8.

### 3. Functional and presentation currency

These consolidated financial statements are presented in Bahraini Dinars ("BD"), which is also the Company's functional currency. All amounts have been rounded to the nearest thousand (BD '000), unless otherwise indicated.

### 4. Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention except for measurement of certain investments that are stated at their fair values.

### 5. Use of estimates and judgments

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results could differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to estimates are recognized prospectively.

#### a) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 31 December 2021 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

• Note 8 (c)	Revenue recognition: estimates of expected returns;
• Note 8 (a)(v)	Impairment of carrying value of associates;
• Note 8 (n)(ii)	Impairment test of intangible assets and goodwill. Key assumptions underlying recoverable amounts;
• Note 8 (n)(i)	Measurement of Expected Credit Loss ("ECL") allowance of trade receivables and contract assets: key assumptions underlying ECL;
• Note 8 (m)	Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources; and
• Note 8 (r)	Recognition of deferred tax assets: availability of future taxable profits against deductible temporary difference and tax losses carried forward can be utilised.

#### b) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

• Note 8 (c)	Revenue recognition, identification of performance obligation and whether revenue from contracts with customers should be recognised over time or at a point in time;
• Note 8 (a)	Equity-accounted investees: whether the Group has significant influence over an investee;
• Note 8 (a)	Consolidation: whether the Group has de facto control over an investee;
• Note 8 (d), (f)	Useful life of property, equipment, and other intangible assets; and
• Note 8 (g)	Lease term Right-of-use assets: whether the Group is reasonably certain to exercise extension options.

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2021

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### 5. Use of estimates and judgments (Continued)

#### c) Measurement of fair values

A number of the Group's accounting policies and disclosure require the measurement of fair values, for both financial and non-financial assets and liabilities.

Significant valuation issues are reported to the Group's audit committee.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- *Level 1*: quoted market price (unadjusted) in an active market for an identical assets and liabilities.
- *Level 2*: inputs other than quoted prices included in Level 1 that are observable for the assets and liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- *Level 3*: inputs for the asset and liability that are not based on observable market data (unobservable inputs).

If the input used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

• Note 32 & 33	Financial instruments
• Note 16	Investments
• Note 15 (c)	Share based payment arrangements

### 6. Changes in significant accounting policies

The details of accounting policies are set out in note 8. There were no significant changes in the accounting policies during the year.

### 7. New standards, amendments and interpretations issued but not yet effective

A number of new standards, amendments and interpretations to standards are effective for annual periods beginning on or after 1 January 2022 and earlier application is permitted, however; the Group has not early applied the following new standards, amendments and interpretations in preparing these consolidated financial statements.

#### A. Onerous contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments specify which costs the Group includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. The amendments apply for annual reporting periods beginning on or after 1 January 2022 to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other components of equity, as appropriate. The comparatives are not restated.

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2021

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### 7. New standards, amendments and interpretations issued but not yet effective (Continued)

#### B. Other standards

The following new and amended standards are not expected to have a significant impact on the Group's consolidated financial statements:

- Annual Improvements to IFRS Standards 2018-2020
- Reference to the Conceptual Framework (Amendments to IFRS 3)
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Classification of liabilities as current or non-current (Amendments to IAS 1)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8)
- Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12)
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

### 8. Significant accounting policies

The significant accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements by the Group entities.

#### a) Basis of consolidation

##### (i) Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset of group of similar assets.

The consideration transferred in acquisition is generally measured at its fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

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

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

##### (ii) Subsidiaries

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

##### (iii) Non-controlling interests (NCI)

NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the acquisition date.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

##### (iv) Loss of control

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

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2021

BD'000

### 8. Significant accounting policies (Continued)

#### (u) Interest in equity-accounted investees

The Group interest in equity-accounted investees comprises interest in associates and a joint venture.

An associate is an entity in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interest in associates and joint venture are accounted for using the equity method. They are initially recognised at cost which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of income and expenses and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases. Associates are assessed for impairment.

The net investment in an associate or joint venture is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the net investment (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows from the net investment that can be reliably estimated.

#### (ui) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains and losses) arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

### b) Foreign currency

#### (i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at reporting date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period. Exchange differences arising on the settlement of monetary items and on retranslation are recognised in profit or loss.

Non-Monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within finance costs.

However, foreign currency differences arising from the translations of an investment in equity securities designated as at FVOCI (except on impairment, in which case foreign currency differences that have been recognised in OCI) are classified to profit or loss.

#### (ii) Financial statements of foreign operations

The assets and liabilities of the Group's subsidiaries and associates based outside the Kingdom of Bahrain ("foreign operations"), including goodwill and fair value adjustments arising on acquisition, are translated into Bahraini Dinars at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Bahraini Dinars at average exchange rates prevailing during the year.

Foreign currency differences are recognised in the other comprehensive income and presented in equity as a foreign currency translation reserve. Foreign currency differences are accumulated into foreign currency translation reserve in owners' equity, except to the extent the translation difference is allocated to NCI.

When foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve is reclassified to consolidated profit or loss as part of the gain or loss on disposal.

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2021

BD'000

### 8. Significant accounting policies (Continued)

#### c) Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer.

#### Nature of goods and service

##### (i) Sale of equipment

Revenue from handset and other equipment sales is recognised when the product is delivered, and on transfer of control to the customer.

If revenue arrangements from bundled contracts include more than one Performance Obligation (PO), the arrangement consideration is allocated to each performance obligation based on their relative standalone selling price (SSP).

For equipment sold with the right of return after the control has been passed onto the customer, the Group defers revenue based on the expected returns per the historical return data for the last 24 months. Such revenue will need to be recognized only when the related return period expires.

##### (ii) Provision of Network Services

Revenue for access charges, airtime usage and messaging by contract customers is recognised as services are performed, with unbilled revenue resulting from services already provided accrued at the end of each period and unearned revenue from services to be provided in future periods deferred.

Revenue from the sale of prepaid credit is deferred until such time as the customer uses the airtime, or the credit expires. Deferred revenue related to unused airtime is recognised when utilised by the customer. Upon termination of the customer contract, all deferred revenue for unused airtime is recognised in the profit or loss.

Revenue from interconnect fees is recognised at the time the services are performed. Revenue from data services is recognised when the Group has performed the related service and, depending on the nature of the service, is recognised either at the gross amount billed to the customer or the amount receivable by the Group as commission for facilitating the service.

##### (iii) Contract Costs

Contract costs that are incremental in obtaining a contract with a customer are capitalized and amortised over the period of related revenues. Applying the practical expedient per IFRS15, the Group recognises incremental cost of obtaining a contract as an expense when incurred if the amortisation period of the assets that the Group otherwise would have recognised is one year or less.

##### (iv) Contract assets

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

##### (v) Contract liabilities

The contract liabilities primarily relate to the advance consideration received from customers for which revenue is recognised over time as the related performance obligations are fulfilled.

### d) Property and equipment

#### (i) Recognition and measurement

Items of property and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses.

The cost includes expenditures that are directly attributable to the acquisition cost of the asset. The cost of self-constructed assets includes the following:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing an asset to its working condition for their intended use;
- when the Group has an obligation to remove the assets or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they were located; and
- capitalised borrowing costs.

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2021

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### 8. Significant accounting policies (Continued)

#### d) Property and equipment (Continued)

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Where parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Any gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognised in profit or loss.

##### (ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. On-going repair and maintenance are expensed as incurred.

##### (iii) Depreciation and useful life assessment

Depreciation is charged to the profit or loss on a straight-line basis over the estimated useful lives of each part of an item of a property and equipment. Assets are depreciated from the date they are available for use or, in respect of self-constructed assets, from the time an asset is completed and ready for service. Freehold land, projects in progress and inventories held for capital projects are not depreciated. The estimated useful lives for the current and comparative period are as follows:

Asset class	Current Estimated useful life (Years)
Buildings	5 - 50
Network assets & telecom equipment	2 - 40
Motor vehicles, furniture, fittings & office equipment	2 - 10

Depreciation methods, useful lives and residual values, are reassessed and adjusted, if appropriate, at the year end.

##### (iv) Impairment

Where there has been an indication of impairment in value such that the recoverable amount of an asset falls below its net book value, provision is made for such impairment. Wherever possible, individual assets are tested for impairment. However, impairment can often be tested only for groups of assets because the cash flows upon which the calculation is based do not arise from the use of a single asset.

In these cases, impairment is measured for the smallest group of assets (the cash generating unit) that produces a largely independent income stream, subject to constraints of practicality and materiality.

#### e) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both and that is not occupied by the Group for use in rendering of its services or for administrative purposes. Investment property is initially measured at cost (using the cost model), including related transaction costs and borrowing costs incurred for the purpose of acquiring, constructing or producing a qualifying investment property, less accumulated depreciation and impairment losses, if any. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably.

Rental income from investment property is recognised as other income in straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

#### f) Goodwill and other intangible assets

##### Goodwill

Goodwill arising on the acquisition of subsidiaries is measured at cost less any accumulated impairment losses. Goodwill is not amortised but tested for impairment annually at the balance sheet date.

##### Research and development

Expenditure on research activities is recognised in profit or loss as incurred.

Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

## Notes to the Consolidated Financial Statements (Continued)

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### 8. Significant accounting policies (Continued)

#### f) Goodwill and other intangible assets (Continued)

##### Other intangible assets

License fees, trade name, customer relationships & associated assets, non-network software and Indefeasible Rights of Use (IRUs), acquired or incurred by the Group have finite useful lives and are measured at cost less accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure is capitalised only when it increases future economic benefits embodied in specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill is recognised in profit or loss as incurred.

##### (i) Amortisation and useful life assessment

Amortisation is recognised in the profit or loss on a straight line basis over the estimated useful lives of the intangible assets from the date they are available for use. The estimated useful lives for the current and comparative periods are as follows:

Asset class	Estimated useful life (Years)
License fees	7 - 20
Trade name, customer relationships, non-network software and IRUs	3 - 20

Amortisation methods, useful lives and residual values, are reviewed at each reporting date and adjusted, if appropriate.

#### g) Leases

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

##### As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

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

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2021

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### 8. Significant accounting policies (Continued)

#### g) Leases (Continued)

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

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short term leases and lease of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Extension options

Some leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

#### Leases as lessor

The Group leases out its investment property consisting of its owned commercial properties as well as leased property (see Note 10). All leases are classified as operating leases from a lessor perspective.

#### h) Operating profit

Operating profit is the result generated from the continuing principal revenue-producing activities of the Group as well as other income and expenses related to operating activities. Operating profit excludes net finance costs, impairment and share of profit of equity-accounted investees and income taxes.

#### i) Financial instruments

##### (i) Recognition and initial measurement

All "regular way" purchases and sales of financial assets are recognised on the settlement date, i.e. the date that the Group receives or delivers the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the timeframe generally established by regulation or convention in the market place.

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instruments.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is measured initially at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financial component is initially measured at the transaction price.

#### Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit and loss (FVTPL).

A financial asset (which is not an equity instrument) is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; 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.

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2021

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### 8. Significant accounting policies (Continued)

#### i) Financial instruments (Continued)

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

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

All other financial assets are classified as measured at FVTPL.

The Group currently classified all its receivables and financial liabilities at amortised cost except for contingent consideration payable which is measured at FVTPL and investments (debt and equity) which are carried at either FVTPL or FVOCI.

#### Business model assessment

The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Group's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

#### Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

- Contingent events that would change the amount and timing of cash flows;
- Leverage features;
- Prepayment and extension terms;
- Terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- Features that modify consideration of the time value of money - e.g. periodical reset of interest rates.

#### Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets.

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2021

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### 8. Significant accounting policies (Continued)

#### i) Financial instruments (Continued)

##### Financial liabilities

The Group classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost.

##### Derecognition

##### Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of ownership or (b) when it has neither transferred or retained substantially all the risks and rewards and when it no longer has control over the financial asset, but has transferred control of the asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

Any cumulative gain/ loss recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a separate asset or liability.

##### Write-off

A financial asset is written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the obligor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

##### Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

The Group currently has certain debt securities measured at FVOCI and equity investment designated as at FVOCI. For debt securities measured at FVOCI, gains and losses are recognised in OCI, except for the following, which are recognised in profit or loss in the same manner as for financial assets measured at amortised cost:

- Interest expense using the effective interest method;
- Expected Credit Losses (ECL) and reversals; and
- Foreign exchange gains and losses.

When debt security measured at FVOCI is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss.

The Group elects to present in OCI changes in the fair value of certain investments in equity instruments that are not held for trading. The election is made on an instrument-by-instrument basis on initial recognition and is irrevocable. Gains and losses on such equity instruments are never reclassified to profit or loss and no impairment is recognised in profit or loss. Dividends are recognised in profit or loss, unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognised in OCI. Cumulative gains and losses recognised in OCI are transferred to retained earnings on disposal of an investment.

#### j) Government grant

Government grants that compensate the Group for expenses incurred are recognised in profit or loss as a reduction of associated cost in the periods in which the expense are recognised.

#### k) Share capital

The Company has one class of equity shares. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. The Group classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2021

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### 8. Significant accounting policies (Continued)

#### l) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes expenditure incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses. Inventories comprise of mobile handsets, cable and wires and other inventories.

#### m) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that the Group will be required to settle that obligation. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the year end and are discounted to present value where the effect is material.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

#### n) Impairment

##### (i) Financial assets

The Group measures loss allowances for its trade and other receivables arising from its revenue generating activities at an amount equal to lifetime Expected Credit Loss (ECL) using the simplified approach permitted under Financial Instruments ("IFRS 9"). For other financial instruments, the Group applies the general approach, where if credit risk has not increased significantly since their initial recognition, impairment is measured as 12-month ECL and for all other instances lifetime ECL is recognised.

For trade and other receivables, the Company has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Under the general approach, the Group applies three-stage approach to measuring ECL on financial assets carried at amortised cost (including long term loans included within the carrying value of investment in associates) and debt instruments classified as FVOCI. Assets migrate through the following three stages based on the change in credit quality since initial recognition.

##### a) Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

##### b) Stage Classification: General approach

#### Stage 1: 12 months ECL

For exposures where there has not been a significant increase in credit risk since initial recognition, the portion of the lifetime ECL associated with the probability of default events occurring within next 12 months is recognised.

#### Stage 2: Lifetime ECL - not credit impaired

For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, a lifetime ECL is recognised.

#### Stage 3: Lifetime ECL - credit impaired

Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred.

##### (ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2021

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### 8. Significant accounting policies (Continued)

#### n) Impairment (Continued)

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis. An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### o) Employee benefits

##### (i) Short term employee benefits

Short term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

##### (ii) Local employees

Pension rights and other social benefits for the Group's employees are covered by the applicable social insurance scheme of the countries in which they are employed are considered as a defined contribution scheme. The employees and employers contribute monthly to the scheme on a fixed-percentage-of-salaries basis.

##### (iii) Expatriate employees

Expatriate employees on limited-term contracts are entitled to leaving indemnities payable under the respective labour laws of the countries in which they are employed, based on length of service and final remuneration. Provision for this unfunded commitment has been made by calculating the notional liability had all employees left at the reporting date.

##### (iv) Defined benefit scheme

The Group's net obligation of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to the defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when settlement occurs.

##### (v) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

##### (vi) Employee savings scheme

The Company has a voluntary employees saving scheme. The employees and employers contribute monthly on a fixed-percentage-of-salaries-basis to the scheme. The scheme is a defined contribution plan.

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2021

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### 8. Significant accounting policies (Continued)

#### o) Employee benefits (Continued)

##### (vii) Employee share awards

The fair value of share awards granted under the Group Employee Share Awards Plan ("Plan") is recognised as an employee benefits expense, with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the awards granted.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of awards that are expected to vest. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

The Plan is administered by the Employee Share Trust ("Trust"), which is consolidated in accordance with the principles defined in note 15. When the shares are granted at the end of vesting period, the Trust transfers the appropriate amount of shares to the employee. The difference between the value of shares transferred to the employee and treasury shares purchased earlier for this purpose is credited or debited to retained earnings.

##### (viii) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

#### p) Finance and related income

The Group's finance and related income includes:

- interest income;
- dividend income;
- foreign currency gain on financial assets and financial liabilities;
- net gain on financial assets at FVTPL; and
- gain on remeasurement to fair value of any pre-existing interest in an acquiree in a business combination.

Interest income is recognised using the effective interest method. Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment 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 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.

#### q) Finance and related expenses

The Group's finance and related expense includes:

- interest expense;
- foreign currency loss on financial liabilities; and
- net loss on financial assets at FVTPL.

Interest expense is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument to the gross carrying amount of the financial liability.

In calculating interest expense, the effective interest rate is applied to the gross carrying amount of the amortised cost of the liability.

Borrowing costs are recognised as an expense in the period in which they are incurred, except to the extent where borrowing costs are directly attributable to the construction of an asset that takes a substantial period to get ready for its intended use or sale, in which case borrowing costs are capitalised as part of that asset.

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2021

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### 8. Significant accounting policies (Continued)

#### r) Tax

Tax expense comprises current and deferred tax. Income tax expense is recognised in the profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income, in which case it is recognised in equity or other comprehensive income.

##### (i) Current tax

Current tax is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at reporting date, and any adjustment to tax payable in respect of previous years.

##### (ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be realised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

#### s) Earnings per share

The Group presents basic earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. The diluted earnings per share is the same as the basic earnings per share as the Group does not have any dilutive instruments in issue.

#### t) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed by the Group's Board of Directors to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available (refer to note 39). The Group primarily identifies its segment on the basis of geographical operations that are managed as a single performance unit for the purpose of internal reporting to its Board of Directors.

#### u) Fair value measurement

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 in the principal, or in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

When there is no quoted price in an active market, the Group uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would take into account in pricing a transaction.

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

## Notes to the Consolidated Financial Statements (Continued)

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### 8. Significant accounting policies (Continued)

#### v) Asset held-for-sale

##### (i) Classification

The Group classifies non-current assets as held-for-sale if its carrying amount is expected to be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable in accordance with IFRS 5 "Non-current Assets Held-for-Sale and Discontinued Operations".

##### (ii) Measurement

Non-current assets classified as held-for-sale are measured at the lower of its carrying amount and fair value less costs to sell.

If the criteria for classification as held-for-sale are no longer met, the Group ceases to classify the asset as held-for-sale and measures the asset at the lower of its carrying amount before the asset was classified as held-for-sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset not been classified as held-for-sale and its recoverable amount at the date of the subsequent decision not to sell.

### 9. Property and Equipment

2021	Land and buildings	Network assets & telecom equipment	Motor vehicles, furniture, fittings & office equipment	Assets under construction	Total
<b>Cost</b>					
At 1 January	77,142	635,483	49,874	52,060	814,559
Additions	-	20,095	388	43,436	63,919
Projects completed	7,322	22,794	4,518	(34,634)	-
Disposals	(10)	(5,694)	(1,869)	-	(7,573)
Effect of movements in exchange rates	(65)	(548)	(341)	1	(953)
<b>At 31 December</b>	<b>84,389</b>	<b>672,130</b>	<b>52,570</b>	<b>60,863</b>	<b>869,952</b>
<b>Depreciation</b>					
At 1 January	(56,258)	(439,001)	(36,649)	-	(531,908)
Charge for the year	(1,016)	(39,406)	(4,731)	-	(45,153)
Disposals	10	4,984	1,869	-	6,863
Effect of movements in exchange rates	42	421	277	-	740
<b>At 31 December</b>	<b>(57,222)</b>	<b>(473,002)</b>	<b>(39,234)</b>	<b>-</b>	<b>(569,458)</b>
<b>Net book value at 31 December</b>	<b>27,167</b>	<b>199,128</b>	<b>13,336</b>	<b>60,863</b>	<b>300,494</b>

For a list of properties owned and rented by the Company, please refer to note 40.

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2021

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### 9. Significant accounting policies (Continued)

2020	Land and buildings	Network assets & telecom equipment	Motor vehicles, furniture, fittings & office equipment	Assets under construction	Total 2019
Cost					
At 1 January	77,241	583,182	45,337	59,462	765,222
Additions	-	7,851	568	42,286	50,705
Projects completed	244	45,400	4,135	(49,779)	-
Disposals	(517)	(2,767)	(1,054)	-	(4,338)
Impairment	-	-	-	(14)	(14)
Effect of movements in exchange rates	174	1,817	888	105	2,984
At 31 December	77,142	635,483	49,874	52,060	814,559
Depreciation					
At 1 January	(54,694)	(400,423)	(32,962)	-	(488,079)
Charge for the year	(1,702)	(39,972)	(3,995)	-	(45,669)
Disposals	248	2,677	1,007	-	3,932
Effect of movements in exchange rates	(110)	(1,283)	(699)	-	(2,092)
At 31 December	(56,258)	(439,001)	(36,649)	-	(531,908)
Net book value at 31 December	20,884	196,482	13,225	52,060	282,651

### 10. Right-of-Use Assets and Lease Liabilities

The Group leases telecom sites, retail shops and other rented premises and equipment. The leases typically run for a period of 5-10 years, with an option to renew the lease after that date. Lease payments are renegotiated at the time of signing the new contract to reflect market rentals. Some leases provide for additional rent payments that are based on changes in local price indicators. For certain leases, the Group is restricted from entering into any sub-lease arrangement.

#### a) Right-of-Use Assets

Information about leases for which the Group is a lessee is presented below. Right-of-use assets related to leased properties that do not meet the definition of investment property.

2021	Land and buildings	Network assets and Telecom Equipment	Motor vehicles, Furnitures, fittings & office equipment	Total
Balance at 1 January	49,519	630	821	50,970
Additions	14,230	47	-	14,277
Amortisation charge for the year	(8,497)	(132)	(515)	(9,144)
Effect of movements in exchange rates	(933)	-	-	(933)
<b>Balance at 31 December</b>	<b>54,319</b>	<b>545</b>	<b>306</b>	<b>55,170</b>

2020	Land and buildings	Network assets and Telecom Equipment	Motor vehicles, Furnitures, fittings & office equipment	Total
Balance at 1 January	43,455	553	1,383	45,391
Additions	13,660	185	-	13,845
Amortisation charge for the year	(8,041)	(108)	(561)	(8,710)
Effect of movements in exchange rates	445	-	(1)	444
Balance at 31 December	49,519	630	821	50,970

## Notes to the Consolidated Financial Statements (Continued)

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### 10. Right-of-Use Assets and Lease Liabilities (Continued)

#### b) Lease Liabilities

	2021	2020
Current	8,046	7,185
Non-current	45,527	43,852
<b>Balance at 31 December</b>	<b>53,573</b>	<b>51,037</b>

#### Amounts recognised in profit or loss

	2021	2020
Interest on leases liabilities	3,121	2,164
Expenses relating to short-term leases/ low value leases (note 27)	5,357	4,594

#### c) Leases as lessor

The Group leases out its owned commercial properties on agreed commercial terms, and leases are classified as operating leases.

### 11. Goodwill

	2021	2020
At 1 January	137,504	136,208
Goodwill on acquisition of subsidiary	-	369
Exchange rate adjustments	(245)	927
At 31 December	<b>137,259</b>	<b>137,504</b>

#### a) Analysis of Goodwill

Goodwill has been allocated to the following operating segments/ cash generating units (CGUs):

	2021	2020
Jordan	91,875	91,804
Maldives	21,871	21,871
Sure	23,476	23,792
Others	37	37
	<b>137,259</b>	<b>137,504</b>

#### b) Impairment of goodwill

(i) The Group tests for impairment of goodwill annually or more frequently if there are any indications that impairment may have arisen. The recoverable amount of a Cash Generating Unit (CGU) has been determined based on fair value less costs to sell. Fair value less costs to sell is estimated by using a combination of the capitalised earnings approach and a market approach comparing the same with those of other telecom companies within the region.

(ii) The key assumptions for the fair value less costs to sell calculations are those relating to discount rates, the long term growth rates, penetration and market share assumptions, average revenues per user, earnings before interest, taxation, depreciation and amortisation ("EBITDA") and capital expenditure to sales ratio. These calculations use cash flow projections based on financial budgets approved by management, covering the period of the validity of the telecom license (typically 5 years). Cash flows are extrapolated using the estimated growth rates (range between 1% to 2.7%). The weighted average growth rates are consistent with forecasts. The post-tax discount rates used for the calculations range between 10% to 14.5%.

(iii) The above estimates were tested by the Group for sensitivity in the following areas:

- An increase/ decrease in the discount rate and the long-term growth rates used
- A change in market share
- A decrease in future planned revenues and EBITDA margins
- An increase in capex to sales ratio forecasts

The results of the sensitivity testing revealed that the fair values less costs to sell calculations is sensitive to changes in the above variables, and any adverse change in key assumptions could result in a materially significant change in the carrying value of the goodwill and related assets. The recoverable amount of the CGUs was more than the carrying value and accordingly no impairment loss has been recognised in 2021 (2020: nil) in respect of goodwill allocated to the CGUs. Refer note on segment reporting (note 39) for details of net assets (including goodwill and intangibles) attributable to each CGU.

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2021

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### 12. Other Intangible Assets

2021	Licenses	Others	Total
<b>Cost</b>			
At 1 January	212,837	112,531	325,368
Additions during the year	815	6,961	7,776
Disposals during the year	-	(428)	(428)
Effect of movements in exchange rates	(431)	(406)	(837)
<b>At 31 December</b>	<b>213,221</b>	<b>118,658</b>	<b>331,879</b>
<b>Amortisation</b>			
At 1 January	(103,112)	(84,435)	(187,547)
Charge for the year	(12,100)	(7,420)	(19,520)
Disposals during the year	-	428	428
Effect of movements in exchange rates	298	344	642
<b>At 31 December</b>	<b>(114,914)</b>	<b>(91,083)</b>	<b>(205,997)</b>
<b>Net book value</b>			
<b>At 31 December</b>	<b>98,307</b>	<b>27,575</b>	<b>125,882</b>
<b>2020</b>			
	Licenses	Others	Total
<b>Cost</b>			
At 1 January	211,247	107,370	318,617
Additions during the year	182	4,696	4,878
Disposals during the year	-	(609)	(609)
Effect of movements in exchange rates	1,408	1,074	2,482
At 31 December	212,837	112,531	325,368
<b>Amortisation</b>			
At 1 January	(88,746)	(78,454)	(167,200)
Charge for the year	(13,517)	(5,676)	(19,193)
Disposals during the year	-	607	607
Effect of movements in exchange rates	(849)	(912)	(1,761)
At 31 December	(103,112)	(84,435)	(187,547)
<b>Net book value</b>			
At 31 December	109,725	28,096	137,821

Others includes trade name, customer relationship and associated assets, non-network softwares and indefeasible right to use (IRU) including those recognised as part of acquisition accounting.

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2021

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### 13. Equity Accounted Investees

		2021	2020
Investment in Sabafon	(i)	-	-
Investment in ARC	(ii)	2,230	2,918
Investment in FiberTech	(iii)	4,912	1,791
		<b>7,142</b>	4,709

- This represents Group's 26.94% investment in Sabafon. Following the crisis in Yemen, this investment was written off to nil in 2019.
- This represents a joint venture with another regional operator to provide telecom infrastructure services within the GCC region. During the year, the Group recorded a loss of BD 688 (2020: BD 262) as its share of losses of this joint venture.
- This represents 49% of share capital of The Jordanian Company for Advanced Optical Fiber ("FiberTech"). The principal activities of FiberTech are to provide mass high-speed internet services to telecommunications companies and internet service providers operating in Jordan. During the year, the Group made an additional capital contribution of BD 3,006 and recognized a gain of BD 115 (2020: loss of BD 661) in respect of its share of gain from this associate.

### 14. Income Taxes

#### Amounts recognised in profit or loss for the year

	2021	2020
Current tax expense	8,824	6,659
Deferred tax credit (net)	(1,074)	(1,710)
<b>Tax expense for the year</b>	<b>7,750</b>	4,949

Corporate income tax is not levied in the Kingdom of Bahrain for telecommunication companies and accordingly the effective tax rate for the Corporation is 0% (2020: 0%). The table below reconciles the difference between the expected tax expense of nil (2020: nil) (based on the Kingdom of Bahrain effective tax rate) and the Group's tax charge for the year. Subsidiaries are taxed at the combination of various tax rates ranging from 15% to 27%.

#### Reconciliation of actual to expected tax charge

	2021	2020
Profit before tax	82,262	68,794
Corporation tax rate of 0% in Bahrain (2020: 0%)	-	-
Effect of different tax rates of subsidiaries operating in other jurisdictions	(7,750)	(4,949)
<b>Tax expense for the year</b>	<b>(7,750)</b>	(4,949)
<b>Profit after tax for the year</b>	<b>74,512</b>	63,845

The following represent the deferred tax liabilities recognised by the Group and movements thereon during the current and prior reporting period:

	2021	2020
At 1 January	8,896	10,512
Credit to the consolidated profit or loss	(1,176)	(1,768)
Other movements	47	(33)
Exchange differences	(66)	185
<b>At 31 December</b>	<b>7,701</b>	8,896

The recognised deferred tax asset of BD 7,429 (2020: BD 8,642) is attributable to the temporary differences related to Group's operations in Jordan, Maldives and Channel Islands jurisdictions.

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2021

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### 15. Post-Employment Benefit Assets

#### a) Unfunded Defined benefits

The provision for leaving indemnity in respect of employees amounted to BD 1.7 million (2020: BD 1.6 million) and is included under Trade and Other Payables.

#### b) Defined contribution plan

The Group's contributions in respect of employees against their pension rights and other social benefits amounted to BD 4.3 million (2020: BD 5.0 million).

#### c) Share-based payments

During 2020, the Group established the Employee Option Plan ("Plan"). The Plan is designed to provide long-term incentives for selected management personnel to deliver long-term financial KPIs. Under the Plan, participants are granted shares (awards), which only vest if certain performance standards are met. Participation in the Plan is at the board's discretion, and no individual has a guaranteed contractual right to participate in the Plan or to receive any guaranteed benefits.

Shares are granted under the Plan for no consideration and carry no dividend or voting rights. The grant share price is the average of Batelco's share price quoted on Bahrain Bourse for each trading day during the month of January preceding the grant date of 1 April. Shares granted to participants are held by a trustee in a trust established solely for these share awards until vesting. The amount of shares that will vest after 3 years ("Vesting Period") depends on cumulative achievement of Group's financial targets over a three-year period. The vesting date relating to every Vesting Period is 1 April following the completion of the Vesting Period. All awards are vested to participants on the vesting date.

During the year, the Group awarded 293,986 shares (2020: 1,418,555 shares) to its employees under the Plan. The assessed fair value at grant date of shares granted during the year ended 31 December 2021 was BD 0.5975 per share (2020: BD 0.390 per share). The number of shares forfeited during the year was 78,422 (2020: nil). Weighted average remaining contractual life of shares outstanding at end of the year was 1.65 years (2020: 2.25 years).

### 16. Investments

		2021	2020
I. Investments securities			
a. At Fair Value Through Other Comprehensive Income (at FVOCI)			
- Debt securities	(i)	7,180	7,697
- Equity securities	(ii)	14,251	5,863
b. At Fair Value Through Profit and Loss (at FVTPL)			
- Equity securities		11	11
		21,442	13,571
II. Investment properties	(iii)	5,247	6,997
		<b>26,689</b>	<b>20,568</b>

Investments are classified as follows:

	2021	2020
Current assets	3,611	497
Non-current assets	23,078	20,071
	<b>26,689</b>	<b>20,568</b>

#### (i) Debt securities comprise Group's investment in:

- Bahrain Sovereign Bonds amounting to BD 7.0 million (2020: BD 7.2 million). These bonds have maturity dates ranging from 2022 to 2023, carry a fixed semi-annual coupon interest ranging from 5.5% to 6.125% per annum on the face value. At 31 December 2021, BD 3.5 million (2020: nil) of these bonds were classified under current assets as maturing within next 12 months.
- Treasury bills amounting to BD 0.1 million (2020: BD 0.5 million) These bills have maturity dates up to 3 months and carry interest ranging from 2.20% to 2.21% per annum on the face value. At 31 December 2021, all of these bills were classified under current assets as maturing within 12 months.

#### (ii) Equity securities at FVOCI include:

- BD 10.1 million (2020: BD 3.8 million) representing market value of equity investment in Etihad Atheeb Telecommunications Company ("Atheeb"), a company listed on Saudi Stock Exchange.
- BD 4.1 million (2020: BD 2.1 million) representing Group's investment in Al Waha Venture Capital Fund of Funds, which is closed ended Bahrain domiciled PIU managed by Bahrain Development Bank. The carrying value represents the net asset value of the fund which approximates its fair value.

#### (iii) Investment properties comprise Group's investment in certain land plots in an overseas territory that were acquired during 2018 as part of an exchange transaction and are fair valued at 31 December 2021 based on management estimates.

## Notes to the Consolidated Financial Statements (Continued)

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### 17. Trade and Other Receivables

	2021	2020
Trade receivables	84,158	87,212
Contract assets (unbilled revenue)	27,690	29,848
<b>Less impairment allowance</b>	<b>(28,047)</b>	<b>(25,232)</b>
	<b>83,801</b>	<b>91,828</b>
Prepaid expenses	8,192	8,057
Other receivables	43,900	44,002
	<b>135,893</b>	<b>143,887</b>

The maximum exposure to credit risk for trade and other receivables at the reporting date by type of counterparty was as follows:

	2021	2020
Customer accounts	37,825	44,418
Telecom operators	18,286	17,562
Contract assets (unbilled revenue) (note 26)	27,690	29,848
	<b>83,801</b>	<b>91,828</b>

The movement on the allowance for impairment was as follows:

	2021	2020
At 1 January	25,232	21,219
Impairment loss recognized for the year	3,448	4,302
Effect of movements in exchange rates	(9)	15
Written off during the year	(624)	(304)
<b>At 31 December</b>	<b>28,047</b>	<b>25,232</b>

The impairment allowances as at 31 December 2021 and 2020 represent life-time ECL on trade receivables and contracts assets (refer to note 33).

### 18. Cash and Bank Balances

	2021	2020
Cash in hand	147	79
Bank balances	220,597	195,220
	<b>220,744</b>	<b>195,299</b>

Bank balances include BD 82,017 (2020: BD 51,842) of short-term deposits with maturities exceeding three months and unclaimed dividends which have been excluded for the purposes of statement of cash flows.

## Notes to the Consolidated Financial Statements (Continued)

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### 19. Trade and Other Payables

	2021	2020
Trade payables	75,379	68,869
Amounts due to telecommunications operators	9,880	10,995
Provisions, accrued expenses and other payables	89,736	84,692
Contract liabilities (note 26)	3,359	3,298
Customer deposits and billings in advance	29,479	26,321
Current tax liability	3,922	2,337
	<b>211,755</b>	196,512

Trade and other payables are classified as follows:

	2021	2020
Current liabilities	185,015	176,680
Non-current liabilities	26,740	19,832
	<b>211,755</b>	196,512

Significant changes in the contract liabilities balances during the year are as follows:

	2021	2020
At 1 January	3,298	3,954
Contract liabilities recognized during the year	24,652	40,795
Transferred to revenue during the year	(24,584)	(41,471)
Effect of movements in exchange rates	(7)	20
<b>At 31 December</b>	<b>3,359</b>	3,298

### 20. Provisions

Included within provisions, accrued expenses and other payables are amounts provided for voluntary employee retirement program and asset retirement obligation. The movement in provisions is as follows:

	Voluntary employee retirement program		Asset retirement obligation	
	2021	2020	2021	2020
At 1 January	-	404	3,347	3,182
Amounts provided during the year	2,120	-	169	165
Amounts paid during the year	-	(404)	(99)	-
Reclassification from other accruals	-	-	-	-
Amounts written back during the year	-	-	-	-
<b>At 31 December</b>	<b>2,120</b>	-	<b>3,417</b>	3,347

#### Voluntary Employee Retirement Program

During 2021, the Board of Directors of one of the Group Companies approved a voluntary employee retirement program to restructure the operations in line with its strategy. A provision of BD 2.1 million was recognized during the year in this regard.

#### Asset Retirement Obligation

The provision for asset retirement obligations represent the provisions made for the best estimate of the present value of the unavoidable future cost of dismantling and removing the items of property and equipment and restoring the sites on which they are located. The following assumptions have been used to calculate the asset retirement obligation at reporting date:

	2021	2020
Expected rate of increase of the dismantling cost	3.50%	3.50%
Discount rate	10%	10%

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2021

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### 21. Loans and Borrowings

		2021	2020
<b>a) Current</b>			
Term financing facilities	(i)	1,206	13,630
Overdraft facilities	(ii)	-	8,709
Import loan facility	(iii)	2,516	-
		<b>3,722</b>	22,339
		<b>2021</b>	2020
<b>b) Non-current</b>			
Term financing facilities	(i)	53,501	31,640
Long term loan	(iv)	169,650	169,650
		<b>223,151</b>	201,290
		<b>226,873</b>	223,629

(i) Terms financing facilities include:

- Long term loan facility with a total available amount of BD 58.5 million (2020: BD 58.5 million) has been utilised by a Group company to fund the company's working capital and license fees. The facility bears an interest rate of PLR – 3.35% per annum and was due to be settled by 2023. During the year, the terms of this loan were renegotiated and accordingly it was extended for 10 years with a three year grace period. As at 31 December 2021, a total amount of BD 24.4 million (2020: BD 24.4 million) is outstanding against this facility out of which BD nil (2020: BD 9.7 million) is classified under current liabilities being due within the next 12 months;
  - Long term loan facility with a total available amount of BD 8.0 million (2020: BD 8.0 million) has been obtained by a Group company to fund the company's infrastructure and network requirements. The facility bears an interest rate of PLR – 2.2% per annum and was due to be settled by 2025. During the year, the terms of this loan were renegotiated and accordingly it was extended for 10 years with a three-year grace period. As at 31 December 2021, a total amount of BD 6.8 million (2020: BD 7.2 million) is outstanding against this facility out of which BD nil (2020: BD 1.6 million) is classified under current liabilities being due within the next 12 months;
  - Long term loan facility with a total available amount of BD 12.8 million (2020: BD 12.8 million) has been obtained by a Group company to fund the company's license fees. The facility bears an interest rate of PLR – 2.125% per annum and was due to be settled by 2024. During the year, the terms of this loan were renegotiated and accordingly it was extended for 10 years with a three-year grace period. As at 31 December 2021, a total amount of BD 12.7 million (2020: BD 12.8 million) is outstanding against this facility of which nil (2020: BD 2.1 million) is classified under current liabilities being due within the next 12 months;
  - Long term loan facility with a total available amount of BD 8.0 million (2020: BD 8.0 million) has been obtained by a Group company to fund the company's share in a joint venture. The facility bears an interest rate of PLR - 1.75% per annum and was due to be settled by 2024. During the year, the terms of this loan were renegotiated and accordingly it was extended for 10 years with a three-year grace period. As at 31 December 2021, a total amount of BD 8.0 million (2020: BD 8 million) is outstanding against this facility of which BD nil (2020: BD 0.2 million) is classified under current liabilities being due within the next 12 months.
  - Long term loan facility with a total available amount of BD 2.9 million has been obtained by a Group company during the year to finance the deferred capital payments. The facility bears an interest rate of 3 months LIBOR + 4.75% per annum and is due to be settled by May 2024. As at 31 December 2021, a total amount of BD 2.9 million is outstanding against this facility of which BD 1.2 million is classified under current liabilities being due within the next 12 months.
- (ii) The overdraft facilities have been obtained by a Group company to support its working capital needs. The interest rates on these facilities range from 5.00% to 5.35% p.a. and the amount drawn at the balance sheet date amounted to BD nil (2020: BD 8.7 million). The undrawn overdraft limits as at 31 December 2021 amounted to BD 15.2 million (2020: BD 6.4 million);
- (iii) The import loan facility with a total available amount of BD 2.6 million is obtained by a Group company to support its capital expenditure requirements. The interest rates on this facility is at the rate of 3 months LIBOR+4.75% p.a. and is due to be settled within 365 days for the amounts drawn down. The amount drawn at the balance sheet date amounted to BD 2.5 million (2020: nil) and is classified under current liabilities.
- (iv) Long term loan facility with a total available amount of BD 169.7 million (2020: 169.7 million), of which BD 169.7 million is outstanding as of 31 December 2021 (2020: BD 169.7 million) was obtained by the Company to fund its bond repayment in May 2020. The facility bears an interest rate of Libor + 1.80% per annum and is due to be settled by one bullet payment in 2025.

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### 22. Reconciliation of Movements of Liabilities to Cash Flows Arising from Financing Activities

2021	Liabilities		Equity		NCI	Total
	Bank overdrafts used for cash management purposes	Other loans and borrowings	Share capital	Retained earnings, other reserves and treasury shares		
<b>Balance at 1 January</b>	<b>8,709</b>	<b>214,920</b>	<b>166,320</b>	<b>306,848</b>	<b>38,914</b>	<b>735,711</b>
<i>Changes from financing cash flows</i>						
Borrowings (net)	(6,195)	9,409	-	-	-	3,214
Purchase of market making shares	-	-	-	(165)	-	(165)
Purchase of treasury shares	-	-	-	(1,621)	-	(1,621)
Dividend paid	-	-	-	(51,392)	(6,449)	(57,841)
<b>Total changes from financing cash flows</b>	<b>(6,195)</b>	<b>9,409</b>	<b>-</b>	<b>(53,178)</b>	<b>(6,449)</b>	<b>(56,413)</b>
Effect of changes in foreign exchange rates	2	28	-	(1,645)	1	(1,614)
Other liability-related changes	-	-	-	-	-	-
Profit for the year	-	-	-	65,891	8,621	74,512
Other equity-related changes (net)	-	-	-	5,360	-	5,360
<b>Balance at 31 December</b>	<b>2,516</b>	<b>224,357</b>	<b>166,320</b>	<b>323,276</b>	<b>41,087</b>	<b>757,556</b>

2020	Liabilities		Equity		NCI	Total
	Bank overdrafts used for cash management purposes	Other loans and borrowings	Share capital	Retained earnings, other reserves and treasury shares		
<b>Balance at 1 January</b>	<b>10,127</b>	<b>227,567</b>	<b>166,320</b>	<b>306,790</b>	<b>40,265</b>	<b>751,069</b>

#### *Changes from financing cash flows*

Borrowings (net)	(1,428)	(12,960)	-	-	-	(14,388)
Purchase of treasury shares	-	-	-	(716)	-	(716)
Purchase of market making shares	-	-	-	(17)	-	(17)
Dividend paid	-	-	-	(53,318)	(6,664)	(59,982)
<b>Total changes from financing cash flows</b>	<b>(1,428)</b>	<b>(12,960)</b>	<b>-</b>	<b>(54,051)</b>	<b>(6,664)</b>	<b>(75,103)</b>
Effect of changes in foreign exchange rates	10	44	-	1,262	2	1,318
Other liability-related changes	-	269	-	-	-	269
Profit for the year	-	-	-	56,738	7,107	63,845
Other equity-related changes (net)	-	-	-	(3,891)	(1,796)	(5,687)
<b>Balance at 31 December</b>	<b>8,709</b>	<b>214,920</b>	<b>166,320</b>	<b>306,848</b>	<b>38,914</b>	<b>735,711</b>

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### 23. Share Capital

	2021	2020
<b>a) Authorised</b>		
2,000 (2020: 2,000) million shares of 100 fils each	<b>200,000</b>	200,000
<b>b) Issued and fully paid:</b>		
1,663 (2020: 1,663) million shares of 100 fils each	<b>166,320</b>	166,320

- Names and nationalities of the major shareholders and the number of equity shares held in which they have an interest of 5% or more of outstanding shares are as follows:

Name	Nationality	Number of shares (thousands)	% of share holding
Bahrain Mumtalakat Holding Company BSC (c)	Bahrain	609,840	37
Amber Holdings Limited	Cayman Islands	332,640	20
Social Insurance Organisation	Bahrain	337,836	20

#### Distribution schedule of equity shares:

Categories	Number of shares (thousands)	Number of shareholders	% of total outstanding shares
Less than 1%	314,485	10,640	18
1% up to less than 5%	128,610	3*	8
5% up to less than 10%	101,640	1	6
10% up to less than 20%	175,985	1	11
20% up to less than 50%	942,480	2	57
	<b>1,663,200</b>	<b>10,647</b>	<b>100</b>

\*includes Batelco Group holdings of the treasury shares

### 24. Statutory and General Reserve

#### a) Statutory reserve

The Bahrain Commercial Companies Law 2001 (as amended) requires all companies incorporated in Bahrain to transfer 10% of net profit for the year to a statutory reserve, until such reserve reaches a minimum of 50% of the paid-up capital. Transfer to statutory reserve, effected by the subsidiaries in accordance with the applicable law of the country of incorporation, is retained in the subsidiary concerned and included as part of Group statutory reserve. The reserve is not available for distribution, except in the circumstances stipulated in the applicable law of each country.

For the year ended 31 December 2021, no transfer to statutory reserves was proposed by the Board of Directors.

#### b) General reserve

The general reserve is distributable only upon a resolution of the shareholders at the Annual General Meeting. During the year a transfer of BD 1 was made to general reserve by one of the Group Companies, which is reflected in these financial statements.

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### 25. Treasury Shares

a) Market making shares	2021	2020
As at 31 December (Amount)	3,697	2,076
Number of market making shares as at 31 December	9,150,786	6,485,000
<b>b) Share based payment treasury shares</b>		
As at 31 December (Amount)	881	716
Number of share based payment treasury shares as at 31 December	1,712,541	1,418,555
<b>Total treasury shares (Amount)</b>	<b>4,578</b>	<b>2,792</b>
<b>Total number of treasury shares</b>	<b>10,863,327</b>	<b>7,903,555</b>

Batelco is carrying out market making activities through a designated market maker, in accordance with the regulations promulgated by the Central Bank of Bahrain and the Bahrain Bourse. As per the regulations, the designated market maker of Batelco cannot hold more than 3% of Batelco's issued share capital at any time.

### 26. Revenue

#### a) Disaggregation of revenue from contracts with customers

In the following table, revenue is disaggregated by major products/service lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's four strategic divisions, which are its operating segments.

2021	Reportable segments					Elimination	Total
	Bahrain	Jordan	Maldives	Sure Group	Total reportable segments		
<b>Major products/ service lines</b>							
Mobile Telecommunication Services	74,277	58,444	34,248	18,533	185,502	(32)	185,470
Data Communication Circuits	45,126	5,446	11,382	7,940	69,894	(69)	69,825
Fixed Broadband	33,907	22,386	9,057	12,284	77,634	-	77,634
Fixed Line Telecommunication Services	11,063	-	2,632	8,381	22,076	-	22,076
Wholesale Services	16,058	2,387	859	2,876	22,180	(52)	22,128
Adjacent Services	8,272	2,445	3,609	8,552	22,878	(367)	22,511
	<b>188,703</b>	<b>91,108</b>	<b>61,787</b>	<b>58,566</b>	<b>400,164</b>	<b>(520)</b>	<b>399,644</b>
<b>Timing of recognition</b>							
Products transferred at a point in time (Equipment revenue)	20,651	5,814	1,609	3,769	31,843	-	31,843
Products and services transferred over time (Revenue from provision of network services)	168,052	85,294	60,178	54,797	368,321	(520)	367,801
	<b>188,703</b>	<b>91,108</b>	<b>61,787</b>	<b>58,566</b>	<b>400,164</b>	<b>(520)</b>	<b>399,644</b>

For a further break down of total revenue by the Group's key geographical segments, please refer to note 39.

## Notes to the Consolidated Financial Statements (Continued)

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### 26. Revenue (Continued)

#### a) Disaggregation of revenue from contracts with customers (continued)

2020	Reportable segments					Elimination	Total
	Bahrain	Jordan	Maldives	Sure Group	Total reportable segments		
<b>Major products/ service lines</b>							
Mobile Telecommunication Services	69,749	61,138	35,827	17,639	184,353	(33)	184,320
Data Communication Circuits	48,064	5,182	9,243	7,141	69,630	(61)	69,569
Fixed Broadband	31,084	19,473	8,208	10,938	69,703	-	69,703
Fixed Line Telecommunication Services	11,601	-	2,432	8,314	22,347	-	22,347
Wholesale Services	13,779	2,193	1,250	3,115	20,337	(61)	20,276
Others	7,224	2,751	3,751	7,717	21,443	(355)	21,088
	<b>181,501</b>	<b>90,737</b>	<b>60,711</b>	<b>54,864</b>	<b>387,813</b>	<b>(510)</b>	<b>387,303</b>
<b>Timing of recognition</b>							
Products transferred at a point in time (Equipment revenue)	16,928	7,618	2,072	3,911	30,529	-	30,529
Products and services transferred over time (Revenue from provision of network services)	164,573	83,119	58,639	50,953	357,284	(510)	356,774
	<b>181,501</b>	<b>90,737</b>	<b>60,711</b>	<b>54,864</b>	<b>387,813</b>	<b>(510)</b>	<b>387,303</b>

#### b) Contract Balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers

	2021	2020
Trade receivables (before impairment allowance)	84,158	87,212
Contract assets	27,690	29,848
Contract liabilities	3,359	3,298

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer. The contract liabilities primarily relate to the advance consideration received from customers for which revenue is recognised over time as the related performance obligations are fulfilled within 1 year.

#### c) Contract cost

During the year, the Group capitalized incremental commission fees paid to intermediaries as a result of obtaining contracts as contract costs amounting BD 1,850 (2020: BD 2,438). Such capitalized commission fees are amortised when the related revenues are recognized, which amortisation amounted to BD 1,511 in 2021 (2020: BD 1,593).

### 27. Network Operating Expenses

	2021	2020
Outpayments to telecommunications operators	46,831	56,663
Cost of sales of equipment and services	52,636	48,325
Maintenance and support /others	18,187	18,313
License fee	7,195	7,151
Operating lease rentals	5,357	4,594
	<b>130,206</b>	<b>135,046</b>

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### 28. Other Operating Expenses

	2021	2020
Marketing, advertising and publicity	14,487	12,534
IT operations and maintenance	12,740	10,166
Professional fees	6,159	5,701
Office rentals, office utilities and office expenses	5,682	5,459
Other expenses	8,677	8,175
	<b>47,745</b>	<b>42,035</b>

### 29. Other Income/(Expenses) (net)

	2021	2020
Other non-operating income	415	513
Foreign exchange gain	789	181
Gain on disposal of assets	40	25
Other non-operating expenses	(305)	(2,839)
Rental income	307	212
	<b>1,246</b>	<b>(1,908)</b>

### 30. Earnings Per Share ("EPS")

	2021	2020
Profit for the year attributable to equity holders of the Company	65,891	56,738
Weighted average number of shares outstanding during the year (in million)	1,654	1,657
Basic earnings per share (Fils)	39.8	34.2

Diluted earnings per share have not been presented separately as the Group has no commitments that would dilute earnings per share.

### 31. Dividends

The dividends paid in 2021 were BD 49.7 million (BD 30 Fils per share) and in 2020 were BD 51.4 million (BD 31 Fils per share). The dividends paid in 2021 include BD 27.3 million relating to the final dividend for the year ended 31 December 2020 and interim dividend (subject to AGM ratification) of BD 22.4 million for the year 2021. The total dividend in respect of the year ended 31 December 2021 of 30 Fils per share, amounting to BD 49.8 million (including final dividend of BD 27.4 million) is being proposed by the Board of Directors and is to be put forward for approval at the Annual General Meeting on 30 March 2022. These consolidated financial statements do not reflect the final dividend payable.

## Notes to the Consolidated Financial Statements (Continued)

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### 32. Financial Instruments

#### a) Accounting Classifications and Fair Values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31 December 2021	At amortised cost	At FVOCI	At FVTPL	Total carrying amount
<b>Financial assets</b>				
Investments at fair value	-	21,431	11	21,442
Trade receivables and contract assets - net	83,801	-	-	83,801
Other receivables	43,900	-	-	43,900
Cash and bank balances	220,744	-	-	220,744
	<b>348,445</b>	<b>21,431</b>	<b>11</b>	<b>369,887</b>

#### Financial liabilities

Trade payables	75,379	-	-	75,379
Accrued expenses, contract liabilities and other payables	93,095	-	-	93,095
Amounts due to telecommunications operators	9,880	-	-	9,880
Lease liabilities	53,573	-	-	53,573
Loans and borrowings	226,873	-	-	226,873
	<b>458,800</b>	<b>-</b>	<b>-</b>	<b>458,800</b>

31 December 2020	At amortised cost	FVOCI	FVTPL	Total carrying amount
<b>Financial assets</b>				
Investments at fair value	-	13,560	11	13,571
Trade receivables and contract assets - net	91,828	-	-	91,828
Other receivables	44,002	-	-	44,002
Cash and bank balances	195,299	-	-	195,299
	331,129	13,560	11	344,700
<b>Financial liabilities</b>				
Trade payables	68,869	-	-	68,869
Accrued expenses, contract liabilities and other payables	84,692	-	-	84,692
Amounts due to telecommunications operators	10,995	-	-	10,995
Lease liabilities	51,037	-	-	51,037
Loans and borrowings	223,629	-	-	223,629
	439,222	-	-	439,222

## Notes to the Consolidated Financial Statements (Continued)

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### 32. Financial Instruments (Continued)

#### b) Fair Value Hierarchy

The Group's financial assets and financial liabilities are measured at amortised cost except for certain investments which are carried at fair value.

The table below analyses financial instruments, by the level in the fair value hierarchy into which the fair value measurement is categorised:

	Fair value			Total fair value	Total carrying amount
	Level 1	Level 2	Level 3		
<b>31 December 2021</b>					
<b>Financial assets at fair value through Profit and Loss (FVTPL)</b>					
Investments - equity securities	-	-	11	11	11
<b>Financial assets at fair value through OCI</b>					
Investments - debt and equity securities	17,160	149	4,122	21,431	21,431

	Fair value			Total fair value	Total carrying amount
	Level 1	Level 2	Level 3		
<b>31 December 2020</b>					
<b>Financial assets at fair value through Profit and Loss (FVTPL)</b>					
Investments - equity securities	-	-	11	11	11
<b>Financial assets at fair value through OCI</b>					
Investments - debt and equity securities	-	7,697	5,863	13,560	13,560

There was a transfer from level 3 to level 1 during the year for Group's investment in an equity securities. The debt securities have been fair valued using its quoted prices. Other loans and borrowings are repriced at frequent intervals and hence the carrying value is a reasonable approximation of its fair value. The Group has not disclosed the fair value for financial instruments such as short-term trade and other receivables, trade and other payables and cash and bank balances, because their carrying amounts are a reasonable approximation of fair values.

The following table shows a reconciliation from the opening balances to closing balances for Level 3 fair values for debt and equity securities:

	<b>2021</b>	2020
Balance at 1 January	5,874	1,552
Additions to equity securities	858	4,322
Transfer of equity securities (Atheeb) to level 1	(3,811)	-
Increase in fair value of equity securities	1,212	-
<b>Balance at 31 December</b>	<b>4,133</b>	5,874

## Notes to the Consolidated Financial Statements (Continued)

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### 33. Financial instruments - Financial Risk Management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Capital management

#### a) Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board of Directors of the Group, through its various committees, oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

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 the 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 has established an Audit Committee which is assisted by Group's Internal Audit Department. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The Group has also established a centralised Group treasury function which works under the overall supervision of the Board of Directors of the Group and provides support to the Group for funding, foreign exchange, interest rate management and counterparty risk management. Treasury operations are conducted within a framework of policies and guidelines authorised and reviewed by the Group's Board of Directors. The Group's accounting function provides regular reports of the treasury activity to the Board of Directors. The Group's internal auditors review the internal control environment regularly. There has been no significant change during the financial year, or since the end of the year, to the types of financial risks faced by the Group or the Group's approach to the management of those risks.

#### b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally and materially from the Group's trade receivables, contract assets, other receivables, long term financing to associates, debt investment securities and cash at bank.

##### (i) Trade receivables and contract assets

The Group's trade receivables are monitored based on its customer segmentation and geographical areas. The Group has an established credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. Credit limits are established for each customer, which represents the maximum open amount without requiring approval. Strict credit control is maintained for both credit period and credit limits, both of which are monitored continuously by management. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

Concentrations of credit risk with respect to trade receivables are limited due to the Group's customer base being large and unrelated. The majority of the Group's net trade receivables are due for payment within 90 days and largely comprise amounts receivable from consumers and business customers. The Group obtains deposits for providing services to some customers.

The Group establishes an allowance for impairment that represents its estimate of life time expected losses in respect of trade receivables and contract assets. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets aggregated based on customer segment and days past due. For receivables from telecom operators and government accounts in the customer segment, the net position after considering payables is assessed based on a variety of data that are determined to be predictive of the risk of loss (including external credit ratings, financial statements and available external information) and applying experienced credit judgement. For receivables and contract assets from customers, accounts are segmented by type of exposure such as consumer, enterprise, and others accounts and collective life-time ECL allowance is determined based on historical flow rates, data on payment statistics, actual credit loss experience and management estimates of recoveries based on current status of negotiations and settlement with the customers. The historic loss experience is adjusted to reflect differences between economic conditions during the period over which historic data has been collected, current conditions and the Group's view of economic conditions over the remaining life-time of the receivables. Management believes there is no further credit risk provision required in excess of the normal impairment on receivables and contract assets (refer to note 18).

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2021

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### 33. Financial instruments - Financial Risk Management (Continued)

#### (ii) Other receivables

Other receivables primarily include receivables on sale of certain investments and financial assets representing contractual rights and claims by the Group. The Group evaluates the recoverable amount of each receivable and recognizes a provision where the expected present value of the cash flow from the financial asset is below the carrying value of the financial asset and has been fully impaired.

#### (iii) Debt investments and bank balances

The Group manages credit risk on its debt investments and bank balances by ensuring that these are made only after credit evaluation of the issuer. Term deposits are placed with commercial banks after credit evaluation of those banks and considering their external credit ratings. The Group limits its exposure to credit risk by investing in liquid securities, which offers low risk returns.

The calculated expected credit loss of bank balances and sovereign debt issuances is not material for recognition purposes.

#### (iv) Exposure to credit risk and credit quality

The carrying amount of financial assets (excluding equity investments) represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2021	2020
Trade receivables - customer accounts	37,825	44,418
Contract assets - customer accounts	27,690	29,848
Total trade receivables and contract assets - customer accounts	65,515	74,266
Trade receivables - telecom operators	18,286	17,562
Other receivables	43,900	44,002
Investments (debt securities)	7,180	7,697
Cash at bank	220,744	195,220
	<b>355,625</b>	338,747

	2021		2020	
	Gross carrying amount	Specific Life-time ECL, credit impaired	Gross carrying amount	Specific Life-time ECL, credit impaired
<b>Trade receivables - telecom operators</b>				
Externally rated				
Low risk (BBB- to AAA)	6,920	(319)	7,701	(1,100)
Medium risk (B- to BB+)	13,652	(2,656)	10,520	(1,385)
Higher risk (below C)	250	(38)	304	(50)
Unrated	510	(33)	1,581	(9)
	<b>21,332</b>	<b>(3,046)</b>	20,106	(2,544)

Movement in impairment allowance in respect of trade receivables and contract assets during the year are as follows:

	2021			2020		
	Collective life-time ECL	Specific life-time ECL, credit impaired	Total	Collective life-time ECL	Specific life-time ECL, credit impaired	Total
At 1 January	2,560	22,672	25,232	1,929	19,290	21,219
Written off during the year	-	(624)	(624)	-	(304)	(304)
Impairment loss recognised during the year	419	3,029	3,448	630	3,672	4,302
Effect of movements in exchange rates	2	(11)	(9)	1	14	15
Balance at 31 December	<b>2,981</b>	<b>25,066</b>	<b>28,047</b>	2,560	22,672	25,232

Receivables from government, enterprise customers/telecom operators and other receivables beyond 365 days, 180 days and 90 days past due respectively are considered triggers for credit impairment and are specifically assessed for establishing ECL.

## Notes to the Consolidated Financial Statements (Continued)

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### 33. Financial instruments - Financial Risk Management (Continued)

#### (u) Customer accounts including contract assets

The maximum exposure to credit risk classified by operating segment sharing common economic characteristics with respect to credit risk is as follows:

	2021	2020
<b>Operating segment</b>		
Bahrain	40,384	45,466
Jordan	13,164	14,237
Maldives	9,783	12,245
Sure	2,123	2,267
Other countries	61	51
	<b>65,515</b>	74,266

The maximum exposure to credit risk classified by customer segments sharing common economic characteristics (except government accounts) with respect to credit risk is as follows:

	2021	2020
<b>Customer segment</b>		
Consumer	21,204	22,164
Enterprise	27,993	29,992
Government	9,195	14,517
Others	7,123	7,593
	<b>65,515</b>	74,266

	2021			2020		
	Gross exposure	Life-time ECL	Net amount	Gross exposure	Life-time ECL	Net amount
<b>Customer accounts</b>						
Current (0 - 30 days)	43,118	(1,031)	42,087	44,619	(802)	43,817
31 - 90 days	11,909	(868)	11,041	12,467	(653)	11,814
91 - 365 days	11,509	(3,555)	7,954	18,333	(5,318)	13,015
More than 1 year	23,980	(19,547)	4,433	21,535	(15,915)	5,620
<b>Balance as at 31 December</b>	<b>90,516</b>	<b>(25,001)</b>	<b>65,515</b>	<b>96,954</b>	<b>(22,688)</b>	<b>74,266</b>

Consumer and other receivables balances that are past due for more than 90 days are considered to be in default and credit impaired. Receivables from government and enterprise customers/telecom operators beyond 365 days and 180 days past due respectively are considered triggers for credit impairment and are specifically assessed for establishing ECL. The gross exposure for credit impaired amounts in the customer accounts as at 2021 is BD 28,752 (2020: 28,967) carrying a life-time ECL provision of BD 22,220 (2020: 20,134).

#### (vi) Amounts due from telecom operators including contract assets

The maximum exposure to credit risk (net of ECL provisions) for amounts due from telecommunications operators by type of customer is as follows:

	2021	2020
<b>Telecom operators</b>		
International operators	8,970	8,456
Local operators	9,316	9,106
	<b>18,286</b>	17,562

## Notes to the Consolidated Financial Statements (Continued)

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### 33. Financial instruments - Financial Risk Management (Continued)

#### c) Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. A major portion of the Group's funds are invested in cash and cash equivalents which are readily available to meet expected operational expenses, including the servicing of financial obligations.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements:

Non-derivative financial liabilities at 31 December 2021	Carrying amount	Contractual cash flows	Within one year	1-5 Years	More than five years
Trade payables	75,379	75,379	55,054	-	20,325
Accrued expenses, contract liabilities and other payables	93,095	93,095	89,603	-	3,492
Amount due to telecommunications operators	9,880	9,880	9,880	-	-
Lease liabilities	53,573	69,529	10,965	32,752	25,812
Loans and borrowings	226,873	229,110	3,772	55,688	169,650
	<b>458,800</b>	<b>476,993</b>	<b>169,274</b>	<b>88,440</b>	<b>219,279</b>

Non-derivative financial liabilities at 31 December 2020	Carrying amount	Contractual cash flows	Within one year	1-5 Years	More than two years
Trade payables	68,869	68,869	53,909	-	14,960
Accrued expenses, contract liabilities and other payables	84,692	84,692	84,692	-	-
Amount due to telecommunications operators	10,995	10,995	10,995	-	-
Lease liabilities	51,037	55,157	9,908	17,168	28,081
Loans and borrowings	223,629	265,168	31,958	233,210	-
	<b>439,222</b>	<b>484,881</b>	<b>191,462</b>	<b>250,378</b>	<b>43,041</b>

#### d) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. The Group incurs financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines set by the Group Treasury Function.

##### (i) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group entities are exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily the Bahraini Dinar, Jordanian Dinar, Maldivian Rufiyaa (which are pegged to the US Dollar), Kuwaiti Dinar and British Pounds. The Group's exposures to currency risk is limited as the majority of its investments, due to and from international operators are denominated in US Dollar or denominated in currencies which are pegged to US Dollar. The net exposure to other foreign currencies is not significant.

The Group seeks to manage currency risk by continually monitoring exchange rates and by maintaining an adequate level of foreign currencies to cover its expected commitment to international telecommunication operators. These amounts are placed significantly in short-term fixed deposit accounts. In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

## Notes to the Consolidated Financial Statements (Continued)

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### 33. Financial instruments - Financial Risk Management (Continued)

#### Interest Rate Benchmark Reform:

Interbank offered rates ("IBORs"), such as the London Interbank Offered Rate ("LIBOR"), plays a critical role in global financial markets, serving as reference rates for derivatives, loans and securities, and as parameters in the valuation of financial instruments. Uncertainty surrounding the integrity of IBOR rates has in recent years, led regulators, central banks and market participants to work towards a transition to alternative risk-free benchmark reference rates ("RFRs") and market-led working groups in respective jurisdictions have recommended alternative risk-free reference rates, which are gradually being adopted. Progress in the transition to these new benchmarks has resulted in significant uncertainty in the future of IBOR benchmarks beyond 1 January 2022.

The majority of LIBOR and other Interbank Offer Rates ("IBORs") are expected to be discontinued after 31 December 2021 and replaced with certain Alternative Reference Rates ("ARRs"), with the exception of certain USD LIBOR rates were cessation may be delayed until 30 June 2023. The transition away from the IBORs covers most of the business units and support functions of the Group.

The Group's investment in its subsidiaries is not hedged as those currency positions are considered to be long-term in nature. In respect of other monetary assets and liabilities denominated in foreign currencies, considering the nature of its financial instruments, the Group currently is not engaged in hedging of foreign currency risk. Please refer to note 21 for details of Group's outstanding loan contracts linked to benchmark rated and related outstanding amounts.

##### (ii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Under the Group's interest rate management policy, interest rates on monetary assets and liabilities denominated in Bahraini Dinars, Jordanian Dinars are maintained on a floating rate basis. The average interest rate yield from bank deposits and debt securities during 2021 was 2.33% (2020: 3.19%).

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was:

	2021	2020
<b>Fixed rate instruments</b>		
Financial assets	7,056	7,522
Financial liabilities	-	-
<b>Variable rate instruments</b>		
Financial assets	110,462	132,069
Financial liabilities	226,873	223,629

##### Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through the profit or loss. Therefore, a change in interest rates at the reporting date would not affect the profit or loss. Increase or decrease in equity resulting from variation in interest rates will be insignificant.

##### Cash flow sensitivity analysis for variable rate instrument

A change of 100 basis points in interest rates at the reporting date would have increased/ (decreased) equity and profit or loss by BD 1,622 (2020: BD 1,687). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

##### (iii) Other price risk

The primary goal of the Group's investment strategy is to ensure risk free returns and invest surplus fund available with the Group in risk free securities. Market price risk arises from investments held by the Group. The Group Treasury Function monitors its investment portfolio based on market expectations and credit worthiness of the underlying investees. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Group's Board of Directors.

## Notes to the Consolidated Financial Statements (Continued)

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### 33. Financial instruments - Financial Risk Management (Continued)

#### e) Capital Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the Group. The Board seeks to maintain a balance between the higher returns and growth that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Board of Directors monitors the returns on capital, which the Group defines as total equity and the level of dividends to shareholders. The Group's objectives for managing capital are:

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

The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. 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. There were no significant changes in the Group's approach to capital management during the year.

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing borrowings that define capital structure requirements. There have been no breaches in the financial covenants of any interest-bearing borrowings in the current period.

### 34. Commitments and Contingencies

#### a) Capital commitments

The Group has capital commitments at 31 December 2021 amounting to BD 25.9 million (2020: BD 53.7 million).

#### b) Guarantees

- As at 31 December 2021, the Group's banks have issued guarantees, amounting to BD 8.9 million (2020: BD 12.5 million) and letters of credit amounting to BD 8.7 million (2020: 5.3 million).
- The Company has furnished a comfort letter for BD 1.9 million (2020: BD 1.9 million) to Telecommunications Regulatory Commission, Jordan for providing a financial guarantee for the subsidiary companies operating in Jordan.

#### c) Staff housing loans

The Company offers loan assistance to its Bahraini employees for the acquisition of residential properties. The loans are funded through a local commercial bank and secured by a guarantee issued by the Company. The policy of providing staff housing loan guarantees was discontinued in 2007. The Company bears 75% (2020: 75 %) of the loan interest. At 31 December 2021, the Company has an outstanding guarantee of BD 0.3 million (2020: BD 0.3 million) towards housing loans to staff.

#### d) Other contingencies

In the normal course of business, legal cases are filed by staff and counterparties against the Group and also by the Group against their suppliers/ vendors. The Group's legal department engages with in-house legal counsel and external legal counsel depending on the nature of the cases. A periodic assessment is carried out to determine the likely outcome of these legal cases and is reported to the senior management and the Board of Directors. In addition to this, due to the complexity of operations, the Group also received notification for penalty, deemed breach of relevant telecommunication regulations and other relevant legislations in the given jurisdiction where the Group operates.

As of the year end, the Group is defending these legal cases including penalties. Based on the advice of the Group's legal counsel including external legal counsel, as applicable, sufficient appropriate provisions have been recorded. No further detailed disclosures regarding contingent liabilities arising from any such claims are being made by the Group as the Directors believe that such disclosures may be prejudicial to the Group's legal position.

## Notes to the Consolidated Financial Statements (Continued)

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### 35. Non-Controlling Interest (NCI)

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests before any intra-group eliminations:

Entity	2021	2020
<b>NCI Share</b>	<b>Dhiraagu</b>	Dhiraagu
	<b>48%</b>	48 %
Non-current assets (excluding goodwill)	75,652	77,336
Current assets	59,172	42,410
Non-current liabilities	(14,580)	(11,920)
Current liabilities	(38,882)	(30,665)
<b>Net assets</b>	<b>81,362</b>	<b>77,161</b>
Carrying amount of NCI	39,054	37,037
Revenue	61,787	60,711
<b>Profit &amp; total comprehensive income</b>	<b>17,636</b>	<b>14,815</b>
Profit allocated to NCI	8,465	7,111
Cash flows from operating activities	33,981	28,805
Cash used in investing activities	(8,974)	(5,861)
Cash used in financing activities, before dividends to NCI	1,117	(4,305)
Cash used in financing activities - cash dividends to NCI	(7,023)	(6,664)
<b>Net increase in cash and cash equivalents</b>	<b>19,101</b>	<b>11,975</b>

### 36. Transactions with Related Parties

- The Company qualifies as a government related entity under the definitions provided in the IAS 24. The Company provides telecommunication services to various Government and semi government organisation and companies in the Kingdom of Bahrain. The Company also avails various services from Government and semi government organisation and companies in the Kingdom of Bahrain. Such transactions are in the normal course of business and are not considered to be individually significant in terms of size.
- Transactions with key management personnel: Key management personnel of the Group comprise of the Board of Directors and key members of management having authority and responsibility for planning, directing, and controlling the activities of the Group.

The key management personnel compensation is as follows:

	2021	2020
Short-term employee benefits	1,424	1,568
Post-employment benefits	8	18
<b>Total key management personnel compensation</b>	<b>1,432</b>	<b>1,586</b>

	2021	2020
Post-employment benefits outstanding	147	167
Directors remuneration (including sitting fees)	573	542

Transactions with related parties where independent directors have an interest have been disclosed in Corporate governance report.

- Directors' interests in the shares of the Company at the end of the year were as follows:

	2021	2020
Total number of shares held by Directors	5,240	3,710
As a percentage of the total number of shares issued	0.00%	0.00%

## Notes to the Consolidated Financial Statements (Continued)

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### 36. Transactions with Related Parties (Continued)

(iv) Executive management interests in the shares of the Company at the end of the year were as follows:

	2021	2020
Total number of shares held by executive management	84,387	-
As a percentage of the total number of shares issued	0.01%	-

### 37. Comparatives

The comparative figures have been regrouped, where necessary, in order to conform to the current year's presentation. Such regrouping did not affect the previously reported profit, comprehensive income for the year or total equity.

### 38. Significant Event - COVID-19

During 2020, an outbreak of the novel Coronavirus (COVID-19) rapidly evolved across the world. As a result, governments, and authorities, including the Government of the Kingdom of Bahrain, have implemented several measures to contain the spread of the virus such as suspension of flights from/to various countries, other travel restrictions and quarantine and have also announced various support measures to counter adverse economic implications. These measures and policies have caused significant disruption in the operation of many companies around the globe. COVID-19 has also brought about significant uncertainties in the global economic environment. The Group operates in a sector which has not been heavily affected by the virus.

The Board of Directors has considered the potential impacts of the current economic downturn and uncertainty involved in the determination of the reported amounts of the Group's financial and non-financial assets and liabilities in these financial statements, and they are considered to represent management's best assessment based on available and observable information. Based on this assessment, no material impact on the Group's financial statements has been noted to date.

## Notes to the Consolidated Financial Statements (Continued)

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### 39. Segment Information

Operating segments

The Group's operations are segregated between Bahrain, Jordan, Maldives, Sure Group and Others. Others include Yemen and other group operations. Segment information disclosed for the year ended is as follows:

Segment revenue & profit	Year ended 31 December 2021							Year ended 31 December 2020						
	Bahrain	Jordan	Maldives	Sure Group	Others	Inter-segment elimination	Total	Bahrain	Jordan	Maldives	Sure Group	Others	Inter-segment elimination	Total
Revenue (external customers)	188,611	90,680	61,787	58,566	-	-	399,644	181,412	90,316	60,711	54,864	-	-	387,303
Inter segment revenues	89	428	-	-	-	(517)	-	89	421	-	-	-	(510)	-
Depreciation, amortisation and tangible assets impairment	(33,437)	(23,624)	(11,273)	(11,213)	-	-	(79,547)	(24,526)	(23,794)	(13,091)	(12,161)	-	-	(73,572)
Finance income	3,372	316	358	16	485	(485)	4,062	5,616	20	213	53	1	(516)	5,387
Finance expenses	(344)	(6,906)	(912)	(255)	(3,718)	509	(11,626)	(7,015)	(7,178)	(1,005)	(302)	-	532	(14,968)
Other (expense)/ income (net)	(68)	287	82	126	778	41	1,246	(560)	450	25	(4)	(4)	(1,815)	(1,908)
Share of loss from equity accounted investees (net)	-	115	-	-	(688)	-	(573)	-	(661)	-	-	(168)	-	(829)
Income tax expense	-	(1,901)	(4,291)	(1,558)	-	-	(7,750)	-	(1,387)	(2,723)	(839)	-	-	(4,949)
<b>Profit for the year</b>	<b>43,238</b>	<b>4,932</b>	<b>17,636</b>	<b>8,729</b>	<b>(23)</b>	<b>-</b>	<b>74,512</b>	41,552	1,750	14,815	5,773	(17)	(28)	63,845

Segment assets & liabilities	As at 31 December 2021							As at 31 December 2020						
	Bahrain	Jordan	Maldives	Sure Group	Others	Inter-segment elimination	Total	Bahrain	Jordan	Maldives	Sure Group	Others	Inter-segment elimination	Total
Non-current assets	213,879	277,415	97,523	76,057	7,478	(10,799)	661,553	196,439	266,305	99,207	90,803	9,915	(18,451)	644,218
Current assets	239,651	48,042	59,172	35,058	183	(13,074)	369,032	250,943	35,980	42,410	29,183	174	(10,752)	347,938
<b>Total assets</b>	<b>453,530</b>	<b>325,457</b>	<b>156,695</b>	<b>111,115</b>	<b>7,661</b>	<b>(23,873)</b>	<b>1,030,585</b>	447,382	302,285	141,617	119,986	10,089	(29,203)	992,156
Current liabilities	94,794	67,670	38,882	15,317	104	(19,984)	196,783	96,248	80,174	30,665	14,178	75	(15,136)	206,204
Non-current liabilities	173,908	117,317	14,580	13,719	-	(16,405)	303,119	178,677	87,183	11,920	16,455	-	(20,365)	273,870
<b>Total liabilities</b>	<b>268,702</b>	<b>184,987</b>	<b>53,462</b>	<b>29,036</b>	<b>104</b>	<b>(36,389)</b>	<b>499,902</b>	274,925	167,357	42,585	30,633	75	(35,501)	480,074
<b>Net assets</b>	<b>184,828</b>	<b>140,470</b>	<b>103,233</b>	<b>82,079</b>	<b>7,557</b>	<b>12,516</b>	<b>530,683</b>	172,457	134,928	99,032	89,353	10,014	6,298	512,082

### 40. List of properties owned and rented by the Company in Bahrain

Description	Usage	Owned/Rented
Hamala Headquarter	Offices	Owned
Diplomat Building	Offices & Telecoms	Owned
Salmaniya complex	Offices & Telecoms	Owned
Batelco Commercial Centre	Offices & Exchanges	Owned
Earth Station	Satellite Station	Owned
Abul Land Car Park	Car Park	Owned
Sales Site (in BCC)	Customer Service Centre & Offices	Owned
15 Sales Site	Customer Service Centre	Rented
56 different sites used for GSM base stations and exchanges	GSM & fixed telephone network	Owned
396 different sites used for locating Remote Line Units (RLUs) Plus MNE Sites.	GSM & fixed telephone network	Rented

## Supplementary Information – Not audited

### Supplementary Disclosures Related to the Impact of COVID-19 (not audited)

On 11 March 2020, the Coronavirus (COVID-19) outbreak was declared a pandemic by the World Health Organization (WHO) and has rapidly evolved globally. This has resulted in a global economic slowdown with uncertainties in the economic environment. This includes disruption to capital markets, deteriorating credit markets and liquidity concerns. Authorities have taken various measures to contain the spread including implementation of travel restrictions and quarantine measures. The Group is actively monitoring the COVID-19 situation, and in response to this outbreak, has activated its business continuity plan and various other risk management practices to manage the potential business disruption on its operations and financial performance. Based on above, the management is of the view that the Company will continue as a going concern entity for the next 12 months from the date of these condensed interim financial statements.

The pandemic has had limited adverse material financial impact to the Group in comparison to prior year. However, key impact was noted for roaming revenues, which declined by BD 10.2M during the year 2021 compared to 2019 (pre-covid levels).

The above supplementary information is provided to comply with the CBB circular number OG/259/2020 (Reporting of Financial Impact of COVID-19), dated 14 July 2020. This information should not be considered as an indication of the results of the entire year or relied upon for any other purposes. Since the situation of COVID-19 is uncertain and is still evolving, the above impact is as of the date of preparation of this information. Circumstances may change which may result in this information to be out-of-date. In addition, this information does not represent a full comprehensive assessment of COVID-19 impact on the Group. This information has not been subject to a formal review by external auditors.