



**VODAFONE QATAR P.Q.S.C.**

**CONSOLIDATED FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REPORT**

**AS AT AND FOR THE YEAR ENDED  
31 DECEMBER 2022**

VODAFONE QATAR P.Q.S.C.



**CONSOLIDATED FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

---

**CONTENTS**

**Pages**

Independent auditor's report

**Consolidated financial statements:**

Consolidated statement of income	1
Consolidated statement of comprehensive income	2
Consolidated statement of financial position	3
Consolidated statement of changes in equity	4
Consolidated statement of cash flows	5
Notes to the consolidated financial statements	6-40



KPMG  
Zone 25 C Ring Road  
Street 230, Building 246  
PO Box 4473, Doha  
State of Qatar  
Telephone: +974 4457 6444  
Fax: +974 4436 7411  
Website: home.kpmg/qa

# Independent auditors' report

## To the Shareholders of Vodafone Qatar P.Q.S.C

### Opinion

We have audited the consolidated financial statements of Vodafone Qatar P.Q.S.C (the 'Company') and its subsidiaries (together the 'Group'), which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statements of income, 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 2022, 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 Group's consolidated financial statements in the State of Qatar, 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 judgement, 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.



# Independent auditors' report (continued)

## Vodafone Qatar P.Q.S.C

### Key Audit Matters (continued)

#### Revenue recognition and related IT systems

See Notes 3, 5 and 28 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
<p>The Group reported revenue of QR. 3,065,861 thousands from telecommunication and related activities.</p> <p>We focused on this area due to:</p> <p>the complexity of the Information Technology (IT) systems, volume of transactions, involvement of judgements in the application of the revenue recognition accounting standards; and inherent risk around accuracy and occurrence of revenue recorded.</p>	<p>Our audit approach included a combination of test of controls and substantive procedures, in particular, the following:</p> <ul style="list-style-type: none"><li>▪ Obtaining an understanding of the significant revenue processes including performance of an end to end walkthroughs and identifying the relevant controls including IT systems, interfaces, revenue assurance and reports;</li><li>▪ Testing the design, implementation and operating effectiveness of key internal controls over recording of revenue including involving our internal specialists to test key automated application and general IT controls;</li><li>▪ Performing substantive audit procedures on significant revenue streams including analytical procedures and/or test on the accuracy of invoices on a sample basis, as applicable;</li><li>▪ Reviewing key reconciliations performed by the management;</li><li>▪ Assessing the appropriateness of the accounting policies adopted in revenue recognition for existing and new revenue streams, (if any);</li><li>▪ Assessing the overall presentation, structure and content of revenue related disclosures to the consolidated financial statements to determine if they are in compliance with the IFRS.</li></ul>



# Independent auditors' report (continued)

## Vodafone Qatar P.Q.S.C

### Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in 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 report of the Board of Directors 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.



# Independent auditors' report (continued)

## Vodafone Qatar P.Q.S.C

### Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (continued)

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.

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.



# Independent auditors' report (continued)

## Vodafone Qatar P.Q.S.C

### Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (continued)

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.

### Report on Other Legal Requirements

As required by the Qatar Commercial Companies Law No. 11 of 2015, whose certain provisions were subsequently amended by Law No. 8 of 2021 ("amended QCCL"), we also report that:

1. We have obtained all the information and explanations we considered necessary for the purposes of our audit.
2. The Company has maintained proper accounting records and its consolidated financial statements are in agreement therewith.
3. We have read the report of the Board of Directors to be included in the Annual Report, and the financial information contained therein is in agreement with the books and records of the Company.
4. Furthermore, the physical count of the Company's inventories was carried out in accordance with established principles.
5. We are not aware of any violations of the applicable provisions of the amended QCCL or the terms of the Company's Articles of Association having occurred during the year which might have had a material effect on the Company's consolidated financial position or performance as at and for the year ended 31 December 2022.

24 January 2023  
Doha  
State of Qatar



Gopal Balasubramaniam  
KPMG

Qatar Auditors' Registry Number 251  
Licensed by QFMA: External  
Auditors' License No. 120153



CONSOLIDATED STATEMENT OF INCOME  
For the year ended 31 December 2022

	Notes	Year ended 31 December	
		2022	2021
		QR'000	QR'000
Revenues	5	3,065,861	2,525,918
Interconnection and other direct expenses	6	(1,024,660)	(855,860)
Network and other operational expenses	7	(495,474)	(367,826)
Employee salaries and benefits		(268,897)	(242,961)
Depreciation of property, plant and equipment	12	(339,782)	(336,775)
Amortisation of intangible assets	13	(191,459)	(190,281)
Depreciation of right-of-use assets	14	(103,740)	(100,690)
Expected credit losses	15	(43,245)	(28,745)
Loss on disposal of property, plant and equipment		-	(672)
Industry fee	8	(54,107)	(39,367)
<b>Operating profit</b>		<b>544,497</b>	<b>362,741</b>
Finance costs	22	(29,075)	(30,340)
Other financing costs	9	(19,270)	(6,331)
Other income	10	6,228	1,327
<b>Profit for the year</b>		<b>502,380</b>	<b>327,397</b>
<b>Basic and diluted earnings per share (in QR per share)</b>	11	<b>0.119</b>	<b>0.077</b>



This statement has been prepared by the Group and stamped by the Auditors for identification purposes only.

The accompanying notes 1 to 31 form an integral part of these consolidated financial statements.





CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
For the year ended 31 December 2022

	Year ended 31 December	
	2022	2021
	QR'000	QR'000
Profit for the year	502,380	327,397
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<b>502,380</b>	<b>327,397</b>



The accompanying notes 1 to 31 form an integral part of these consolidated financial statements.



CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
As at 31 December 2022

	Notes	31 December 2022 QR'000	31 December 2021 QR'000
<b>Non-current assets</b>			
Property, plant and equipment	12	1,884,890	1,637,538
Intangible assets	13	4,049,709	4,168,793
Right-of-use assets	14	429,538	291,185
Trade and other receivables	15	297,930	92,323
<b>Total non-current assets</b>		<b>6,662,067</b>	<b>6,189,839</b>
<b>Current assets</b>			
Inventories	16	38,222	34,728
Contract assets	17	34,898	33,234
Contract costs	18	17,271	8,949
Trade and other receivables	15	482,533	346,789
Cash and bank balances	19	186,770	189,508
<b>Total current assets</b>		<b>759,694</b>	<b>613,208</b>
<b>Total assets</b>		<b>7,421,761</b>	<b>6,803,047</b>
<b>Equity</b>			
Share capital	20	4,227,000	4,227,000
Legal reserve	21	126,369	96,913
Retained earnings		479,284	272,540
<b>Total equity</b>		<b>4,832,653</b>	<b>4,596,453</b>
<b>Non-current liabilities</b>			
Loans and borrowings	22	512,117	506,238
Provisions	23	102,065	83,078
Lease liabilities	14	315,181	197,059
<b>Total non-current liabilities</b>		<b>929,363</b>	<b>786,375</b>
<b>Current liabilities</b>			
Loans and borrowings	22	207,289	206,156
Lease liabilities	14	141,209	114,913
Trade and other payables	24	1,311,247	1,099,150
<b>Total current liabilities</b>		<b>1,659,745</b>	<b>1,420,219</b>
<b>Total liabilities</b>		<b>2,589,108</b>	<b>2,206,594</b>
<b>Total equity and liabilities</b>		<b>7,421,761</b>	<b>6,803,047</b>

These consolidated financial statements were approved by the Board of Directors on 24 January 2023 and were signed on its behalf by:

**Abdulla Bin Nasser Al Misnad**  
Chairman

**Rashid Fahad Al-Naimi**  
Managing Director

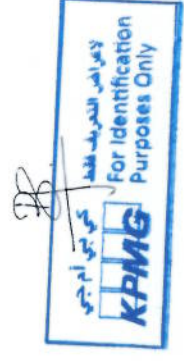
This statement has been prepared by the Group and stamped by the Auditors for identification purposes only.

The accompanying notes 1 to 31 form an integral part of these consolidated financial statements.



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
For the year ended 31 December 2022

	Share capital QR'000	Legal reserve QR'000	Distributable profits QR'000	Retained earnings		Total equity QR'000
				Accumulated losses QR'000	Total QR'000	
<b>Balance as at 1 January 2021</b>	4,227,000	76,334	437,392	(252,135)	185,257	4,488,591
Profit for the year	-	-	-	327,397	327,397	327,397
Total comprehensive income for the year	-	-	-	327,397	327,397	327,397
Transfer to distributable profits (note 21)	-	-	411,572	(411,572)	-	-
Transfer to legal reserve (note 21)	-	20,579	(20,579)	-	(20,579)	-
Dividend for the year ended 31 December 2020	-	-	(211,350)	-	(211,350)	(211,350)
Transfer to social and sports fund (note 21.1)	-	-	(8,185)	-	(8,185)	(8,185)
<b>Balance as at 31 December 2021</b>	4,227,000	96,913	608,850	(336,310)	272,540	4,596,453
<b>Balance as at 1 January 2022</b>	4,227,000	96,913	608,850	(336,310)	272,540	4,596,453
Profit for the year	-	-	-	502,380	502,380	502,380
Total comprehensive income for the year	-	-	-	502,380	502,380	502,380
Transfer to distributable profits (note 21)	-	-	589,137	(589,137)	-	-
Transfer to legal reserve (note 21)	-	29,456	(29,456)	-	(29,456)	-
Dividend for the year ended 31 December 2021 (note 30)	-	-	(253,620)	-	(253,620)	(253,620)
Transfer to social and sports fund (note 21.1)	-	-	(12,560)	-	(12,560)	(12,560)
<b>Balance as at 31 December 2022</b>	4,227,000	126,369	902,351	(423,067)	479,284	4,832,653





	Notes	Year ended 31 December	
		2022	2021
		QR'000	QR'000
<b>Cash flows from operating activities</b>			
Net profit for the year		502,380	327,397
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment	12	339,782	336,775
Amortisation of intangible assets	13	191,459	190,281
Depreciation of right-of-use assets	14	103,740	100,690
Expected credit losses	15	43,245	28,745
Other income		(6,228)	(1,327)
Other financing costs		19,270	6,331
Finance costs		29,075	30,340
Loss on disposal of property, plant and equipment		-	672
<i>Change in operating assets and liabilities</i>			
Increase in inventories		(3,494)	(12,880)
Increase in trade and other receivables		(358,599)	(170,009)
Increase in contract assets		(1,664)	(11,231)
Increase in contract costs		(8,322)	(5,926)
Increase in trade and other payables		219,368	66,044
Increase in provisions		16,421	10,986
<b>Cash generated from operations</b>		<b>1,086,433</b>	<b>896,888</b>
Finance costs paid		(27,063)	(30,762)
Other income received		554	193
<b>Net cash flows from operating activities</b>		<b>1,059,924</b>	<b>866,319</b>
<b>Cash flows used in investing activities</b>			
Purchase of property, plant and equipment	12	(587,134)	(340,896)
Purchase of intangible assets	19.2	(104,380)	(90,940)
Advances for long term lease		(19,769)	-
Proceeds from disposal of property, plant and equipment		-	171
<b>Net cash flows used in investing activities</b>		<b>(711,283)</b>	<b>(431,665)</b>
<b>Cash flows used in financing activities</b>			
Proceeds from loans and borrowings	22	310,000	380,000
Repayment of loans and borrowings	22	(305,000)	(487,500)
Dividend paid	24.2	(250,493)	(215,793)
Payment of lease liabilities	14	(105,886)	(96,707)
Movement in restricted bank accounts	19.1	(3,127)	4,443
<b>Net cash flows used in financing activities</b>		<b>(354,506)</b>	<b>(415,557)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(5,865)</b>	<b>19,097</b>
Cash and cash equivalents at the beginning of the year		170,543	151,446
<b>Cash and cash equivalents at the end of the year</b>	19	<b>164,678</b>	<b>170,543</b>

The accompanying notes 1 to 31 form an integral part of these consolidated financial statements.



## 1 INCORPORATION AND PRINCIPAL ACTIVITIES

Vodafone Qatar P.Q.S.C. (the “Company”) is registered as a Qatari Shareholding Company for a twenty-five-year period (which may be extended by a resolution passed at a General Assembly) under Qatar Commercial Companies Law. The Company was registered with the Commercial Register of the Ministry of Economy and Commerce on 23 June 2008 under Commercial Registration No: 39656. The shares of the Company are listed on the Qatar Stock Exchange.

The Company is licensed by the Communications Regulatory Authority (CRA) (formerly known as Supreme Council of Information and Communication Technology (ictQATAR)) to provide both fixed and mobile telecommunications services in the State of Qatar. The conduct and activities of the Company are primarily regulated by the CRA pursuant to Law No. 34 of 2006 (Telecommunications Law), the terms of its mobile and fixed licences and applicable regulations.

The Company is engaged in providing cellular mobile telecommunication services, fixed line and broadband services and selling related equipment and accessories. The Company is controlled by Qatar Foundation Endowment LLC. The Company’s head office is located in Doha, State of Qatar and its registered address is P.O. Box 27727, Msheireb Downtown, Doha, State of Qatar.

The Company has a cooperation agreement with Vodafone Sales & Services Limited, a company registered in United Kingdom. In accordance with the agreement, the Company has rights to receive the benefit of Vodafone Group’s brand, products, services, expertise and technical knowledge.

As at the current and comparative reporting date, the Company has the following subsidiaries, which together with the Company constitutes the “Group”:

Subsidiary companies	Location	Nature of business	Holding
Infinity Solutions LLC	Qatar	Operational and administrative services	100%
Infinity Payment Solutions W.L.L	Qatar	Electronic payment services	100%

During the year, the subsidiary, Infinity payment solutions W.L.L, was granted a license by Qatar Central Bank (QCB) to provide electronic payment services to its customers in Qatar. The subsidiary started its commercial operations, effectively from 29 August 2022.

## 2 BASIS OF PREPARATION

### Statement of compliance

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

### Accounting convention

These consolidated financial statements are prepared on a historical cost basis.

### Functional and presentation currency

These consolidated financial statements are presented in Qatari Riyals, which is the Group’s functional and presentation currency. All the financial information presented in these consolidated financial statements has been rounded off to the nearest thousand (QR’000) except where otherwise indicated.

### Use of estimates and judgments

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenue and expenses during the reporting year. For a discussion on the Group’s critical accounting estimates see “Critical accounting judgments and key sources of estimation uncertainty” under note 28. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.



### 3 SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies are consistently applied to all periods presented in these consolidated financial statements, and have been applied consistently by the Group:

#### **Basis of consolidation**

These consolidated financial statements include the financial statements of the Company and its Subsidiaries.

#### **Subsidiaries**

Subsidiaries are all entities over which the Company has control. The Company controls an entity when the Company 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 to direct the activities of the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which the control commences until the date on which the control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated upon consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of the subsidiaries are consistent with the policies adopted by the Group.

If the subsidiary is not fully owned, non-controlling interests in the results and equity of the subsidiary are shown separately in the consolidated statement of income, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

#### **Changes in ownership interest**

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognized in statement of income. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset.

#### **Revenue recognition**

The Group recognises revenue from providing the following telecommunication services: access charges, airtime, data usage, messaging, interconnect fees, data broadband, IPTV service, installation and configuration, information provision, connection fees and equipment sales and management .

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

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

- a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- c) the Group's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

#### *Stand-alone selling prices*

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

**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Revenue recognition (Continued)***Significant financing component*

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

*Revenue from mobile services*

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

*Sale of equipment, related services and accessories*

The Group sells equipment/accessories both to the wholesale market and directly to customers through its own retail outlets. Sales-related warranties associated with goods cannot be purchased separately and they serve as an assurance that the products sold comply with agreed-upon specifications. Accordingly, the Group accounts for warranties in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

For sale of equipment to the wholesale market, revenue is recognised when control of the goods has transferred, being when the goods have been delivered to the wholesaler's specific location (delivery). Following delivery, the wholesaler has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when selling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the Group when the goods are delivered to the wholesaler as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

For sales of equipment to retail customers, revenue is recognised when control of the goods has transferred, being at the point the customer purchases the goods at the retail outlet. Payment of the transaction price is due immediately at the point the customer purchases the equipment.

Sale of equipment involving provision of the related installation, configuration, and maintenance where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration is recognized by reference to the stages of completion.

Under the Group's standard contract terms, customers have a right of return within 7 days. The Group uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method. It is considered highly probable that a significant reversal in the cumulative revenue recognised will not occur given the consistent level of immaterial returns over previous years.

*Fixed line services*

The Group offers fixed services which normally include installation and configuration services, internet connectivity, television, and telephony services. Fixed service revenue is recognized over the contract period.



### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Interconnection and other direct expenses**

Interconnection and other expenses include interconnection charges, commissions and dealer charges, regulatory costs, cost of equipment sold, and other direct and access costs.

#### *Interconnection and roaming costs*

Costs of network interconnection and roaming with other domestic and international telecommunications operators are recognised in the consolidated statement of income on an accrual basis based on the actual recorded traffic usage.

#### *Commissions and dealer costs*

Intermediaries are given cash incentives by the Group to connect new customers, upgrade existing customers, bill payments and distribution of recharge cards. These cash incentives are recognised in consolidated statement of income on an accrual basis, except for commission related to the acquisition of new customers is capitalised and amortised over the minimum contract period.

#### *Regulatory costs*

The annual license fee, spectrum charges and numbering charges are accrued as other operational expenses based on the terms of the License Fee Agreement and relevant applicable regulatory framework issued by the CRA.

#### **Leases – as a lessee**

The Group leases various exchange and network assets, buildings, offices and duct access. Rental contracts are typically made for fixed periods of 5-10 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants and leased assets are not used as security for borrowing purposes.

The Group assesses whether contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for certain short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

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

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of lease if the Group is reasonably certain for early termination early.

The lease liability is presented as a separate line item in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using effective interest method) and by reducing the carrying amount to reflect the lease payments made.



**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Leases – as a lessee (Continued)**

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

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, or renewal /termination option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use of asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use of assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss as described in the 'Impairment of non-financial assets' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The expenses are recognised in the period in which the event or condition triggers that those payments occurs and are included in the consolidated statement of income.

As a practical expedient, IFRS16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has used this practical expedient.

**Foreign currencies**

Transactions in foreign currencies are initially recorded by the Group at the currency rate prevailing at the date of the transaction. Any differences on settlement of the transaction are immediately recognised in the consolidated statement of income. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the end of the reporting period. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at reporting period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of income.

**Borrowing costs**

The borrowing costs incurred on funding construction of qualifying assets are capitalised as being part of cost of construction. All other borrowing costs are recognised on an accrual basis using the effective yield method in the consolidated statement of income during the year in which they arise.



### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Income tax**

As per Income Tax Law No. 24 of 2018, corporate income tax is levied on companies that are not wholly owned by Qataris, based on the net profit of the company. As per the provisions of the law, the Company is not subject to corporate income tax being listed entity on Qatar Stock Exchange.

#### **Property, plant and equipment**

##### *Recognition and measurement*

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses (if any). Assets in the course of construction are carried at cost, less any recognised impairment losses.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation. The costs of self-constructed assets include the cost of materials and direct labour, any other costs directly attributable for bringing the assets to a working condition for their intended use, capitalised borrowing costs and estimated discounted costs for dismantling and restoration of the sites, where the Group has an obligation to restore the sites.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in the consolidated statement of income.

##### *Depreciation*

Depreciation of these assets commences when the assets are ready for use as intended by the management. Depreciation is charged so as to write off the cost of assets less residual value, other than assets under construction, over their estimated useful lives using the straight-line method as follows:

Network and equipment	2 - 25 years
Furniture and fixtures	5 years
Vehicles	5 years

##### *Derecognition*

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the consolidated statement of income.

##### *Capital work in progress*

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

#### **Intangible assets**

Identifiable intangible assets are recognised when the Group controls the asset, it is probable that future economic benefits will flow to the Group and the cost of the asset can be reliably measured. Intangible assets include license fees, software and indefeasible rights of use ("IRU"). Intangible assets with finite useful lives are subsequently carried at cost less accumulated amortization and impairment loss, if any.

##### *License*

Licences are stated at cost less accumulated amortisation. The amortisation period is determined primarily by reference to the unexpired licence period, the conditions for the licence renewal and whether licences are dependent on specific technologies. Amortisation is charged to the consolidated statement of income on a straight-line basis over the estimated useful lives from the commencement of service of the network.



### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Intangible assets (Continued)

##### *Indefeasible rights of use ("IRU")*

IRUs correspond to the right to use a portion of the capacity of a terrestrial or submarine transmission cable granted for a fixed period. IRUs are recognised at cost as an intangible asset when the Group has the indefeasible right to use a specific asset, generally specific optical fibres or dedicated wavelengths on specific cables, and the duration of the right is for the major part of the underlying asset's economic life. IRU's are considered as intangible assets with finite lives based on the contractual period/term.

##### *Other finite lived intangible assets (including software)*

Intangible assets with finite lives are stated at acquisition or development cost, less accumulated amortisation. The amortisation period and method is reviewed at least annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in consolidated statement of income on a straight-line basis (2 to 5 years).

#### Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss. Recoverable amount is the higher of value in use and fair value less cost of disposal. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in the consolidated statement of income.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior periods. A reversal of an impairment loss is recognised immediately in the consolidated statement of income.

#### Inventories

Inventory is stated at the lower of cost and net realisable value. Cost is determined on the basis of weighted average cost and comprises direct materials cost and, where applicable, direct labour cost and those overheads that have been incurred in bringing the inventories to their present location and condition.

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

#### Provisions

##### *Employees' end of service benefits*

The Group provides end of service benefits to its employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period of one year, calculated under the provisions of Qatar Labour Law and is payable upon resignation or termination of the employee. The expected costs of these benefits are accrued over the period of employment.

Under Law No. 24 of 2002 on Retirement and Pension, the Group is required to make contributions to a Government fund scheme for Qatari employees calculated as a percentage of the Qatari employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.



### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Provisions (Continued)

##### *Asset retirement obligations*

In the course of the Group's activities, a number of sites and other assets are expected to be restored and costs are expected to be incurred in relation to the asset decommissioning after eight years (of initial recognition of asset). Provisions related to decommissioning of assets are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability, with the same corresponding amount added to the asset. The unwinding of the discount is recognised as finance cost

##### *Other Provisions*

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

#### Financial Instruments

##### Non-derivative financial instruments

Financial assets and financial liabilities are recognised on the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

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

##### Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

##### *Classification and subsequent measurement of financial assets*

###### (i) Debt instruments designated at amortised cost

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

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

###### (ii) Debt instrument designated at other comprehensive income

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

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



### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Financial assets (Continued)

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

For financial instruments other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

#### *Amortised cost and effective interest rate method*

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

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

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

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit impaired.

Financial assets recognised by the Group include:

#### *Trade receivables*

Trade receivables normally do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. Estimated irrecoverable amounts are based on the ageing of the receivable balances, historical experience or when the counterparty has been placed under liquidation or entered into bankruptcy proceedings.



### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Financial assets (Continued)

##### *Trade receivables (Continued)*

Individual trade receivables are provided as per Expected Credit Loss (“ECL”) policy and written off when management deems them not to be collectible based on above mentioned criteria.

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand, bank balances and short-term deposits (e.g. Mudaraba) that are readily convertible to a known amount of cash with the original maturity of three months or less and are subject to an insignificant risk of change in value.

##### *Derecognition of financial assets*

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

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

#### **Impairment of financial assets**

The Group recognises loss allowances for Expected Credit Loss (ECL) on financial assets measured at amortised cost.

The Group measures loss allowance either at an amount equal to:

- lifetime ECL, which are those ECL that result from all possible default events over the expected life of a financial instruments; or
- 12-month ECL, which includes the portion of ECL that results from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

For the financial assets, except for the cash at bank, the Group applied the simplified approach to measuring ECL which recognises the lifetime ECL of these assets that reflect an increased credit risk.

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group’s historical experience and informed credit assessment and including forward looking information.

Loss allowances on bank balances are always measured at an amount equal to 12-month ECL. The Group considers bank balances and term deposit receipts to have a low risk level when their credit risk rating is equivalent to the globally understood definition of “investment grade”.

##### *Measurement of ECL*

ECL 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). ECL are discounted at the effective interest rate of the financial asset.



### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Impairment of financial assets (Continued)

##### *Credit-impaired financial assets*

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due; or
- it is probable that the borrower will enter bankruptcy or other financial reorganization.

##### *Presentation of impairment*

Provision for impairment of trade receivables is deducted from gross carrying value of trade receivables and impairment losses relating to trade receivables are separately presented in the consolidated statement of income.

#### **Financial liabilities**

Financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings and lease liabilities.

##### *Financial liabilities measured subsequently at amortised cost*

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

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

##### *Foreign exchange gains and losses*

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. Foreign exchange gains and losses on financial liabilities that are not part of a designated hedging relationship are recognised in consolidated statement of income. For those which are designated as a hedging instrument for a hedge of foreign currency risk, foreign exchange gains and losses are recognised in other comprehensive income and accumulated in a separate component of equity.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in statement of income for financial liabilities that are not part of a designated hedging relationship.



### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Financial liabilities (Continued)

##### *Derecognition of financial liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the consolidated statement of income.

##### **Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

##### **Share capital**

Ordinary shares issued by the Company are classified as equity.

##### **Dividend on ordinary share capital**

Dividend distributions to the Group's shareholders are recognised as a liability in the consolidated financial statements in the period in which the dividend is approved by the shareholders. Dividend for the year that is approved after the consolidated statement of financial position date is dealt with as a non-adjusting event after the balance sheet date.

### 4 SEGMENT REPORTING

Operating segments are components that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision maker (CODM), and for which discrete financial information is available. The CODM is the person or group of persons who allocates resources and assesses the performance of the components. For the Group, the functions of the CODM are performed by the Board of Directors.

The Group only operates in the State of Qatar and is therefore viewed to operate in one geographical area. The operating segments that are regularly reported to the CODM are Consumer and Enterprise & others. This is the measure reported to the Group's CODM for the purpose of resource allocation and assessment of segment performance. Set out below is the information regarding Group's operating segments in accordance with IFRS 8 Operating Segments:





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the year ended 31 December 2022

4 SEGMENT REPORTING (CONTINUED)

	Year ended 31 December			
	2022		2021	
	Consumer	Enterprise & others QR'000	Consumer	Enterprise & others QR'000
<b>Segment revenue</b>				
Timing of revenue recognition:				
Over time	1,632,660	1,248,903	1,442,577	907,335
Point in time	-	184,298	-	176,006
	<b>1,632,660</b>	<b>1,433,201</b>	<b>1,442,577</b>	<b>1,083,341</b>
		<b>3,065,861</b>		<b>2,525,918</b>
<b>Unallocated costs</b>				
Interconnection and other direct expenses		(1,024,660)		(855,860)
Network and other operational expenses		(495,474)		(367,826)
Employee salaries and benefits		(268,897)		(242,961)
Expected credit losses		(43,245)		(28,745)
Depreciation and amortisation		(634,981)		(627,746)
Loss on disposal of property, plant and equipment		-		(672)
Industry fee		(54,107)		(39,367)
<b>Operating profit</b>		<b>544,497</b>		<b>362,741</b>
Finance costs		(29,075)		(30,340)
Other financing costs		(19,270)		(6,331)
Other income		6,228		1,327
<b>Profit for the year</b>		<b>502,380</b>		<b>327,397</b>

The Group's assets and liabilities have not been identified to any of the reportable segments as the majority of the operating fixed assets are fully integrated between segments. The Group believes that it is not practical to provide segment disclosure relating to total costs, assets and liabilities since a meaningful segregation of available data is not feasible.


**5 REVENUES**

	<b>Year ended 31 December</b>	
	<b>2022</b>	<b>2021</b>
	<b>QR'000</b>	<b>QR'000</b>
Revenue from post-paid mobile services	1,302,054	1,147,714
Revenue from pre-paid mobile services	596,022	549,761
Sale of equipment, related services and accessories	448,940	295,542
Other revenues	718,845	532,901
	<b>3,065,861</b>	<b>2,525,918</b>

Other revenues include broadband, managed services, visitor roaming, wholesale and others.

The Group derives its revenue from contracts with customers for the transfer of goods and services over time and at a point in time in the following major product lines:

	<b>Year ended 31 December</b>	
	<b>2022</b>	<b>2021</b>
	<b>QR'000</b>	<b>QR'000</b>
<b>Disaggregation of revenue – over time</b>		
Pre-paid and post-paid services	1,898,076	1,697,475
Sale of equipment, related services and accessories	264,642	119,536
Other revenue	718,845	532,901
	<b>2,881,563</b>	<b>2,349,912</b>
<b>Disaggregation of revenue – at a point in time</b>		
Sale of equipment, related services and accessories	184,298	176,006
	<b>184,298</b>	<b>176,006</b>
<b>Total revenue</b>	<b>3,065,861</b>	<b>2,525,918</b>

Revenue is recognised over time as the services are provided. Transfer of control of the service is assessed based on the service performed.

The transaction price allocated to (partially) unsatisfied performance obligations as at 31 December 2022 amounted to QR 122.4 million (2021: QR 98.6 million). Management expects 100% of the transaction price allocated to the unsatisfied contracts as of the year ended 31 December 2022 will be recognised as revenue during the next financial year.

**6 INTERCONNECTION AND OTHER DIRECT EXPENSES**

	<b>Year ended 31 December</b>	
	<b>2022</b>	<b>2021</b>
	<b>QR'000</b>	<b>QR'000</b>
Interconnection and roaming costs	366,789	378,557
Equipment and other direct costs	430,639	291,384
Commissions and dealer costs	162,902	130,118
Regulatory costs	64,330	55,801
	<b>1,024,660</b>	<b>855,860</b>


**7 NETWORK AND OTHER OPERATIONAL EXPENSES**

	<b>Year ended 31 December</b>	
	<b>2022</b>	<b>2021</b>
	<b>QR'000</b>	<b>QR'000</b>
Other operational and network expenses	457,744	331,537
Leased lines, capacity, and short-term leases	37,730	36,289
	<b>495,474</b>	<b>367,826</b>

**8 INDUSTRY FEE**

In accordance with its operating licenses for Public Telecommunications Networks and Services granted in Qatar by Communications Regulatory Authority (CRA), the Company is liable to pay to the CRA an annual industry fee which is calculated at 12.5% of adjusted net profit from regulated activities.

**9 OTHER FINANCING COSTS**

Other financing costs include interest expense on lease liabilities amounting to QR 13.0 million (2021: QR 15.1 million) (note 14), unwinding of discounted portion of asset retirement obligations (note 23.2) amounting to QR 2.6 million (2021: QR 2.2 million), and certain other ancillary costs.

**10 OTHER INCOME**

	<b>Year ended 31 December</b>	
	<b>2022</b>	<b>2021</b>
	<b>QR'000</b>	<b>QR'000</b>
Interest income (note 10.1)	5,346	-
Profit from Mudaraba	554	193
Lease rent concessions	-	1,134
Others	328	-
	<b>6,228</b>	<b>1,327</b>

**10.1** Interest income is recognized on long term receivables that have significant financing component at an appropriate market interest rate.

**11 BASIC AND DILUTED EARNINGS PER SHARE**

	<b>Year ended 31 December</b>	
	<b>2022</b>	<b>2021</b>
Profit for the year (QR '000)	502,380	327,397
Weighted average number of shares (in thousands)	4,227,000	4,227,000
Basic and diluted earnings per share (QR)	0.119	0.077

There is no dilutive element and hence the basic and diluted shares are the same.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the year ended 31 December 2022

12 PROPERTY, PLANT AND EQUIPMENT

	Network and equipment QR'000	Furniture and fixtures QR'000	Vehicles QR'000	Assets under construction QR'000	Total QR'000
<b>Cost:</b>					
At 1 January 2021	3,118,545	252,836	390	230,524	3,602,295
Additions	213,770	60,842	-	66,284	340,896
Transfers	146,746	965	-	(147,711)	-
Reclassification	(13,600)	-	-	-	(13,600)
Disposals	(10,717)	(6,409)	-	-	(17,126)
At 31 December 2021	3,454,744	308,234	390	149,097	3,912,465
Additions	40,454	1,593	774	544,313	587,134
Transfers	509,243	12,186	-	(521,429)	-
At 31 December 2022	<b>4,004,441</b>	<b>322,013</b>	<b>1,164</b>	<b>171,981</b>	<b>4,499,599</b>
<b>Accumulated depreciation:</b>					
At 1 January 2021	1,740,045	215,493	59	-	1,955,597
Charge for the year	318,161	18,536	78	-	336,775
Reclassification	(1,162)	-	-	-	(1,162)
Disposals	(10,717)	(5,566)	-	-	(16,283)
At 31 December 2021	2,046,327	228,463	137	-	2,274,927
Charge for the year	317,366	22,274	142	-	339,782
At 31 December 2022	<b>2,363,693</b>	<b>250,737</b>	<b>279</b>	<b>-</b>	<b>2,614,709</b>
<b>Net book value:</b>					
At 31 December 2022	<b>1,640,748</b>	<b>71,276</b>	<b>885</b>	<b>171,981</b>	<b>1,884,890</b>
At 31 December 2021	1,408,417	79,771	253	149,097	1,637,538


**13 INTANGIBLE ASSETS**

	License	Software	Indefeasible right to use	Total
	QR'000	QR'000	QR'000	QR'000
<b>Cost:</b>				
At 1 January 2021	7,726,000	1,254,181	61,533	9,041,714
Additions	-	67,024	-	67,024
Disposals	-	(126)	-	(126)
Reclassification	-	13,600	-	13,600
At 31 December 2021	7,726,000	1,334,679	61,533	9,122,212
Additions	-	72,375	-	72,375
<b>At 31 December 2022</b>	<b>7,726,000</b>	<b>1,407,054</b>	<b>61,533</b>	<b>9,194,587</b>
<b>Accumulated amortisation:</b>				
At 1 January 2021	3,744,857	1,000,696	16,549	4,762,102
Charge for the year	84,093	100,263	5,925	190,281
Disposals	-	(126)	-	(126)
Reclassification	-	1,162	-	1,162
At 31 December 2021	3,828,950	1,101,995	22,474	4,953,419
Charge for the year	84,093	101,438	5,928	191,459
<b>At 31 December 2022</b>	<b>3,913,043</b>	<b>1,203,433</b>	<b>28,402</b>	<b>5,144,878</b>
<b>Net book value:</b>				
<b>At 31 December 2022</b>	<b>3,812,957</b>	<b>203,621</b>	<b>33,131</b>	<b>4,049,709</b>
At 31 December 2021	3,897,050	232,684	39,059	4,168,793

13.1 The license, mainly represents mobile license from CRA, which is valid till 2068.

13.2 The net book value of software includes software under development amounting to QR 19.8 million (2021: QR 25.3 million) which is not amortised.

**14 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES**

The Group leases various exchange and network assets, buildings, offices and ducts. Rental contracts are typically for fixed periods of 5-10 years but may have extension options.

Below is the movement in right-of-use assets:

	31 December 2022	31 December 2021
	QR'000	QR'000
Balance at beginning of the year	291,185	371,621
Re-assessment of lease term (note 28)	173,979	-
Additions to right-of-use assets	68,114	20,254
Depreciation charge for the year	(103,740)	(100,690)
Balance at end of the year	<b>429,538</b>	<b>291,185</b>


**14 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)**

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

	<b>31 December 2022</b>	31 December 2021
	<b>QR'000</b>	QR'000
Exchange and network assets	282,444	171,621
Buildings/ offices	106,604	99,056
Duct access	40,490	20,508
<b>Total right-of-use assets</b>	<b>429,538</b>	<b>291,185</b>

Below is the movement in lease liabilities:

	<b>31 December 2022</b>	31 December 2021
	<b>QR'000</b>	QR'000
Balance at beginning of the year	311,972	385,650
Re-assessment of lease term (note 28)	173,979	-
New leases added during the year	68,114	20,254
Interest expense for the year	13,033	15,057
Offsetting of balances (note 31)	(4,822)	(11,148)
Payments made during the year	(105,886)	(96,707)
Rent waivers received during the year	-	(1,134)
<b>Balance at end of the year</b>	<b>456,390</b>	<b>311,972</b>

Presented in consolidated statement of financial position as:

Non-current lease liabilities	315,181	197,059
Current lease liabilities	141,209	114,913
	<b>456,390</b>	<b>311,972</b>

**15 TRADE AND OTHER RECEIVABLES**

	<b>31 December 2022</b>	31 December 2021
	<b>QR'000</b>	QR'000
<b>Non-current assets:</b>		
Trade receivables (note 15.1)	235,346	70,200
Prepayments	42,815	22,123
Advances for long term lease	19,769	-
	<b>297,930</b>	<b>92,323</b>
<b>Current assets:</b>		
Trade and other receivables – net (note 15.2)	443,136	294,332
Prepayments	26,733	22,038
Due from related parties (note 25)	12,664	30,419
	<b>482,533</b>	<b>346,789</b>


**15 TRADE AND OTHER RECEIVABLES (CONTINUED)**

**15.1** Trade receivables include interest receivable amounting to QR 5.3 million (2021: Nil).

**15.2** Trade and other receivables are net of the expected credit losses (ECL) amounting to QR 158.6 million (2021: QR 111.2 million).

No interest is charged on outstanding trade receivables except for certain receivables which are long term in nature. The Group measures the loss allowance for trade receivables component at an amount equal to lifetime ECL. The expected credit losses on trade receivables without significant financing component are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The receivables usually have settlement terms within 30- 90 days. The Group has recognised a loss allowance of 100% against all non-government receivables over 180 days past due because historical experience has indicated that recovery from these receivables are negligible.

The expected credit losses on trade receivables with significant financing component are estimated for life time ECL by reference to the debtor credit risk.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier.

**Measurement of the expected credit loss allowance**

The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

Elements of the ECL models that are considered accounting judgments and estimates include:

- development of ECL models, including the various formulas and choice of inputs
- determining the criteria if there has been a significant increase in credit risk, therefore allowances for financial assets should be measured on a lifetime ECL basis and the qualitative assessment
- the segmentation of financial assets when their ECL is assessed on a collective basis
- determination of associations between macroeconomic scenarios and, economic inputs, and their effect on probability of default (PDs), exposure at default (EADs) and loss given default (LGDs); and
- selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

It has been the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

The following table details the risk profile of trade receivables based on the Group's provision matrix.

31 December 2022	Not Due	Up to 30 days	31 – 90 days	91–180 days	Above 180 days	Total
	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000
Expected credit loss rate	0%	5%–9%	10%–66%	40%–83%	100%	
Gross carrying amount	241,928	317,041	77,102	47,488	153,507	837,066
Loss allowance						158,584


**15 TRADE AND OTHER RECEIVABLES (CONTINUED)**

31 December 2021	Note due	Up to 30 days	31– 90 days	91–180 days	Above 180 days	Total
		QR'000	QR'000	QR'000	QR'000	QR'000
Expected credit loss rate	0%	3%–8%	12%–61%	30%–84%	100%	
Gross carrying amount	115,000	173,477	55,602	13,626	118,012	475,717
Loss allowance						111,185

There is no loss allowance provided against bank balances, contract asset and due from related parties as there is no material expected credit loss risk associated with these financial assets.

The following table shows the movement in expected credit losses that was recognised against trade and other receivables:

	31 December 2022	31 December 2021
	QR'000	QR'000
Balance at beginning of the year	111,185	149,836
Expected credit loss recognised during the year	43,245	28,745
Collection from previously written off balances	4,154	2,163
Write offs during the year	-	(69,559)
Balance at end of the year	158,584	111,185

**16 INVENTORIES**

	31 December 2022	31 December 2021
	QR'000	QR'000
Handsets	27,938	24,966
Scratch cards and accessories	10,284	9,762
	38,222	34,728

Inventory is reported net of allowance for obsolescence, an analysis of which is as follows:

	31 December 2022	31 December 2021
	QR'000	QR'000
Balance at beginning of the year	4,570	3,940
Amounts charged to consolidated statement of income	1,789	650
Write offs during the year	(82)	(20)
Balance at end of the year	6,277	4,570





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

**17 CONTRACT ASSETS**

Amounts relating to contract assets are balances earned but not yet billed to the customers. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer.

Payment for telecommunication services is not due from the customer until the bill cycle is complete and therefore a contract asset is recognised over the period in which the telecommunication services are performed to represent the Group's right to consideration for the services transferred to date.

There were no impairment losses recognised on any contract asset in the reporting period (2021: QR Nil). The management of the Group always measure the loss allowance on amounts due from customers at an amount equal to lifetime ECL, taking into account the historical default experience and the future prospects.

**18 CONTRACT COSTS**

Contract costs represent customers acquisition cost amounting to QR 7 million (2021: QR 8.7 million) incurred by the Group which are amortised over the customers' lock in period, and cost of unfulfilled performance obligation amount to QR 10.2 million (2021: QR 0.2 million) which will be recognized in the consolidated statement of income upon completion of the respective performance obligation.

**19 CASH AND CASH EQUIVALENTS**

Cash and bank balances at the end of the financial year as shown in the consolidated statement of cash flows are as follows:

	<b>31 December 2022</b>	31 December 2021
	<b>QR'000</b>	QR'000
Cash at bank	<b>186,680</b>	189,418
Cash on hand	<b>90</b>	90
Total cash and bank balances	<b>186,770</b>	189,508
Less: Balance with restricted bank accounts – note 19.1	<b>(22,092)</b>	(18,965)
Cash and cash equivalents	<b>164,678</b>	170,543

19.1 This comprises funds maintained for uncollected shareholder dividends as per note 24.2.

19.2 Purchase of intangible assets amounting to QR 104.4 million (2021: QR 90.9 million), as disclosed in consolidated statement of cash flows, includes a payment of QR 32 million (2021: QR 23.9 million) for assets capitalized in prior years but paid during current year.

**20 SHARE CAPITAL**

	<b>31 December 2022</b>		31 December 2021	
	<b>Number</b>	<b>QR'000</b>	Number	QR'000
<b>Ordinary shares authorised, allotted, issued and fully paid:</b>				
Ordinary shares of QR 1 each	<b>4,227,000,000</b>	<b>4,227,000</b>	4,227,000,000	4,227,000

All shares have equal rights.



## 21 LEGAL RESERVE AND DISTRIBUTABLE PROFITS

The Company was incorporated under Article 68 of the Qatar Commercial Companies' Law No. 5 of 2002. This law was subsequently replaced by Qatar Commercial Companies Law No.8 of 2021.

The Articles of Association of the Company were amended after the introduction of Qatar Commercial Companies Law No.8 of 2021 and subsequently approved by the Ministry of Commerce and Industry.

The legal reserve and distributable profits of the Company are determined in line with Article 75 and 76 of its Article of Association.

### *Legal reserve:*

The excess of issuance fees collected over the issuance cost during the initial public offering of the ordinary shares has been transferred to the legal reserve as required by Article 154 of Qatar Commercial Companies Law No. 5 of 2002. Further, as per the articles of association of the Company, 5% of annual distributable profits of the Company should be transferred to a separate legal reserve. The General Assembly may discontinue this deduction if the legal reserve reaches 10% of the paid up capital. The legal reserve may not be wholly or partially distributed to the shareholders or capitalized, except upon the recommendation of the board of directors and approval of the annual general assembly of shareholders.

### *Distributable profits:*

As per the articles of association of the Company, distributable profits are defined as the reported net profit/loss of the Company for the financial year plus amortisation of license fees for the year. Undistributed profits are carried forward and are available for distribution in future periods. Dividends shall be paid to the shareholders in the place and time specified by the board of directors.

The movement in the balance of distributable profits is as follows:

	Year ended			
	31 December 2022		31 December 2021	
	QR'000	QR'000	QR'000	QR'000
Balance at beginning of the year		608,850		437,392
Net profit of the Company	505,044		327,479	
Amortisation of license fee	84,093		84,093	
Transfer to distributable profits		589,137		411,572
Transfer to legal reserve		(29,456)		(20,579)
Dividend for the year 2021/2020		(253,620)		(211,350)
Contribution to Social and Sports Fund (note 21.1)		(12,560)		(8,185)
Balance at year end		902,351		608,850

### 21.1 Social and Sports Fund

According to Qatari Law No. 13 for the year 2008 and the related clarifications issued in January 2010 the Group is required to contribute 2.5% of annual net profits of the Group to the State Social and Sports Fund. The clarification relating to Law No. 13 requires the payable amount to be recognised as a distribution of income in the consolidated statement of changes in equity.


**22 LOANS AND BORROWINGS**

	<b>31 December 2022</b>	31 December 2021
	<b>QR'000</b>	QR'000
Loans and borrowings	<u>719,406</u>	<u>712,394</u>
Presented in the consolidated statement of financial position as:		
Non-current liabilities	512,117	506,238
Current liabilities	<u>207,289</u>	<u>206,156</u>
	<u><b>719,406</b></u>	<u><b>712,394</b></u>

The Group entered into a Facility Agreement with a local bank for QR 820 million on 29 October 2019 (the "Facility") at an agreed interest rate of QMRL less 25 Basis Points (BPs). The facility of QR 820 million was availed on 12 November 2019 for a term of five years. The facility is being paid in 16 equal quarterly installments of QR 51.25 million each starting February 2021. The facility is secured against general assignment agreement. Interest of QR 16.8 million (2021: QR 24.5 million) was incurred during the year on the facility.

The Group also secured a rollover financing facility of QR 911 million on 27 May 2018 from a local bank, which has been amended to QR 1,211 million at an agreed interest rate of QMRL less 25 Basis Points (BPs). Amounts of QR 310 million were availed and partially repaid during the current year. As of reporting date, an amount of QR 411.9 million was outstanding (2021: QR 200.5 million). Financing cost of QR 12.3 million (2021: QR 5.8 million) was incurred during the year on this financing facility. The facility is secured over assets agreement and receivable asset agreement.

**23 PROVISIONS**

	<b>31 December 2022</b>	31 December 2021
	<b>QR'000</b>	QR'000
Employees' end of service benefits (note 23.1)	55,268	49,453
Asset retirement obligations (note 23.2)	42,935	33,625
Other provisions	<u>3,862</u>	<u>-</u>
	<u><b>102,065</b></u>	<u><b>83,078</b></u>

**23.1 Employees' end of service benefits**

	<b>31 December 2022</b>	31 December 2021
	<b>QR'000</b>	QR'000
Balance at beginning of the year	49,453	42,453
Charge for the year	13,088	13,896
Payments during the year	<u>(7,273)</u>	<u>(6,896)</u>
	<u><b>55,268</b></u>	<u><b>49,453</b></u>


**23 PROVISIONS (CONTINUED)**
**23.2 Asset retirement obligations**

	<b>31 December 2022</b>	31 December 2021
	<b>QR'000</b>	QR'000
Balance at beginning of the year	33,625	29,639
Addition to the provision during the year	6,744	1,798
Unwinding of discount	2,566	2,188
	<b>42,935</b>	<b>33,625</b>

**24 TRADE AND OTHER PAYABLES**

	<b>31 December 2022</b>	31 December 2021
	<b>QR'000</b>	QR'000
Accruals	624,239	491,447
Trade payables	517,582	471,315
Contract liabilities (note 24.1)	122,354	98,617
Dividend payable (note 24.2)	22,092	18,965
Payable to social and sports fund (note 21.1)	12,560	8,185
Other payables	12,420	10,621
	<b>1,311,247</b>	<b>1,099,150</b>

**24.1** The contract liabilities primarily relate to the advance consideration received from customers for access charges, airtime usage, messaging, data broadband services and other services for which revenue is recognised over time.

**24.2 Dividend payable**

	<b>31 December 2022</b>	31 December 2021
	<b>QR'000</b>	QR'000
Balance at beginning of the year	18,965	23,408
Dividend declared for the year ended 31 December 2021/ 2020 (note 30)	253,620	211,350
Dividend payments during the year	(250,493)	(215,793)
Balance payable at year end	<b>22,092</b>	<b>18,965</b>


**25 RELATED PARTY TRANSACTIONS**

Related parties represent the shareholders, directors and key management personnel of the Group and companies controlled, jointly controlled or significantly influenced by those parties.

The following transactions were carried out with related parties:

	<u>Year ended 31 December</u>	
	<u>2022</u>	<u>2021</u>
	<u>QR'000</u>	<u>QR'000</u>
<b><i>Sales of goods and services</i></b>		
Parent entity	10,775	9,661
Other related parties	<u>23,684</u>	<u>17,863</u>
	<u>34,459</u>	<u>27,524</u>
<b><i>Purchases of goods and services</i></b>		
Other related parties	80,883	63,192

Goods and services are bought from related parties at prices approved by management, as being on an arm's length basis. Balances arising from transactions with related parties are as follows:

	<u>31 December</u>	<u>31 December</u>
	<u>2022</u>	<u>2021</u>
	<u>QR'000</u>	<u>QR'000</u>
<b><i>Due from related parties:</i></b>		
Parent entity	5,293	4,521
Other related parties	<u>7,371</u>	<u>25,898</u>
	<u>12,664</u>	<u>30,419</u>
<b><i>Due to related parties:</i></b>		
Other related parties	7,215	9,543

The receivables from related parties arise mainly from sale transactions which are unsecured in nature and bear no interest. No impairment losses were recognised for balances due from related parties during the period (2021: Nil). The payables to related parties arise mainly from purchase transactions and bear no interest.

**Compensation of key management personnel**

Key management personnel include the Board of Directors, Managing Director, Chief Executive Officer (CEO) and the executives who directly report to the CEO. Compensation of key management personnel are as follows:

	<u>Year ended 31 December</u>	
	<u>2022</u>	<u>2021</u>
	<u>QR'000</u>	<u>QR'000</u>
Salaries and short-term benefits	41,461	33,875
Employees' end of service benefits	<u>1,123</u>	<u>511</u>
	<u>42,584</u>	<u>34,386</u>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

**26 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

The Company's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the board of directors on its activities.

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 maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group audit committee 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 audit committee is assisted in its oversight role by internal audit. 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.

**Capital management**

The following table summarises the capital structure of the Group:

	<b>31 December 2022</b>	31 December 2021
	<b>QR'000</b>	QR'000
Loans and borrowings	719,406	712,394
Cash and bank balances	<b>(186,770)</b>	(189,508)
<b>Net debt</b>	<b>532,636</b>	522,886
<b>Total equity</b>	<b>4,832,653</b>	4,596,453
<b>Gearing ratio</b>	<b>11.02%</b>	11.38%

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

**Financial instruments****Significant accounting policies**

Details of significant policies and methods adopted including the criteria for recognition for the basis of measurement in respect of each class of financial assets and financial liabilities are disclosed in note 3 to these consolidated financial statements.

**Categories of financial instruments**

	<b>31 December 2022</b>	31 December 2021
	<b>QR'000</b>	QR'000
<b>Financial assets at amortised cost:</b>		
Cash and bank balances	<b>186,770</b>	189,508
Trade and other receivables (excluding prepayments and advances)	<b>691,146</b>	394,951
<b>Financial liabilities at amortised cost:</b>		
Trade and other payables (excluding accruals and contract liabilities)	<b>564,654</b>	509,086
Loans and borrowings	<b>719,406</b>	712,394
Lease Liabilities	<b>456,390</b>	311,972



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

**26 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)****Fair value of financial instruments**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices at the close of the business on the reporting date.
- The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

**Fair value of financial instruments (Continued)**

Fair value measurements are analysed by levels in the fair value hierarchy as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – Inputs for the asset or liability that are not based on observable market data (that is, unobserved inputs)

Management believes that the carrying values of its financial assets and financial liabilities as at the reporting date are a reasonable approximation of their fair values.

**Reconciliation of liabilities arising from financing activities**

The below table details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes:

	At 1 January 2022	Financing cash flows	Non-cash changes*	At 31 December 2022
	QR'000	QR'000	QR'000	QR'000
Loans and borrowings	712,394	5,000	2,012	719,406
Lease liabilities	311,972	(105,886)	250,304	456,390
Dividend payable	18,965	(250,493)	253,620	22,092
Restricted bank account	(18,965)	(3,127)	-	(22,092)
	At 1 January 2021	Financing cash flows	Non-cash changes*	At 31 December 2021
	QR'000	QR'000	QR'000	QR'000
Loans and borrowings	819,336	(107,500)	558	712,394
Lease liabilities	385,650	(96,707)	23,029	311,972
Dividend payable	23,408	(215,793)	211,350	18,965
Restricted bank account	(23,408)	4,443	-	(18,965)

\*This comprises finance cost, amortisation of deferred financing costs, lease liability recognized rent waivers, and dividend declared.



### Financial Risk Management

#### Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, 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.

#### *Foreign currency risk management*

The Group undertakes certain transactions denominated in foreign currencies and hence exposed to risks on exchange rate fluctuations. The use of financial derivatives is governed by the Group's policies, which provide written principles on the use of financial derivatives consistent with the Group's risk management strategy. The Group does not use derivative financial instruments for speculative purposes.

Majority of foreign currency receivable/payable balances are in US\$ which is pegged against QR. Therefore, these receivable/payable balances are not exposed to foreign currency exchange rate fluctuation risk. The Group has a small exposure of receivable/payable balances in Euro and other currencies where effect of any 10% increase/decrease in foreign exchange rates is expected to be in the range of QR 1.5 million (2021: QR 1.3 million).

#### *Interest rate risk management*

The Group is liable to pay interest on financing facilities, which is aggregate of the applicable margin and QMR-L. Every one percent rise or fall in the applicable interest rate against the floor rate of the financing facilities, would increase or reduce the total profit of the Group for the financial year by QR 7.2 million (2021: QR 7 million).

#### Credit risk management

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's exposure and the creditworthiness of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by management.

#### *Trade receivables and contract assets*

Trade receivables consist of a large number of customers (both consumers and enterprises).

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

The Group does not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities.

At 31 December, the exposure to credit risk for trade receivables by type of counter party was as follows:

	31 December 2022	31 December 2021
	QR'000	QR'000
Enterprise customers (1) <sup>a</sup>	578,347	375,317
Consumers	258,719	100,400
	<u>837,066</u>	<u>475,717</u>





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

**26 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)****Credit risk management (Continued)**

- (1) <sup>a</sup> Enterprise customers' trade receivables include a balance of QR 71.2 million (2021: 73.6 million) of which no expected credit loss was recognised because of collaterals provided.

Movement in provision for expected credit losses account is presented in note 15.

*Bank balances*

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. ECL on bank balances has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its bank balances have low credit risk based on the external credit ratings of the counterparties

*Exposure to credit risk*

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

	<b>Carrying amount</b>	
	<b>31 December 2022</b>	<b>31 December 201</b>
	<b>QR'000</b>	<b>QR'000</b>
Bank balances	<b>186,680</b>	189,418
Trade and other receivables (excluding prepayments and advances)	<b>691,146</b>	394,951
Contract assets	<b>34,898</b>	33,234
	<b>912,724</b>	617,603

**Liquidity risk management**

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

The Group manages liquidity risk by maintaining adequate reserves and adequate loans and borrowings, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below analyses the Group's financial liabilities based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

<b>At 31 December 2022</b>	<b>Less than 1 year</b>	<b>More than 1 year</b>
	<b>QR'000</b>	<b>QR'000</b>
Trade and other payables excluding contract liabilities	<b>1,188,893</b>	-
Loans and borrowings	<b>207,289</b>	<b>512,117</b>
Lease liabilities	<b>141,209</b>	<b>315,181</b>
	<b>Less than 1 Year</b>	<b>More than 1 year</b>
	<b>QR'000</b>	<b>QR'000</b>
Trade and other payables excluding contract liabilities	1,000,533	-
Loans and borrowings	206,156	506,238
Lease liabilities	114,913	197,059

All of the Group's non-derivative financial assets are expected to mature within one year.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the year ended 31 December 2022

**27 COMMITMENTS AND CONTINGENT LIABILITIES**

**Commitments**

	<b>31 December 2022</b>	31 December 2021
	<b>QR'000</b>	QR'000
Contracts placed for future capital expenditure not provided for in the consolidated financial statements	<b>323,357</b>	388,270

**Contingent liabilities**

	<b>31 December 2022</b>	31 December 2021
	<b>QR'000</b>	QR'000
Performance bonds	<b>80,692</b>	81,995
Tender bonds	<b>1,580</b>	6,394
Credit and payment guarantee – third party indebtedness	<b>48,516</b>	48,116

*Performance bonds*

Performance bonds require the Group to make payments to third parties in the event that the Group does not perform what is expected of it under the terms of any related contracts.

*Tender bonds*

This comprises bonds submitted at the time of submission of tenders.

*Credit and payment guarantee – third party indebtedness*

Credit guarantees comprise guarantees and indemnity of bank or other facilities.

**28 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

The Group prepares its consolidated financial statements in accordance with IFRS as issued by the International Accounting Standards Board, the application of which often requires judgments to be made by management when formulating the Group's financial position and results. Under IFRS, the management are required to adopt those accounting policies most appropriate to the Group's circumstances for the purpose of presenting fairly the Group's financial position, financial performance and cash flows.

In determining and applying accounting policies, judgment is often required in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the reported results or net asset position of the Group should it later be determined that a different choice would be more appropriate.

Management considers the accounting estimates and assumptions discussed below to be its critical accounting estimates and accordingly provide an explanation of each below. The discussion below should also be read in conjunction with the Group's disclosure of significant IFRS accounting policies, which is provided in note 3 to the consolidated financial statements.

**Impairment reviews**

IFRS requires management to undertake an annual test for impairment of indefinite lived assets and, for finite lived assets, to test for impairment if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Impairment testing is an area involving management judgment, requiring assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate.

**28 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)****Impairment reviews (Continued)**

In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters, including management's expectations of:

- growth in earnings before financing income/costs, tax, depreciation and amortisation, calculated as adjusted operating profit before depreciation and amortisation;
- timing and quantum of future capital expenditure;
- long term growth rates;
- expected costs to renew the license; and
- the selection of discount rates to reflect the risks involved.

The Group has considered all the internal and external indicators to assess whether there are any indicators of impairment during the year. Based on assessment performed, the Group concluded that there have been no events or change in circumstances which indicates that carrying amounts of assets may not be recoverable. Hence, no impairment testing is performed.

**Revenue recognition**

Acquisition revenue and revenue from sale of sim cards are amortized over maximum lock in period of the customer which is three months in the State of Qatar.

The Group give its customers the option to return the handsets within a period of 7 days of purchase. Keeping in view the negligible numbers of returns in the history, no provision is made with regard to return of goods sold.

**Revenue recognition: judgments in determining the timing of satisfaction of performance obligations**

Revenue and associated costs are recognised over time – i.e. before the performance obligation is fully complete. Progress is determined based on the output method because the customer obtains control of the work in progress as the project specific milestones are achieved.

**Revenue presentation: gross versus net**

When deciding the most appropriate basis for presenting revenue and costs of revenue, both the legal form and substance of the agreement between the Group and its business partners are reviewed to determine each party's respective role in the transaction.

Where the Group's role in a transaction is that of principal, revenue is recognised on a gross basis. This requires revenue to comprise the gross value of the transaction billed to the customer, after trade discounts, with any related expenditure charged as an operating cost. Where the Group's role in a transaction is that of an agent, revenue is recognised on a net basis, with revenue representing the margin earned. Transit revenue is recognised on a gross basis as the Group assumes credit risk and acts as a principal in the transactions.

**Estimation of useful life**

The useful life used to depreciate/amortise assets relates to the future performance of the assets acquired and management's judgement of the period over which economic benefit will be derived from the asset. The basis for determining the useful life for the most significant categories of tangible and intangible assets is as follows:

***Intangible assets***

The estimated useful life of license is generally the term of the licence unless there is a presumption of renewal at negligible cost. Using the licence term reflects the period over which the Group will receive economic benefit. For technology specific licences with a presumption of renewal at negligible cost, the estimated useful economic life reflects the Group's expectation of the period over which the Group will continue to receive economic benefit from the licence. The economic lives are periodically reviewed taking into consideration such factors as changes in technology.

**28 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)***Intangible assets (continued)*

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

*Property, plant and equipment*

Property, plant and equipment represents a significant proportion of the asset base of the Group being 25.4% (2021: 24%) of the Group's total assets. Therefore, the estimates and assumptions made to determine their carrying value and related depreciation are critical to the Group's financial position and performance.

The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. Increasing an asset's expected life or its residual value would result in a reduced depreciation charge in the consolidated statement of income.

The useful lives and residual values of the Group's assets are determined by management at the time the asset is acquired and reviewed annually for appropriateness. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

During the year, the Group modernised its network to provide high quality services and cater the upcoming demand. This has resulted in reassessment and reduction of useful life of some of the old assets and consequently higher depreciation charge of QR 60.2 million for the year (2021: QR 48 million).

**Impairment of inventories**

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. Inventories which are old or obsolete, are assessed individually and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

**Asset retirement obligation**

A provision for asset retirement obligation exists where the Group has a legal or constructive obligation to remove an infrastructure asset and restore the site. Asset retirement obligation is recorded at the present value of expected costs to settle the obligation using estimated cash flows and is recognised as part of the particular asset. The cash flows are discounted at the rate that management considers reflects the risk specific to the asset retirement obligation i.e. 7.49% (2021: 7.49%).

Subsequent to initial recognition, an unwinding expense relating to the provision is periodically recognised as a financing cost.

While the provision is based on the best estimate of future costs and the useful lives of infrastructure assets, there is uncertainty regarding both the amount and timing of incurrence of these costs. Any subsequent change in the present value of the estimated cost due to changes in the gross removal costs or discount rates, is dealt with prospectively as a change in accounting estimate and reflected as an adjustment to the provision and a corresponding adjustment to the infrastructure assets.

During the year ended 31 December 2022, the Group revised its estimates of the period to dismantle the sites and the number of sites to be considered for dismantling to align it with the recent market trends. The change has resulted in a gain of QR 2.66 million, which was recognised in the consolidated statement of income.


**28 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)**
**Expected credit losses**

An estimate of the collectible amount of trade receivables is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time the amount has been due.

**Calculation of loss allowance**

When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

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

If the ECL rates on trade receivables between 31 and 90 days past due had been 5% higher (or lower) as of 31 December 2022, the loss allowance on trade receivables would have been QR 0.50 million (2021: QR 0.37 million) higher (or lower).

**Determining the lease term**

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

**Discounting of lease payments**

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

**29 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)**
**New standards, amendments and interpretations effective for annual reporting period beginning on 01 January 2022**

Following amendments and interpretations that became effective as of 1 January 2022:

Standards / Amendment to Standards	Effective date
COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)	1 January 2022
Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)	1 January 2022
Annual Improvements to IFRS Standards 2018 – 2020	1 January 2022
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	1 January 2022
Reference to the Conceptual Framework (Amendments to IFRS 3)	1 January 2022

The adoption of these amendments had no impact on the consolidated financial statements.



## 29 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONTINUED)

### New standards and amendments are not yet effective

A number of new standards, amendments and interpretations to standards are effective for annual periods beginning after 1 January 2023 and earlier application is permitted for annual periods beginning on 1 January 2023; however, the Group has not early applied the following new standards, amendments and interpretations in preparing these (consolidated) financial statements.

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

Standards / Amendment to Standards	Effective date
Classification of liabilities as Current or Non-current (Amendments to IAS 1)	1 January 2023
IFRS 17 - Insurance contracts	1 January 2023
Definition of Accounting Estimate (Amendments to IAS 8)	1 January 2023
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	1 January 2023
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Deferred indefinitely

## 30 DIVIDENDS

### Dividend declared for year 2021

During 2022, following the approval at the Annual General Assembly held on 28 February 2022, the Company paid a cash dividend of 6% of the nominal share value amounting to QR 253.6 million (QR 0.06 per share with nominal value of QR 1 each).

### Proposed dividend for year 2022

The Board of Directors has proposed a cash dividend of 10% of the nominal share value amounting to QR 422.7 million (QR 0.10 per share with nominal value of QR 1 each). The proposed dividend is subject to approval of the shareholders during the Annual General Assembly on 20 February 2023.

## 31 OFFSETTING

Financial assets and financial liabilities are offset, and the net amount presented in the consolidated statement of financial position when, and only when, the Group has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

As at the reporting date, the Group has presented financial assets net of financial liabilities, when they are subject to offsetting. Gross and net amounts presented in the consolidated statement of financial position are as follows:

	Gross amounts	Offsetting amounts	Net amounts
	QR'000	QR'000	QR'000
<b>Current assets</b>			
<b>As at 31 December 2022</b>			
Trade and other receivables	521,044	(38,511)	482,533
<b>As at 31 December 2021</b>			
Trade and other receivables	388,025	(41,236)	346,789



## 31 OFFSETTING (CONTINUED)

	<u>Gross amounts</u> QR'000	<u>Offsetting amounts</u> QR'000	<u>Net amounts</u> QR'000
<b>Current liabilities</b>			
<b>As at 31 December 2022</b>			
Trade and other payables	1,324,007	(12,760)	1,311,247
Lease liabilities	<u>166,960</u>	<u>(25,751)</u>	<u>141,209</u>
	<u>1,490,967</u>	<u>(38,511)</u>	<u>1,452,456</u>
<b>As at 31 December 2021</b>			
Trade and other payables	1,119,457	(20,307)	1,099,150
Lease liabilities	<u>135,842</u>	<u>(20,929)</u>	<u>114,913</u>
	<u>1,255,299</u>	<u>(41,236)</u>	<u>1,214,063</u>