



# TRANSFORMING OUR CORE TELECOM BUSINESS

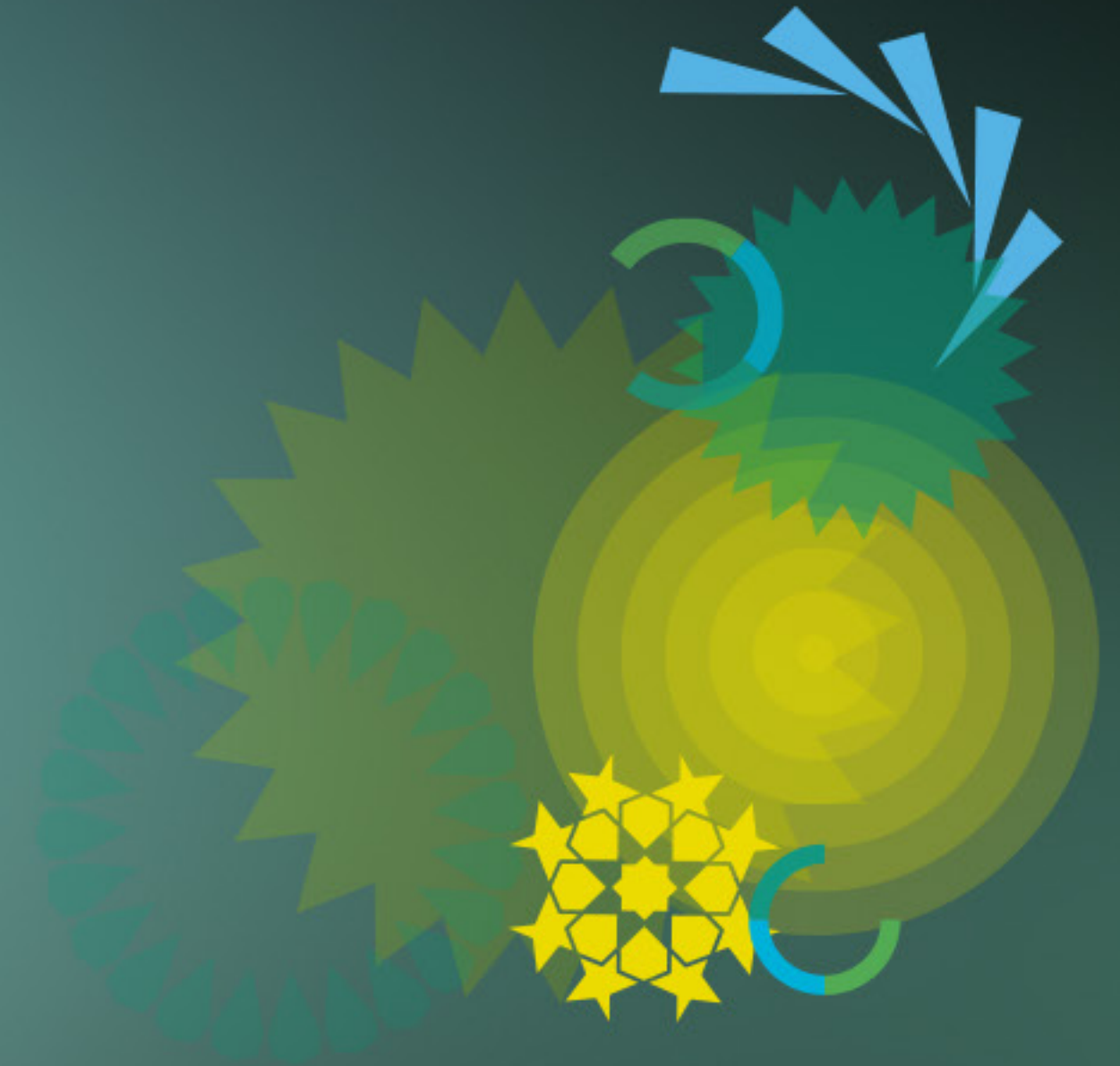




**His Majesty King  
Hamad bin Isa Al Khalifa**  
The King of the  
Kingdom of Bahrain



**His Royal Highness Prince  
Salman bin Hamad Al Khalifa**  
Crown Prince and Prime Minister  
of the Kingdom of Bahrain





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# INTRODUCTION





# INTRODUCTION

With the increased digital integration of technology in business and consumers' lives, Zain has embarked on a transformational journey. Growing its digital capabilities through leveraging emerging technologies to enhance customers' digital experience. Zain is focused on making a difference in society, while maintaining its commitment towards a more sustainable future, putting people and the environment at the heart of everything it does. We are leading in customer centricity, innovation, employee experience and sustainability.

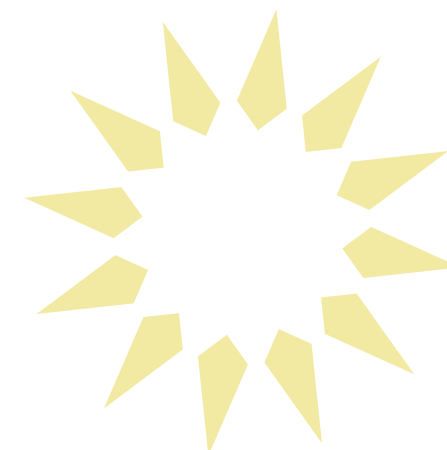
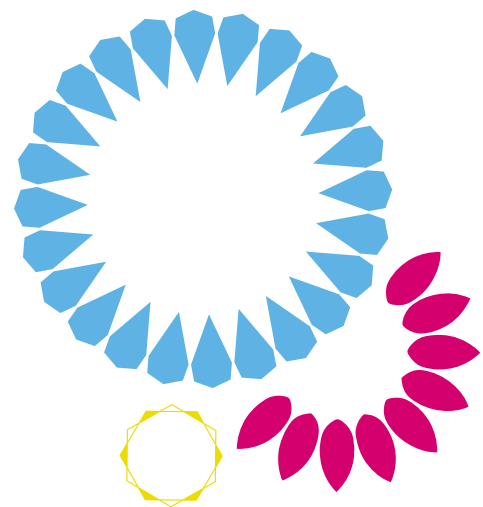
We are in the era of super high-speed connectivity, delivered by the latest and most innovative technologies. Zain aims to optimize and enrich peoples' digital experiences through advancements in areas such as the Internet of Things (IoT), Big Data, and Artificial Intelligence (AI). Zain makes reliable connectivity accessible anywhere, anytime, through its 5G and 4G networks.

Zain is focused on delivering a superior customer experience; and has deployed a series of initiatives and investments to provide proactive care and omnichannel service and support. We aim to use our products and services to help transform our communities through the best network and technologies. With the expertise of our people and our advanced connectivity, we aim to create new possibilities for our customers.

Zain Bahrain is proud to be an enabler of such change. As a leading communications technology provider, innovation has always been at the core of Zain's business, and sustainability is now a key strategic driver within the company. Zain Bahrain aims to keep pushing boundaries, and continuously improving the quality of its network and the services it provides.



**AS A LEADING COMMUNICATIONS TECHNOLOGY PROVIDER, INNOVATION HAS ALWAYS BEEN AT THE CORE OF ZAIN'S BUSINESS, AND SUSTAINABILITY IS NOW A KEY STRATEGIC DRIVER WITHIN THE COMPANY**





# VISION, MISSION & VALUES

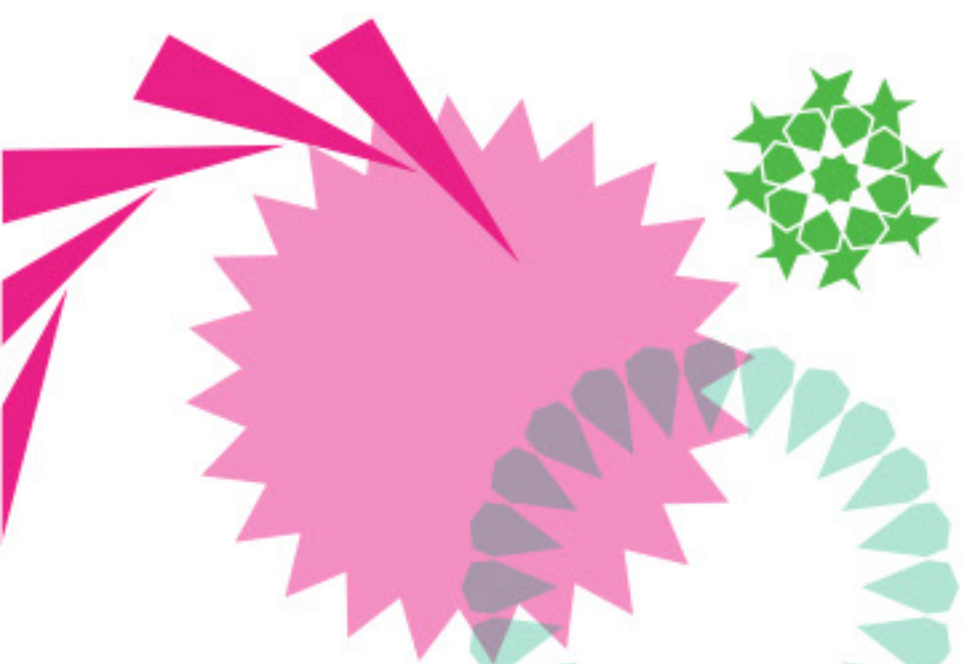


## VISION

To continuously reinforce our leadership and key role in Bahrain's telecommunications sector, placing all our stakeholders at the center of what we do in supporting their digital lifestyles.

## MISSION

To provide the Bahraini market with quality telecommunications services centered on excellent customer care, and managed by believers in the Zain brand promise, who are empowered, self-motivated and caring. To develop a people-centric organization that cares about others.



## VALUES

Zain subscribes to a set of core values that define its desired organization culture and brand image. These core values are:

### Radiance

Leading the way with imagination and vision; bringing joy, color and richness to your life.

### Heart

Living your life with courage; engaging your spirit; touching your emotions; connecting to your soul.

### Belonging

Bringing fellowship and community to all; transcending cultural and geographical boundaries.



# KEY 2022 MILESTONES





# KEY 2022 MILESTONE



**Q1**

First operator in the Kingdom to deploy Ericsson new Carrier Aggregation (NR-NR).

First operator in the Kingdom to complete the deployment of 5G streetlight solution in Bahrain Bay.

**5G**  
**Q2**

Expanded and enhanced network coverage to newly developed residential areas.

First operator to provide an estimated waiting time feature for customers on all channels.

**Q3**

Launched the first-ranked Esports summer tournament in the Kingdom.

Launched 'Natwasal', the first video health call center for the deaf community.

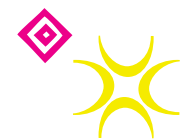
First operator in the Kingdom to successfully complete the advanced 5G mmWave Technology trial.

**Q4**

Zain Bahrain partnership with ZainTech.







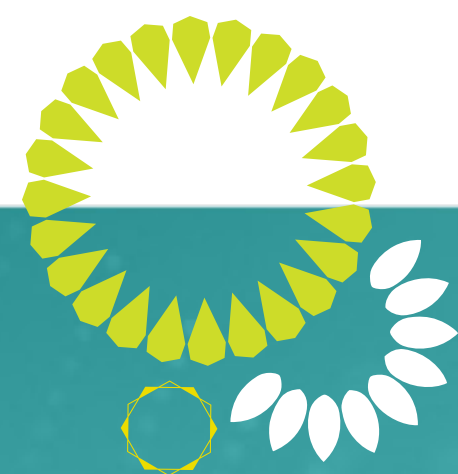
# CHAIRMAN'S STATEMENT

On behalf of the Board of Directors of Zain Bahrain, I would like to take this opportunity to extend my deepest sincere appreciation to His Majesty King Hamad bin Isa Al Khalifa, the King of the Kingdom of Bahrain, and His Royal Highness, Prince Salman bin Hamad Al Khalifa, the Crown Prince, Deputy Supreme Commander, and Prime Minister of the Kingdom of Bahrain, for the unlimited support they provide to the economic and commercial sector in the Kingdom of Bahrain. Moreover, for their commitment to achieve comprehensive economic growth for the Kingdom and development in the strategy of the telecommunications sector, ICT, and the digital economy, and in order to keep pace with the technological revolution that the world is witnessing in alignment with Bahrain Vision 2030.

We ended 2022 with tremendous momentum and strengthened our important position in the Kingdom as a key industry telecom entity. The company has significantly advanced on its key priorities, rolling out its 5G network and expanding fixed wireless broadband service availability. We continued to receive recognition for the quality of our products and services and have launched many new initiatives under our sustainability strategy.

Zain Bahrain has a unique people-centric philosophy aimed at enhancing the digital lifestyles of its customers, people, and shareholders. I am incredibly optimistic about our future and what we can achieve. We are in a solid position to consistently utilize emerging technologies to evolve digitalization across all sectors in the Kingdom.

**Shaikh Ahmed Bin Ali Al Khalifa**  
Chairman





# CHAIRMAN'S STATEMENT

## STRATEGY

In 2022, we leveraged digital growth in the 5G era and introduced innovative solutions to revitalize our consumer and corporate businesses and create new growth engines in ICT and digital services. We established our 5G nationwide coverage and were the first operator in the Kingdom to successfully launch a 5G mmWave trial, delivering the highest 5G data speeds in Bahrain. We are also the first operator in the Kingdom to deploy the most innovative Internet of Things (IoT) technology nationwide, allowing enterprises and consumers to gain broader wireless coverage with multiple simultaneous connections and cost-effective solutions for IoT adoption. We have also been officially licensed by the Central Bank of Bahrain (CBB) to enable the company to provide financial services to consumers, increasing Zain Bahrain's portfolio of digital services and playing a more significant role in customers' day-to-day lives and offering them more choices.

We aim to empower all our stakeholders: from our people to our customers and the community, with the latest technology and innovation. We continue to enrich

the lives of our consumers through exciting digital services and ever-faster connections. We are focused on exceeding customers' needs and continue investing in and shaping the future, sustaining the full benefits of new technologies.

We have successfully and proudly maintained a Bahrainization level of 93.3% at Zain Bahrain. We have continued our investment in the Bahraini workforce and strengthened our role in supporting the economic and social development as well as human resources across the Kingdom.

In meeting the needs of our customers, we were incredibly proud to be recognized by the TRA as the fastest telecom network in the Kingdom for posting and streaming content on social media applications, according to the TRA Quality of Mobile Services Report 2021, published in March 2022. We signed numerous partnerships during the year to expand digitalization across Bahrain, grew our customer base, and continued our industry leadership in customer satisfaction by delivering the latest technology trends and solutions.

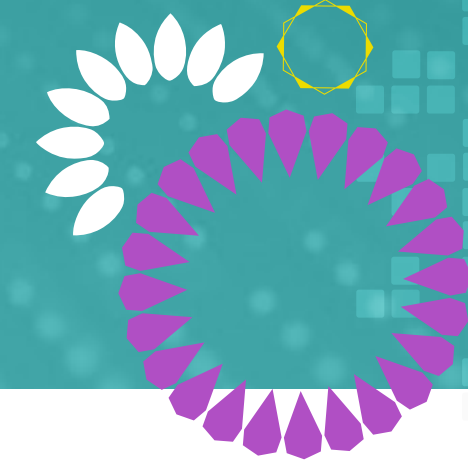


**WE AIM TO GAIN  
MOMENTUM AND  
DRIVE NETWORK  
INNOVATION  
TO RELIABLY CONNECT  
PEOPLE AND DEVICES,  
WITH THE ABILITY  
TO SUPPORT A WIDE  
VARIETY OF CONSUMER  
AND INDUSTRIAL USE  
CASES**





# CHAIRMAN'S STATEMENT



Zain Bahrain has strengthened its competitiveness in the gaming sector and Esports by launching the first-ranked Esports summer tournament in the Kingdom, which proved popular among Esports enthusiasts and gamers and is part of Zain Bahrain's commitment to developing the gaming community.

We also drove ahead with our sustainability commitments and our efforts to build an inclusive digital future. Our solid progress so far is because of the keen execution discipline and our strategy, which is more than just business transformation. It is in fact a business performance transformation to achieve our intended outcomes and build momentum for the longer term.

## FINANCIAL RESULTS

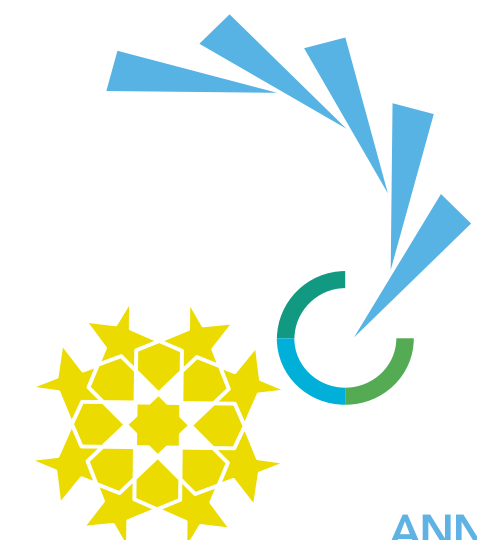
For the year ended 31st December 2022, Zain Bahrain reported a net profit of BD 5.71 million, up by 2.6% year-on-year (Y-o-Y). At the balance sheet level, Zain Bahrain's total equity at the end of the full-year 2022 stood at BD 83.18 million, up by 5.5% Y-o-Y. The company's assets for the full-year amounted to BD 139.63 million, up by 6.5% Y-o-Y.

## OUR COMMITMENT TO SUSTAINABILITY "ZAINA FEL AIN"

Over the past year, we have deepened our commitments to sustainable development, playing a leadership role in multiple aspects that are aligned with Bahrain's vision and the United Nations' Sustainable Development Goals (SDGs). We continued our commitment to driving positive change through sustainable community business initiatives, sponsorships, and local partnerships, focusing on the environment, well-being, diversity, and inclusion. Our approach to environmental management focuses on our two most material environmental impacts, e-waste and climate change. We have expanded our Z-Waste Recycling Initiative to raise awareness about electronic waste and continued our collaboration with NIAD (National Initiatives of Agriculture Development) by planting many trees across the Kingdom to fulfill our environmental target in carbon offsetting and to take part in a collective positive impact on Bahrain.

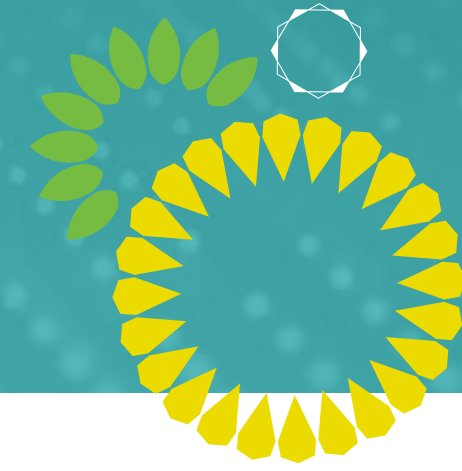
## OUR COMMITMENT TO OUR CUSTOMERS

At Zain Bahrain, we have a unique customer-centric philosophy integrated into the company culture. Our customers are our top priority. We are committed to delivering the best customer experience through our team, which understands our customers' needs and expectations. Our portfolio includes carefully designed, innovative, sustainable, digitally convenient, and personalized solutions. As part of our continuous commitment to delivering a superior customer experience, members of the leadership team at Zain Bahrain regularly dedicate a day to working with the company's front-liners to improve customer experience. This initiative aims to enrich the company's customer-centric culture, understand the workflow across different departments and experience Zain's front-line employee's daily work process.





# CHAIRMAN'S STATEMENT



## OUR COMMITMENT TO OUR PEOPLE

Our people are our greatest asset. We continued to support the health and well-being of our people, established a new working protocol, and implemented a policy of allowing our people to work remotely up to two days per week for a better work-life balance. We aim to create a more authentic employee experience centered on personal and career growth by giving our employees the right tools and training courses to reach their goals. All this is measured through our frequent employee engagement survey, which proves our solid commitment to employees as we seek to exceed the benchmark for high-performing organizations. These efforts were recognized by GCC Gov HR Awards 2022 as the organization of the year for "Youth Empowerment." We were awarded for our ongoing Youth Empowerment Program, which has trained and recruited more than 2,500 Bahraini youth since its inception, aiming to help students and fresh graduates successfully transition into the Bahraini workforce with the right skills, ability, and motivation.

We also embrace diversity and promote a collaborative work environment. Workforce diversity helps us to build and sustain our competitive advantage and fosters innovative thinking and creative solutions. We have a significant female representation in middle and upper management within Zain Bahrain.

With our employees' expertise, we can create a brighter digital future for all. On a personal note, I would like to thank all our employees for their dedication to the company and express how delighted I am to have them as part of the Zain Bahrain family. Together we will continue to strive to be the leading digital telco in the Kingdom.

## CONCLUSION & LOOKING AHEAD

We will continue investing in telecom and adjacent market growth drivers to improve our infrastructure planning, operation, products, and customer experience. We aim to gain momentum and drive network innovation to reliably connect people and devices, with the ability to support a wide variety of consumer and industrial use cases. We will continue to deploy 5G across the Kingdom and offer consumers and enterprises the latest technologies. We made excellent progress during 2022, and Zain

Bahrain is poised to accelerate its digital transformation in 2023, contributing to advancing the Kingdom's Economic Vision 2030.

I want to thank all the shareholders and executive management for their support and Zain Bahrain team for their dedication to the company and its loyal customers. I am honored to present the audited financial statements for the year ended 31st December 2022.

**Shaikh Ahmed Bin Ali Al Khalifa**

Chairman



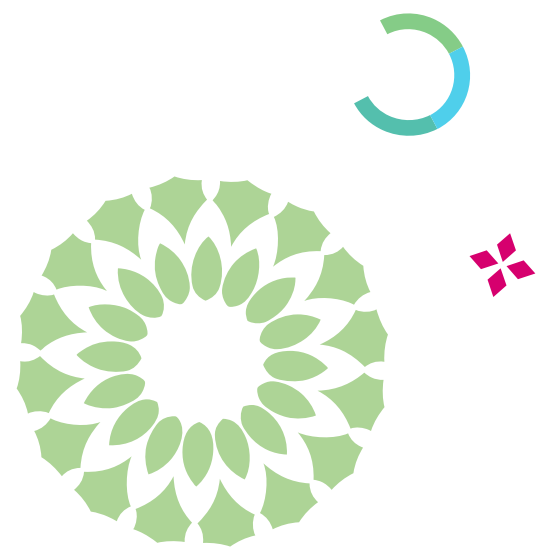


# BOARD OF DIRECTORS

## **Shaikh Ahmed Bin Ali Al Khalifa (Chairman)**

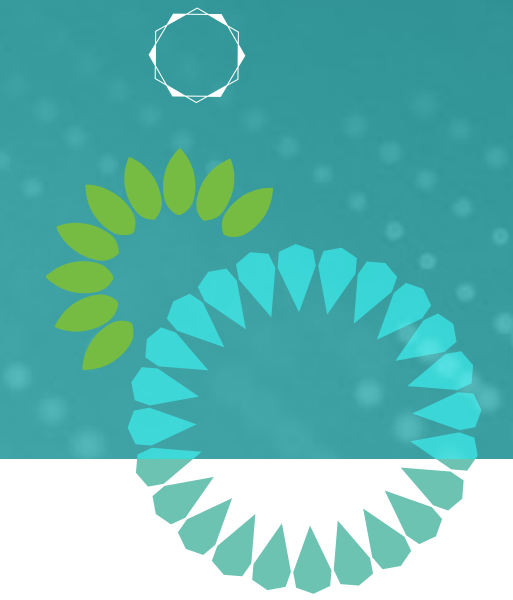
### **Non-Executive/ Non-Independent**

Shaikh Ahmed Bin Ali Al Khalifa is the Chairman of the board of DHL International Bahrain W.L.L., DHL Aviation W.L.L. and MENA Aerospace Enterprises W.L.L. He has been acting as the Chairman of the Board of MENA Aerospace Enterprises W.L.L. since its establishment in year 2004. Shaikh Ahmed Bin Ali Al Khalifa is also the Chairman of Muharraq Club since 1989 and prior to that he was the Vice-chairman of the club from 1978 to 1988.





# BOARD OF DIRECTORS



## Mr. Ahmed Tahous Al-Tahous

### Non-Executive/ Non-Independent

Mr. Al-Tahous was appointed Chairman of the Board of Directors of Zain Group on 28 March 2018, after previously appointed as a member of the Board of Directors on March 12, 2017, as representative of the Kuwait Investment Authority (KIA). Mr. Al-Tahous has over 34 years of experience in the banking and investment sectors. He began his career by joining the US Treasury Department in 1983 and moved to Morgan Stanley Asset Management in New York, where he was the Portfolio Manager of KIA.

Mr. Al-Tahous is the Executive Director of the Marketable Securities Sector at KIA, Kuwait, the world's oldest sovereign wealth fund, which he joined in 2006. He is the Chairman of the Board of Directors at Touristic Enterprises Company, a leading tourism development company in Kuwait. He has also been a member of the Board of the Industrial Bank of Kuwait since 2011.

He has served as a Board member of the Egyptian Kuwaiti Development and Investment Company, a company specializing in the management of real estate, tourism, and housing projects. He has also served as a Board member of Jordan National Bank, as well as Housing Bank for Trade and Finance (Jordan).

## Shaikh Rashid Bin Abdulrahman Al Khalifa

### Non-Executive/ Independent

Shaikh Rashid Bin Abdulrahman Al Khalifa is the Managing Director of Mi'mar Architecture & Engineering since 1992. Prior to that, he worked with the Bahrain Defense Force, holding the position of Director of Military Works from 1982 to 1991 and Head of Engineering Department from 1978 to 1980. Shaikh Rashid holds a BSc in Architectural Engineering from the University of Cairo, Egypt, a Master's degree in City Planning from Howard University, USA, and a certificate of Advanced Management program from Harvard University, USA. He is a registered member of the Council for Regulating the Practice of Engineering Professions (CRPEP) in Bahrain, the American Institute of Architects and the American Planning Association.



## Mr. Bader Nasser Al-Kharafi

### Executive/ Non-Independent

Mr. Bader Nasser Al-Kharafi is Vice-chairman and Group CEO of the parent company MTC. Mr. Al-Kharafi holds office as Chairman, VP, MD and Board member in several businesses that form part of the Kharafi conglomerate, one of the largest privately owned, diversified groups based in Kuwait and operating across the GCC and MENA with more than 135 registered companies operating in more than 28 countries in various sectors.

Mr. Al-Kharafi is also the Chairman and Managing Director of Kuwait based Gulf Cables & Electrical Industries KSC; General Manager of Al-Khair National for Stocks and Real Estate Co; and a Board member of Refreshment Trading Company (Coca-Cola). Additionally, he is a Board member of Gulf Bank, Kuwait, one of the country's largest financial institutions, as well as a Board member of Foulath Holding B.S.C. (Bahrain Steel BSCC).

Mr. Al-Kharafi attained an Executive MBA from London Business School and holds a bachelor's degree in Mechanical Engineering from Kuwait University.



# BOARD OF DIRECTORS

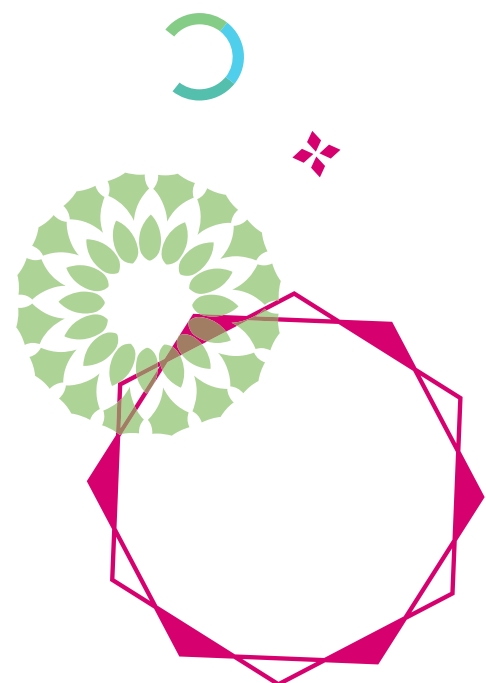


## Mr. Zaki Hilal Saud AlBusaidi

### Non-Executive/ Non-Independent

A seasoned professional with over 20 years of experience in different fields, Mr. Zaki AlBusaidi is currently a Board member at Omantel. He joined the Oman Ministry of Civil Service in 1996 where he worked for 18 years and rose through the ranks to eventually be promoted to Director General for Organizing and Job Classification. In 2014, he joined the Oman Institute of Public Administration where he is currently the CEO. He previously served a member of the Ports Services Company and Oman Arab Investment Fund and is currently with the National Life and General Insurance Company.

Mr. AlBusaidi holds a Master's degree in Public Administration from Exeter University in the United Kingdom and a Bachelor's degree in Public Administration from Yarmouk University in Jordan. He participated in many specialized courses related to the development of the public and private sectors.



## Mr. Yousef Khaled Al-Abdulrazzaq

### Non-Executive/ Non-Independent

Mr. Yousef Al-Abdulrazzaq appointed in Zain Bahrain Board on 27 November 2018. Mr. Al-Abdulrazzaq is a Board member in Zain Group as a representative of Kuwait Investment Authority (KIA). He joined KIA in 2006 and is currently an investment manager within the General Reserve Sector under the local equities department.

Mr. Al-Abdulrazzaq holds office as board member and other key roles in several Kuwaiti entities. Since 2012, he is a member of the Board of Directors at Touristic Enterprises Company where he also serves as Member of the Executive Committee and Chairman of the Audit Committee. Established in 1996, Touristic Enterprises Company is a pioneer in Kuwait's entertainment and recreation business, through its various well-established facilities.

Since 2015, he also served as a member of the Board of Directors and Chairman of the Audit Committee and chairman of the Human Resources Committee at the Public Utilities Management Company, Kuwait, a fully owned subsidiary of KIA. The company was founded in 1982, to diversify internal investment, development and income in Kuwait through the exploitation of lands and state assets.

In 2010, he was involved in Kuwait Airways privatization project. Over the years, Mr. Al-Abdulrazzaq has attended numerous accredited training courses and conferences and completed an intensive on job training with Daiwa SB Investments - London. Mr. Al-Abdulrazzaq holds a Bachelor's degree in Business Administration with a major in Finance from Kuwait University.

## Mr. Ali Hassan Al-Khaja

### Non-Executive/ Independent

Mr. Ali Hasan Al-Khaja is backed by a wealth of experience across various sectors, Mr. Al-Khaja was the driving force behind the launch of the world's first Customer Service Transparency Standard, an international qualification standard for the services sector. Mr. Al-Khaja is a technology entrepreneur and a holder of several patents in the areas of e-commerce and m-commerce across the USA and the EU. He is also a passionate innovator; developing a mobile transactional patent and innovative cloud services with an aim of further developing the customer care industry across the Middle East.

Mr. Al-Khaja started his career in the hospitality industry before progressing to the telecommunications sector. He received his Diploma in Hospitality.



## KEY HIGHLIGHTS

OPERATING  
PROFIT

**6.45**  
Million

NET  
PROFIT

**5.71**  
Million

REVENUE

**67.36**  
Million

TOTAL  
EQUITY

**83.18**  
Million

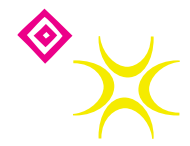
TOTAL  
ASSETS

**139.63**  
Million

EPS

**16**  
Fils





# MANAGING DIRECTOR'S STATEMENT

Over the past years, Zain Bahrain has been transforming into the leading digital telco in the Kingdom and redefining what a modern telco company should be. We are now in an era of high-speed connectivity and newer technologies that will further revolutionize our work and play. As a leading communications technology provider, we are proud to be enablers of such change. Innovation has always been at the core of our business. We aim to continue pushing boundaries and achieving breakthroughs in our networks and services.

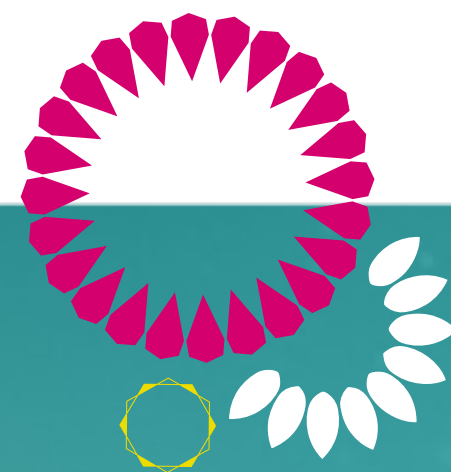
At Zain Bahrain, we offer authentic, engaging experiences by providing our customers with exciting digital services and ever-faster connections to enrich and transform their lives. We are an organization that innovates for the

community, creating a seamless customer experience with technology. We are working towards providing a superior customer experience behind all services provided.

Part of our digital transformation is our investment in new business partnerships. We have expedited our growth in the enterprise sector by improving operational efficiencies and delivering enhanced customer experiences via 5G and the latest technology solutions. We have expanded our range of solutions and services to help enterprises navigate the change and become more agile.



**Mohammed Zainalabedin**  
Managing Director





# MANAGING DIRECTOR'S STATEMENT

Zain Bahrain has been a pioneer in the sustainability space. We have remained committed to sustainable growth as we seek to positively impact our customers, the community we operate in, and the environment. We strive to achieve this through a series of initiatives to foster a more inclusive and diverse workplace and society, support vulnerable groups, reduce our environmental footprint, and spark positive change through social innovation. All this comes as part of our sustainability strategy (Al Zaina fel Ain), which contributes to the realization of Bahrain's vision and the United Nations' Sustainable Development Goals (SDGs).

A key initiative in 2022 was launching the Sign Language health visual center in partnership with Primary Healthcare Centers and Bahrain Deaf Society. This initiative is part of Zain Bahrain's coherent Diversity and Inclusion strategy,

falling under the WE ABLE pillar, which aims to establish purpose-driven activities centered on meaningful connectivity, leading to equitable systemic change contributing to the Kingdom's health system goal to make Bahrain an inclusive country in line with the Economic Vision 2030.

Our team is actively engaged within our community. Our employees volunteer their time and talent for various social and environmental causes. We have also trained many of our employees in Sign Language to create a diverse, equitable, and inclusive culture in the workplace. The training program developed employees' abilities and elevated the customer experience to be more inclusive and welcoming, thereby making the Zain brand more accessible.

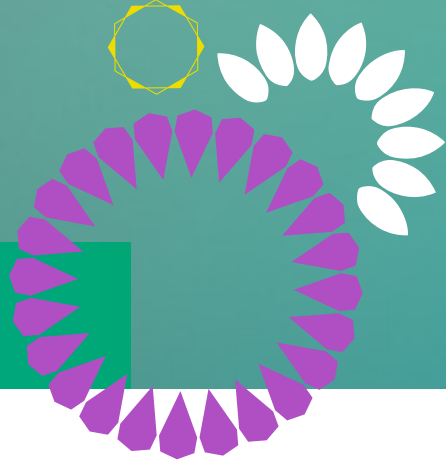


**WE HAVE REMAINED COMMITTED TO SUSTAINABLE GROWTH AS WE SEEK TO POSITIVELY IMPACT OUR CUSTOMERS, THE COMMUNITY WE OPERATE IN, AND THE ENVIRONMENT.**





# MANAGING DIRECTOR'S STATEMENT



Our people are our most valuable asset. To power ahead into the new digital economy, we must ensure we have the right people with the right capabilities. At Zain Bahrain, we create the right environment with the right resources for our employees to build an organization that embraces the culture of continuous learning, from senior management to operational employees. We invest in various training programs to develop their leadership skills, which are reviewed regularly to align with the latest industry trends. We also engage staff in many activities to boost their well-being, providing all employees with annual health screenings and work-life coaching programs, and promoting professional development through "Zain Talks", which comes as part of Zain's culture and strategy.

At Zain Bahrain, we have kept up our investment in Bahrain's workforce and given young people opportunities to thrive. We have maintained a Bahrainization level of 93.3%, which helps them advance their professional skills and boost their marketability in the domestic and global markets.

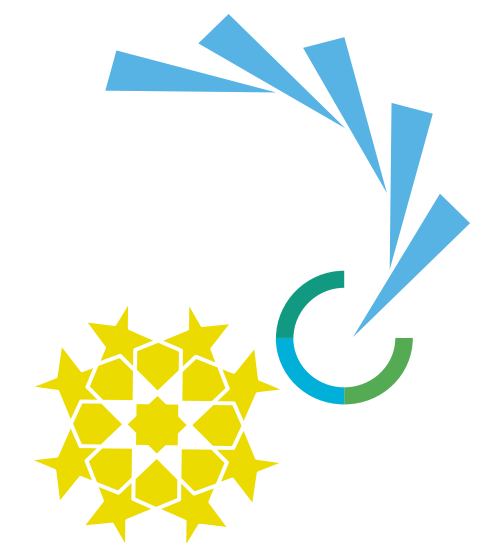
We have been recognized for our ongoing commitment to encouraging and empowering the youth, winning Organization of the Year "Youth Empowerment Award" at the GCC Gov HR Awards 2022 in Dubai. The award demonstrates our dedication to empowering and developing youth through the Zain Youth Empowerment Program and initiatives, which is a key pillar in contributing to society and Zain Bahrain's goal of embedding a socially responsible culture across its operations.

The program aims to support youth to pursue their passion, help them gain work-life experience, by nurturing and challenging them.

We are well-positioned to leverage future opportunities, face challenges, and create a brighter digital future for all. This means growing our digital capabilities and investing in innovation and emerging technologies.

**Mohammed Zainalabedin**

Managing Director



# EMERGING TECHNOLOGIES

5G





# EMERGING TECHNOLOGIES

## NETWORK SPEED:



### **First operator in the Kingdom to deploy Ericsson new Carrier Aggregation (NR-NR)**

Implemented Ericsson's 5G TDD-TDD (Time Division Duplex) Carrier Aggregation on a commercial device to use on mid-band frequency to boost user experience and enable high data rates, expanding its 4G and 5G coverage as well as introducing 5G mid-band carrier aggregation.



### **First operator in the Kingdom to successfully complete the advanced 5G mmWave Technology trial**

Successfully launched a 5G mmWave trial as part of the Telecommunications Regulatory Authority's Regulatory Sandbox initiative, which provides faster speeds and very low latency, unlocking new functionalities for consumers and businesses and facilitating exciting new use cases, such as gaming and industrial applications.



### **First operator to provide indoor 5G connectivity to a sporting venue - Zain Bahrain Basketball Arena**



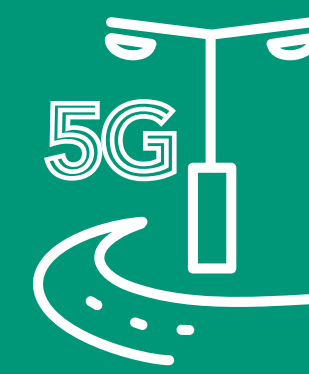


# EMERGING TECHNOLOGIES

## COVERAGE:



**Zain Bahrain now has nationwide 5G population coverage.**



**First operator in the Kingdom to complete the deployment of 5G streetlight solution in Bahrain Bay**

The innovative streetlight solution turns existing streetlights into Zain 5G sites to improve 4G and 5G coverage and speed, providing Bahrain Bay residents with high quality connectivity.

## NETWORK AND SUSTAINABILITY:



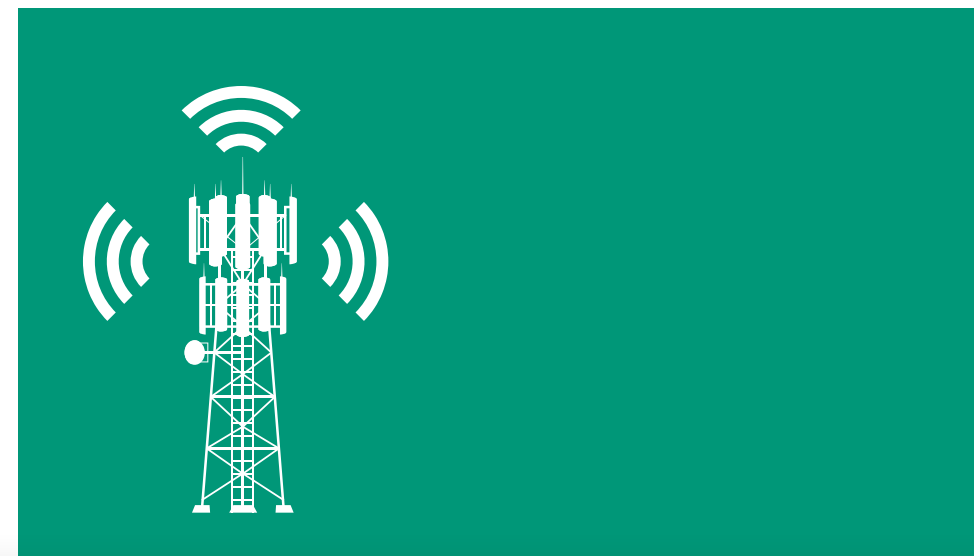
**Achieved 15% energy conservation using the latest Sustainable Network Solutions**

The first in the MEA region to deploy the latest generation of Massive MIMO radios which helped Zain Bahrain achieve up to 15% energy conservation. This solution has been developed to have the smallest size and weight possible while also improving the 5G network performance.



# EMERGING TECHNOLOGIES

## EMERGING TECHNOLOGIES:



### **First operator in the Kingdom to deploy a nationwide Narrowband-IoT (Internet of Things) Network**

Officially the first operator in the Kingdom to deploy nationwide the most innovative Narrowband-IoT (Internet of Things) network technology based on narrowband radio standard that aims to support Bahrain in achieving its National Telecommunication Plan (NTP)-5 machine-to-machine (M2M) aspirations. By implementing this technology, enterprises and consumers can gain broader wireless coverage, more simultaneous connections, longer battery life, and cost-effective solutions for IoT adoption.



### **Zain Bahrain partnership with ZainTech**

ZainTech is the one-stop digital and ICT solutions powerhouse of Zain Group, aiming to accelerate the digital transformation of enterprises and government entities in the Kingdom.



### **Licensed by the Central Bank of Bahrain (CBB) to enable Zain Bahrain to provide financial services to consumers**

Zain Bahrain is licensed by the Central Bank of Bahrain (CBB) to enable the company to provide financial services to consumers, playing a bigger role in customer's day-to-day lives and offering them more choices.



# PROFESSIONAL GROWTH AND DEVELOPMENT





# PROFESSIONAL GROWTH AND DEVELOPMENT

## Toastmasters Club

Zain Bahrain launched a Toastmasters Club for its employees, aiming to provide a mutually supportive and positive learning environment whereby members can develop their communication and leadership skills to foster confidence and personal growth.



## Hosted "Your Brave Voice"

This advanced leadership program was hosted to target future female leaders and provide them with the necessary leadership skills.



## Travel in the Digital World

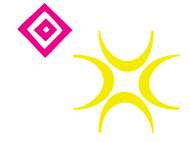
The initiative provides the employees with a hub to access several worldwide e-learning platforms.



## Held a Sign Language training for 38% of Zain Bahrain frontliners

This initiative was held to create an improved, inclusive, and accessible customer experience.





# CEO'S STATEMENT

In a climate of increased competitiveness intensity, Zain Bahrain has once-again proved resilient. We continued to build out our network infrastructure to enhance and expand mobile coverage and pushed forward to deliver the latest relevant innovations to our customers.

At Zain Bahrain, we foster a customer-centric culture to delight our customers. We put our customers at the heart of everything we do, be it the network experience, customer service, digitalization, or ensuring that our customers are fully supported across multiple channels. We aim to deliver a competitive value proposition and ultimately create differentiation through our customer experience.

We have set a new benchmark in customer service by introducing a new feature on Zain's portal showing how fast the telecom attends to various customer interactions.

The first of its kind in the Kingdom, the platform presents to the public the current predicted waiting times across Zain Bahrain's Customer Care and Retail channels. The feature aligns with Zain's strategy to provide a best-in-class customer experience and empowers our customers to choose the channel they prefer and showcases the great deal of emphasis we place on serving our customers in a fast, friendly and convenient way.

We continued our commitment to investing in the latest technologies, such as 5G and IoT, to redefine and transform how customers and enterprises connect. As the first operator in Bahrain to deploy the innovative streetlight solution in Bahrain Bay, we turned existing streetlights into Zain 5G sites delivering improved 4G and 5G coverage and speed.



**Duncan Howard**  
Chief Executive Officer





## CEO'S STATEMENT

Furthermore, we were the first operator to successfully trial advanced 5G mmWave technology, that will enhance download and upload speeds for our customers, delivering improved gaming experiences and faster access to content.

Reinforcing our belief that technology should benefit everyone, we were also the first entity to deploy the most innovative Narrowband-IoT (Internet of Things) technology in the Kingdom, paving the way for the future growth of IoT and 5G initiatives. By utilizing this technology, enterprises and consumers can access broader wireless coverage, have multiple simultaneous connections, enjoy longer battery life, and offer cost-effective solutions for IoT adoption.

Our digital ICT partnership with ZainTech offers a one-stop center of excellence for managed solutions, including cloud, cybersecurity, Artificial Intelligence, big data, and smart cities. These capabilities will support

Vision 2030, accelerating the digital transformation of enterprises and government entities in Bahrain.

We continued to invest in expanding our network and spectrum to provide our customers with the best data experience possible; we have enhanced our 4G and 5G network across many newly developed areas in the Kingdom as part of our broader expansion plan, allowing residents to enjoy the best mobile experience.

As a communication technology company, we recognize that we are in a privileged position to create positive change in our community. "Al Zaina fel Ain" outlines how we are enhancing our commitment to a responsible and sustainable business through initiatives focused on the environment (Forever Green), as well as Diversity and Inclusion (WE ABLE), and local community engagements that are aligned with the UN's SDGs.



**WE PUT OUR CUSTOMERS  
AT THE HEART OF  
EVERYTHING WE DO,  
BE IT THE NETWORK  
EXPERIENCE, CUSTOMER  
SERVICE, DIGITALIZATION,  
OR ENSURING THAT OUR  
CUSTOMERS ARE FULLY  
SUPPORTED ACROSS  
MULTIPLE CHANNELS.**





# CEO'S STATEMENT

We continue to collaborate with partners to ensure our communities are not left behind. This year, we launched the third edition of "Girls for Tech," which focuses on STEM and aims to support gender equality while providing quality technical education. 1,525 girls have been trained in all three editions of the program so far.

We have also continued our "Forever Green" initiatives by planting many trees across the Kingdom in partnership with The National Initiative for Agricultural Development (NIAD) to reduce our carbon footprint and environmental impact. We also continued to minimize electronic waste through our Electronic-Waste Recycling Initiative (Z-Waste) in cooperation with the Supreme Council for Environment. Zain Bahrain undertook the third edition of its national e-waste competition, including all public and private schools in Bahrain, to raise awareness of e-waste, its environmental impact, and the importance of safe recycling practices.

Our efforts to maximize the potential of persons with disabilities and special needs have included launching the first medical Sign Language health visual contact center in the Kingdom in partnership with Primary Healthcare Centers and Bahrain Deaf Society. This initiative is part of Zain Bahrain's Diversity and Inclusion strategy under the WE ABLE pillar.

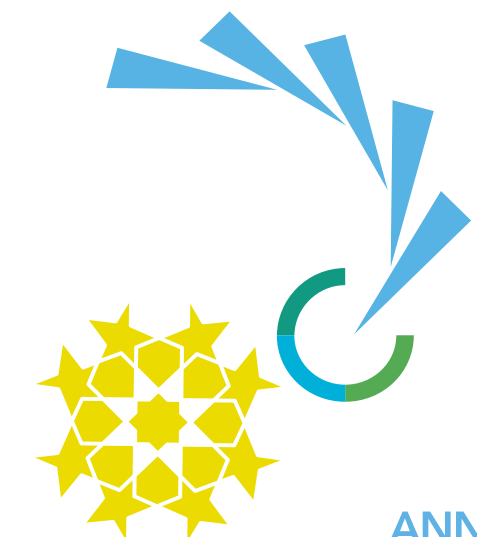
Zain has always placed a great deal of focus on being an "employer of choice". As we continue our transformation, the composition of our workforce has naturally evolved. We have placed a priority on training and reskilling our people. We have long-term initiatives in place to attract, nurture, and retain talent. Through these actions, we are creating an environment where the company culture will thrive, innovation will flourish, and our employees will be empowered to create real change.

Zain today is markedly different from the traditional telco we were ten years ago. We are focused on revenue diversification while in parallel, increasing our level of competitiveness through our advanced networks and superior customer experience. We believe this will make us even more resilient and will drive data and revenue growth and digital empowerment in our market. While our transformation continues, I am confident that a strong foundation is now in place to evolve our business and capture the opportunities ahead.



**Duncan Howard**

Chief Executive Officer



# STRATEGY UPDATE

The image features a central hand holding a glowing line graph that trends upwards. The background is a dark teal color with various abstract elements: a cluster of white and blue triangles in the upper left, a yellow arrow in the upper right, a white arrow pointing up and right, and a yellow arrow pointing up and right. There are also several colorful circular patterns and a faint grid of data points. The overall aesthetic is modern and technological.

As consumers are shifting their usage patterns from voice to digital, the steps Zain Bahrain has taken to sustainably transform its core telecom business are paying off. Our ongoing digital transformation investments have grown significantly - we have made further investments in network, technology, and spectrum. In parallel, we have restructured our offerings to meet the increasing needs for value for money and high-quality mobile internet. Customers embraced these new products, delivering robust customer growth and significantly increased data usage.

At Zain Bahrain, we have a strong customer experience vision to be the most customer-oriented telco. Our customer service experience management focuses on the entire customer journey; we create and boost connections so our customers can choose a world of unlimited possibilities. Our customer management team provides the best-in-class customer experience, proactively engaging with customers to understand and respond to their expectations using various services to enhance our customer experience across all digital channels.

We are a telco for the people. We deliver on our customers' needs with personalized, innovative, digitally convenient solutions.

Consumer habits are evolving alongside rapidly emerging technologies. The need for people and businesses to connect seamlessly is greater than ever. To compete in the digital economy, our strategy aims to strengthen our digital customer engagement while maintaining our lead in the core telecom business. We strive to deliver the highest quality customer experience by offering faster speeds, excellent coverage, and innovative services. In our enterprise business, we continued to grow our smart city solutions and cybersecurity portfolio to build a digital ecosystem that allows Zain Bahrain to play an active role in the Kingdom's digitization endeavors to realize the 2030 Vision.



**TO COMPETE IN THE  
DIGITAL ECONOMY,  
OUR STRATEGY AIMS  
TO STRENGTHEN OUR  
DIGITAL CUSTOMER  
ENGAGEMENT  
WHILE MAINTAINING  
OUR LEAD IN THE CORE  
TELECOM BUSINESS**





# STRATEGY UPDATE



Significantly, we have again successfully increased our 5G population coverage using state-of-the-art 5G Massive MIMO hardware that can provide higher 5G capacities and speed. The new hardware also supports our sustainability strategy, reducing power consumption compared to its predecessor. Also of note, the company was the first operator to deploy indoor 5G in a sporting venue (Zain Basketball Arena).

We actively seek to update our products, services, and operating model to maintain innovative and competitive offerings. One of our new growth initiatives has been the deployment of the Narrowband-IoT, making us the first operator to offer the new technology commercially in the Kingdom. This innovation supports Bahrain's efforts to achieve its National Telecommunication Plan (NTP)- 5 machine-to-machine (M2M) aspirations.

We are also transforming our digital services to deliver an improved customer experience while maintaining an optimum cost base. Our technology experts monitor developments and emerging trends and work with global technology providers to capitalize on these opportunities. In 2022, we were recognized for having achieved the fastest speeds for posting and streaming

on social media applications across the Kingdom, according to the TRA Quality of Mobile Services Report 2021, published in March 2022. We have also achieved the highest rate of consumer satisfaction for carrying out transactions online across mobile, broadband, and fixed-line services, according to the TRA Consumer Experience Report 2022.

We have continued to unlock the potential of connectivity, giving our customers more innovative solutions and technologies. However, our commitment to the community runs even broader. As a responsible corporate digital services provider, we aim to build a sustainable business - a genuine force for social inclusion with a value chain based on the highest standards of ethics. We are committed to empowering children, youth, and persons with disabilities and special needs. Our efforts in this area have now been further expanded to include hiring and training opportunities, to support their economic potential and capacity to make a difference.

As a diverse telecom company with a people-centric leadership, we aim to be an organization our employees are proud to work for. To achieve this, we strive to create a work environment with equal opportunities

and a diverse, inclusive, and collaborative culture. Knowing that our employees are key to our successful transformation in this fast-changing digital world, we invest in our people by empowering them to grow personally and professionally to achieve their full potential. We also promote work-life balance for our employees by providing flexible work arrangements and a wide range of benefits.

Our strategy sets out how we will transform our business and our technology systems and infrastructure while maintaining a sustainable business. We are confident in Zain Bahrain's strategy as it gathers momentum, and we look forward to 2023 as we progress in value-creating and innovative key growth areas.



# AWARDS AND RECOGNITION







# AWARDS AND RECOGNITION



## Recognized as Organization of the Year for "Youth Empowerment" by GCC Gov HR Awards 2022

Zain Bahrain was awarded for its ongoing Youth Empowerment Program which successfully trained and hired 90 Bahraini youth in 2022.



## Won Happiness@Work Award under the "Best Workers Welfare Program" Category

The telco was awarded in recognition for excellence in the workplace responsibility in relation to the processes and policies that support happiness in the workplace.



## The Fastest Mobile Network for Social Media Applications in the Kingdom

Zain Bahrain achieved the fastest speeds for publishing and streaming social media applications according to the TRA Quality of Mobile Services Report 2021, published in March 2022.



# AWARDS AND RECOGNITION



**Recognized as one of the supporters of the second edition of His Highness Sheikh Isa bin Ali Al Khalifa Initiative in Training over 100 Youth Talents**



**Recognized by the Ministry of Labor for Contributing to the National Employment Program 2.0, making Zain Bahrain the Top Telco to Hire Bahrainis in 2022**



**Achieved the Highest Rate of Consumer Satisfaction for Carrying out Transactions Online**

Recognized by TRA Consumer Experience Report 2022, achieving the highest rate of consumer satisfaction with regards to carrying out transactions online across mobile, broadband, and fixed-line services.

# SUSTAINABILITY AND INCLUSIVITY



In fulfilling its role in Corporate Responsibility, Zain Bahrain has been integrating environmental and social aspects into its business operation and management since 2003. The company has mapped out its corporate sustainability strategy to align with social and environmental changes globally, leading the telecommunications sector in implementing sustainable business strategies.

Promoting a responsible and sustainable business is fundamental to Zain Bahrain and represents a key part of its long-term goals. These efforts include developing a diverse workforce that genuinely represents the communities it serves.

Zain Bahrain's Sustainability Strategy is critical to delivering on its purpose of building meaningful relationships and supporting vibrant, connected communities. It outlines how the company

operates responsibly to make a difference through contributing to the well-being of its customers, community, and the Kingdom of Bahrain, now and in the future.

Illustrations of the delivery on these commitments include the launch of 'Natawasal' - a video health call center for the Deaf Segment, which provides interpreters to translate Sign Language for deaf patients into spoken Arabic to doctors. The first-of-its-kind national health service initiative in the Kingdom falls under Zain Bahrain's 'WE ABLE' initiative, aiming to achieve inclusivity in the local community by providing equal accessibility for all segments.

In alignment with Zain Group Corporate Sustainability Strategy, and with the aim of enhancing our national social and environmental impacts, Zain Bahrain launched AlZaina fel Ain Strategy, which identifies four key areas where we believe we are well-placed to make a positive impact on our stakeholders.





## SUSTAINABLE GROWTH KEY HIGHLIGHTS

**1,525**

girls have been trained as part of Girls for Tech program.

**38%**

of frontliners received training on Sign Language.

Over  
**2,500**

Bahraini Youth have been trained and recruited since the launch of Zain Youth Empowerment Program.

**93.3%**

Bahrainization Level

**27**

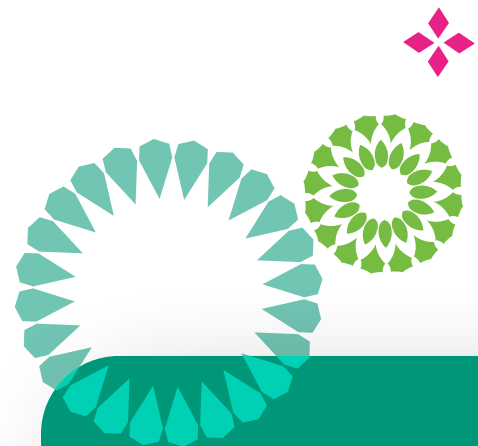
Public Health Natawasal Centers

**20**

tons of electric waste have been collected under Z-Waste initiative.



# AL ZAINA FELAIN KEY AREAS



## The official telecom sponsor of Youth City 2030

Provided Wi-Fi access to Youth City 2030 participants and attendees.

## The official telecom sponsor of Bahrain Comic-Con 2022

Zain Bahrain provided internet access through Zain Wi-Fi for this well-known, international event attendees and the gaming area. It also offered prizes for the winners of the esports competitions and a cash prize for the PUBG tournament, aiming to encourage new hobbies and nourish new-found talents in Bahrain.



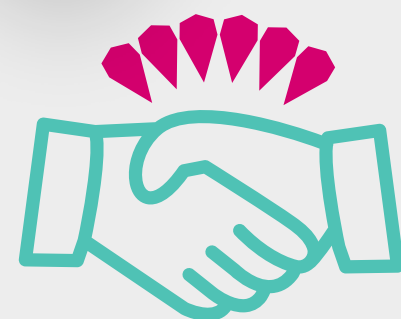
## ENVIRONMENTAL RESPONSIBILITY

### Continued supporting 'Forever Green' campaign in collaboration with NIAD

Zain Bahrain's support to the National Initiative for Agricultural Development (NIAD) contributed by planting many trees across the Kingdom. The campaign's goal is to advance towards the Kingdom's commitment to bring carbon emissions to zero by 2060.

### Launched the largest E-Waste school competition in the Kingdom

The third edition of Z-Waste competition was launched in collaboration with the Supreme Council for Environment and Ministry of Education. The competition is open for private and public-school students. It aims to bring positive behavioral change, adapting to a more sustainable economy.



## PARTNERSHIPS FOR THE GOALS



# AL ZAINA FELAIN KEY AREAS



## INCLUSIVE DIVERSITY

4

QUALITY EDUCATION



5

GENDER EQUALITY



10

REDUCED INEQUALITIES



### Launched 'Girls for Tech 3.0'

Zain Bahrain launched the third edition of 'Girls for Tech' in collaboration with the Supreme Council of Women and Clever Play. This initiative provides the essential STEM training required to create more significant opportunities for girls aged 8-14 in Technology.



### Trained 38% of Zain Bahrain frontliners on Sign Language

This quarterly training program aimed to elevate the customer experience to be more inclusive, thereby making the Zain brand more accessible.

### Launched 'Natwasal', the first video health call center for the deaf community

Launched a first-of-its-kind national health service initiative in the Kingdom, a Sign Language video call center in partnership with Bahraini Deaf Society and Primary Healthcare Centers. The center provides the deaf segment with the means to effectively communicate with their doctors on all their healthcare needs.

### Signed an MOU with Bahrain Mobility International Center

Signed a Memorandum of Understanding (MOU) with Bahrain Mobility International Center to exchange knowledge and strengthen the partnership towards the growth of an inclusive community.



## COMMUNITY GROWTH



Collaborated with Netaj Khair Al Bahrain to sponsor 1,000 Iftar meals for people in need

Hired and trained over 2,500 Bahraini Youth since the inception of Zain Youth Empowerment (ZY) Program and maintained a Bahrainization level of 93.3%

ZY Empowerment Program aims to help Bahraini youth to stay relevant in the workforce and contribute meaningfully to the Kingdom's future, aligned with Vision 2030.



# CORPORATE GOVERNANCE





## **1- Description of the Actions taken to Complete the Corporate Governance Code during the year 2022:**

As a listed company on the Bahrain Bourse, Zain Bahrain B.S.C (“Zain Bahrain” or “Company”) is committed to undertake global leading practices in corporate governance and in compliance with laws and regulatory requirements. The purpose of implementing the corporate governance framework is to protect the rights of all shareholders and stakeholders, and to ensure compliance with applicable laws and regulations. The Company’s commitment to achieving the highest standards of corporate governance is reflected by its approach in embracing the governance principles outlined by the Ministry of Industry, Commerce and Tourism (hereinafter referred to as “MOICT”) and the Central Bank of Bahrain (hereinafter referred to as “CBB”).

In accordance with the Company’s Corporate Governance guidelines, Zain Bahrain is in compliance with the MOICT Corporate Governance Code (hereinafter referred to as “CG Code”) and the CBB’s High Level Controls (hereinafter referred to as “CBB Module”) which is highlighted later in this report.

## **2- Description of the transactions of the directors, their spouses and sons on the Company’s shares during the year 2022:**

No transactions of this nature took place during 2022.

## **3- Composition of the Board**

### **a. Description of the current Board composition:**

Zain Bahrain’s Board of Directors (the “Board”) currently comprises seven members of which the majority are non-executive directors with one third of the Board being independent.

Shaikh Ahmed Bin Ali Al Khalifa was appointed by the Board as the Chairman of the Board and Mr. Ahmed Al-Tahous as Deputy Chairman. The CG Code and the CBB Module recommend that the Chairman should be an independent and non-executive director and that he is not the Company’s Chief Executive Officer (hereinafter referred to as “CEO”). The Chairman is not Zain Bahrain’s CEO, however as he owns 6.5% of the Company’s shares, he is not considered an independent director. The Board has reviewed this recommendation and does not believe its non-compliance will affect the balance of power and greater capacity of the Board for its independent decision making. There is currently no female representation on the Board.

Detailed information on the directors, including their roles in the Board, is presented in Appendix 1.

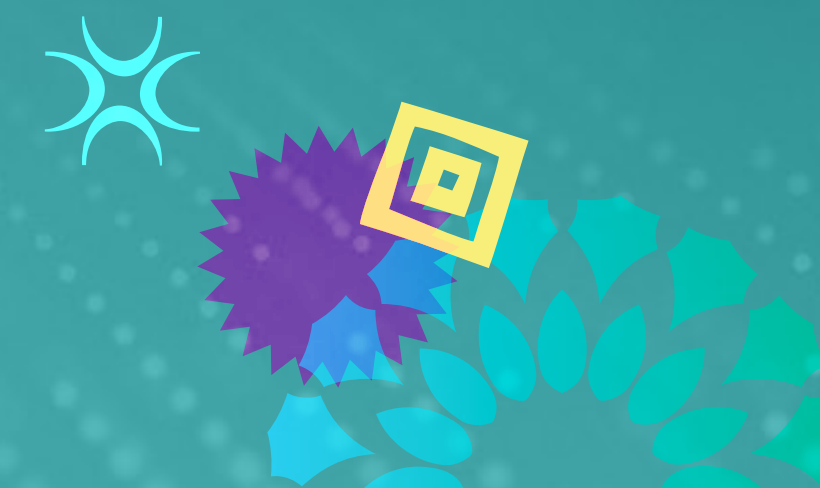
### **b. Description of the following:**

#### **1. Total remunerations paid to the directors for the last year, 2022:**

For the year ending 31st December 2022, a total of BHD 223,612 was paid to the directors.

#### **2. The proposed total remunerations to be paid to the directors for the year 2023, which will be presented at the annual general meeting for approval.**

The Board’s remuneration, which is approved annually by the shareholders at the AGM, includes an annual stipend and allowance for out-of-pocket-expenses. For the year ending 31st December 2023, a total of BHD 223,612 was recommended by the Board.



3. **Description of the sitting fees paid to the directors for attendance of the Board's committees for the financial year 2022:**

The Company ensures that the Board is reasonably compensated for the time, resources and effort spent in performing their fiduciary duties. The allocated remuneration is all-inclusive of Board meetings and committee meetings attended.

**c. Number and dates of the Board's meetings held during the financial year 2022, in addition to the number of times directors attended in person or by visual communication and a description of the directors present by proxy:**

The members of the Board met four times during the year 2022 on the following dates:

- 7 February 2022
- 18 April 2022
- 7 July 2022
- 2 November 2022

Director's Name	Board Position	Status of Director	Meetings Attended
Shaikh Ahmed Bin Ali Al Khalifa	Chairman	Non-Executive/ Non-Independent	Four
Mr. Ahmed Tahous Al-Tahous	Deputy Chairman	Non-Executive/ Non-Independent	Four
Shaikh Rashid Bin AbdulRahman Al Khalifa	Member	Non-Executive/ Independent	Four
Mr. Bader Nasser Al-Kharafi	Member	Executive/ Non-Independent	Four
Mr. Yousef Khaled Al-Abdulrazzaq	Member	Non-Executive/ Non-Independent	Three
Mr. Zaki Hilal Saud AlBusaidi	Member	Non-Executive/ Non-Independent	Four
Mr. Ali Hassan Al-Khaja	Member	Non-Executive/ Independent	Four

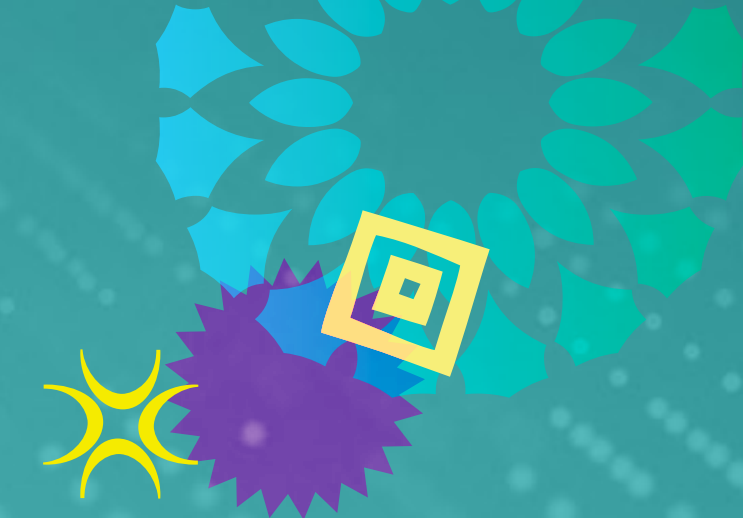
**d. Board Function, Structure and Members**

The Company is managed by its Board which has the ultimate responsibility for the overall conduct of the Company's business. The primary responsibility of the Board is to provide effective oversight over the Company's affairs for the benefit of its shareholders and to balance the interests of its stakeholders.

The Company has a written appointment agreement with each director to clarify the duties, powers, authorities and other matters of directorship. The written agreement also includes director's independency and adherence to the Directors' Code of Conduct.

**The Board responsibilities include:**

- The directors shall be responsible, both individually and collectively, before the shareholders for achieving the Company's objectives and purposes.
- The Board represents all shareholders and shall perform the duty of devotion and loyalty in managing and safeguarding the Company and promoting the interests of the Company and maximizing its value.
- Adopting the commercial and financial policies associated with the Company's business performance and achievement of its objectives.
- Drawing, overseeing and periodically reviewing the Company's plans, policies, strategies and key objectives.



- Setting and generally supervising the regulations and systems of the Company's internal control.
- Determining the Company's optimal capital structure, strategies and financial objectives and approving annual budgets.
- Monitoring the Company's major capital expenditures and possessing and disposing of assets.
- Approving the Company's quarterly and annual financial statements and presenting them to the general assembly.
- Monitoring the executive management's activities and ensuring that the operations run smoothly to achieve the Company's objectives and that they do not conflict with the applicable laws and regulations.
- Forming specialized committees emerging from the Board as required by the nature of the Company's activities.
- Determining the types of remunerations for the executive management and directors.
- Setting a mechanism to regulate transactions with related parties in order to minimize conflicts of interest.
- Setting standards and values governing the Company's business.

- Ensuring the application of appropriate control and risk management systems.
- Assuring equitable treatment of shareholders, including the minority shareholders.
- Setting internal regulations which determine the Board's duties and responsibilities, including the obligations and responsibilities of the directors, which the Board shall not be exempt from even if it forms committees or delegates certain duties to other Boards or individuals.

The Board has a fiduciary duty of care and loyalty to the Company and its shareholders and is accountable to them for the proper conduct of the business.

Zain Bahrain currently has two Independent directors. Shaikh Rashid Bin AbdulRahman Al Khalifa and Mr. Ali Hasan Al-Khaja represent the Independent directors of Zain Bahrain in accordance with the definition set out in the CBB Module and CG Code.

In accordance with the CBB Module, CG Code and Company's Board Charter, the Chairman of the Board ensures that any new director receives a formal and tailored induction to ensure his/ her contribution to the Board from the beginning of his/ her term. Details of new directors' orientation are set out in the Company's Board Charter.

The Board was re-elected / re-appointed by the shareholders in the AGM held on 31st March 2021 for a term of three years.

In Zain Bahrain, the directors and the employees are expected to maintain the highest level of corporate ethics and personal behavior and the Company has adopted a code of conduct which provides an ethical and legal framework for all employees in the conduct of its business.

The Nomination, Remuneration and Governance Committee ("NRGC") is assigned the responsibility of developing and recommending to the Board for its approval an annual self-evaluation process for the Board and its committees as well as overseeing the annual self-evaluation. It also has the responsibility of assisting the Board in determining the compliance of each director and officer with the Director's Code of Conduct and the Company's Code of Conduct and reports any violations to the Board.



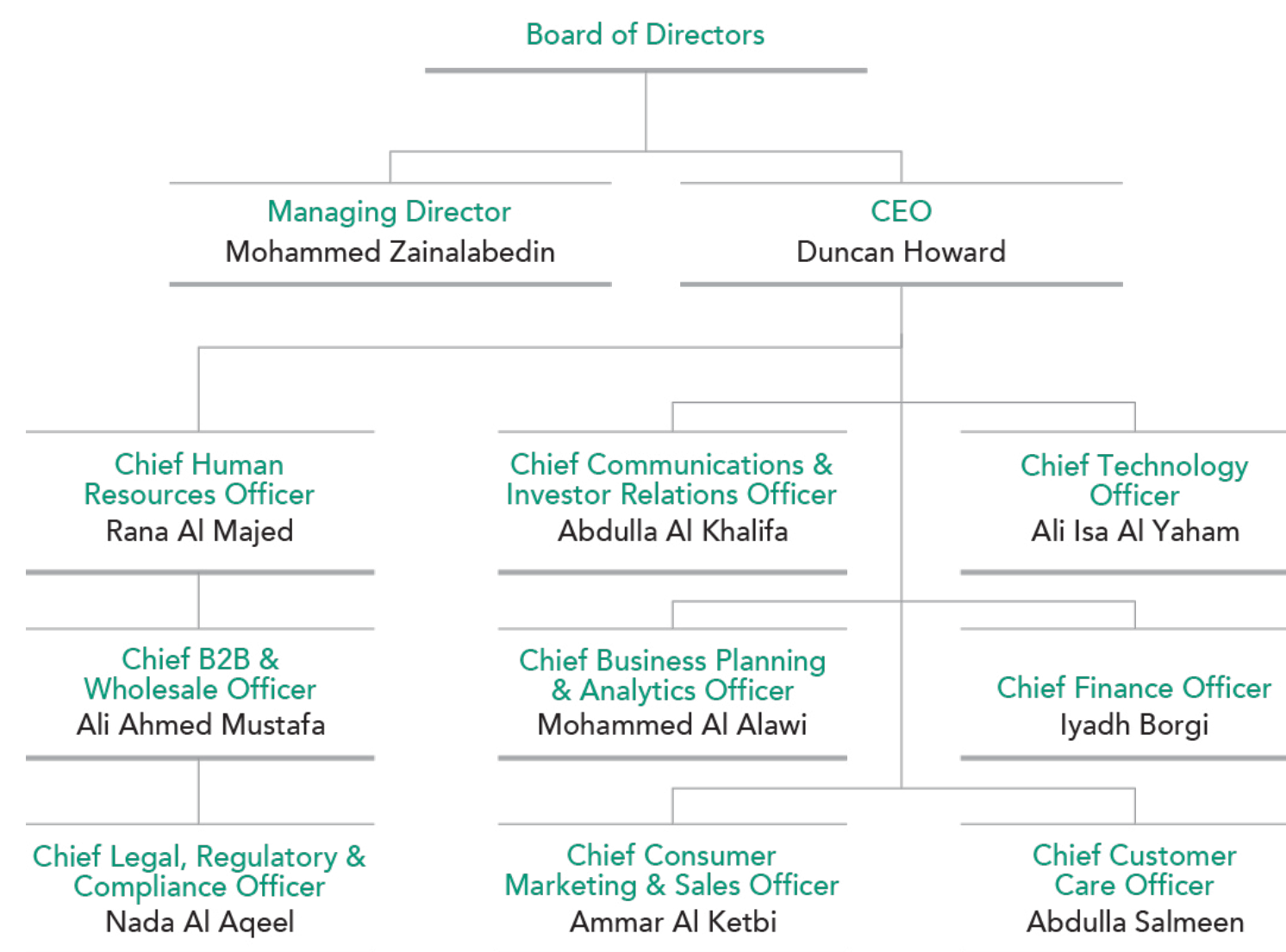
Detailed information on the directors, including their positions, qualification, experience and directorships on other Boards is presented in Appendix 1.

**e. Details of transactions with related parties (stakeholders), indicating the nature of relationship and type of transaction.**

Related party transactions are carried out at arm's length and at rates approved by the Company's management. Amounts due from/to related parties are unsecured, bear no interest and have no fixed repayment terms. Management considers these to be current assets and current liabilities as appropriate. Refer to the note 24 (Related Party Transactions) of the financial statements.

Zain Bahrain's Board, executive management and employees have the right to trade in the Company's shares. However, such trade must be in compliance with the Company's Key Persons Policy to ensure that no trade is made by making use of non-published material information.

**f. The Company's organizational structure, including the first and second grades at a minimum and including the Company's general manager and/or chief executive officer, deputy general manager and managers.**



Detailed information on the executive management of Zain Bahrain is presented in Appendix 2.

**g. Total remunerations paid to the key executive officers, including salaries, benefits, allowances, increases, stock options, end-of-service benefits, pensions, etc.**

The Company's remuneration policy for management is designed to attract, retain, and motivate employees of diverse skill sets and business acumen, educational background and experience. For the year ending 2022, the annual remuneration fees of the executive

management were in the form of salaries, allowances and bonuses. Total remuneration of key executives of Zain Bahrain is noted in the Board of Directors report and the Company's financials in note 24.

**4- External Auditors**

**a. Auditor's profile and overview of its professional performance:**

The External Auditor of Zain Bahrain for the audit year ended 2022 is Deloitte & Touché. Deloitte & Touche enjoys a globally connected network of member firms in more than 150 countries where it provides audit, consulting, financial advisory, enterprise risk, and tax services. Deloitte was established in Bahrain in 1955 and is part of Deloitte & Touche (M.E.). Deloitte & Touche (M.E.) is a member firm of Deloitte Touche Tohmatsu Limited (DTTL). Through the years the variety of high quality services delivered by Deloitte Bahrain has been instrumental in the setting up of a wide range of small, medium and large businesses in the Kingdom.



**b. Fees and charges for the audit or services provided by the external auditor during the year 2022, in addition to a description of the auditor's years of service as the Company's external auditor:**

Total Audit Fees: BD 50,000

Total Non-Audit Fees: BD 2,200

## 5- Audit Committee

**a. Names, competences and duties of the Audit Committee's members:**

The purpose of the Audit Committee is to assist the Company's Board in fulfilling its overview responsibility with respect to:

- Reviewing the internal control, finance and accounting policies and procedures.
- Selecting, appointing and remunerating or, where appropriate, terminating the external auditor, subject to the approval of the Board and shareholders. The external auditor shall report directly to the Audit Committee and the shareholders.
- Examining the independence of the external auditor.
- The appointment of the internal auditor and the review of the activities and performance of the internal audit.

- Reviewing the details of all related-party transactions.
- Monitoring the Company's compliance with applicable laws, regulations and internal policies.
- Reviewing the information technology systems controls and other telecom systems controls.
- Reviewing and discussing all the Company's annual and interim financial statements with the management and external auditor.

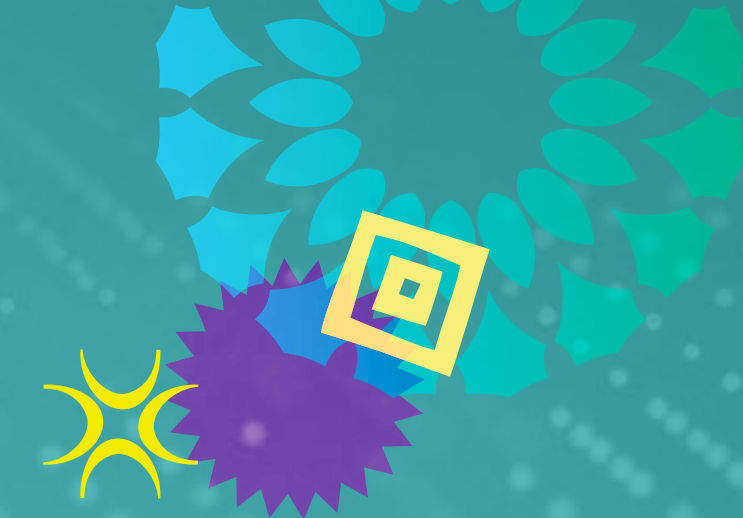
Details of the Audit Committee's members and their attendance is provided below:

Director's Name	Board Position	Committee Position	Audit Committee Meetings Attended
Mr. Bader Nasser Al-Kharafi	Member	Chairman	Four
Shaikh Rashid Bin AbdulRahman Al Khalifa	Member	Member	Four
Mr. Ali Hassan Al-Khaja	Member	Member	Four

The CG Code states that the committees' Chairman shall be an independent director and that the Chairman of the Audit Committee shall not participate as a member of any other committee. Currently the Audit Committee Chairman is not independent and is a member of the NRGCC due to the expertise he brings to achieving the committee's objectives. In addition, the Company has taken into consideration the most beneficial balance between best practice corporate governance and its reliance on the expertise of the parent company Mobile Telecommunications Company K.S.C.P.

**b. Number and dates of meetings held by the Audit Committee during the year to discuss issues related to financial statements and any other matters and the number of times members attended the meetings in person:**

Audit Committee members met four times during the year on the same dates of the Board meetings. Details of their attendance is available in the section above.



## 6- Nomination, Remuneration Committee and Governance Committee

### a. Names, competences and duties of the NRGC committee's members:

The purpose of NRGC is to assist the Company's Board in fulfilling its oversight responsibility with respect to:

- Making recommendations to the Board on changes that the committee believes to be desirable to the size of the Board or any of its committees.
- Considering the suitability of all candidates for directorship recommended by the shareholders and any candidates proposed by the management.
- Identifying and recommending to the Board qualified candidates to fill the vacancies on any Board committee.
- Making recommendations, to the Board from time to time, where relevant, on changes that the committee believes to be desirable in the management structure.
- The NRGC shall consider and make specific recommendations to the Board on the remuneration plans.
- The NRGC shall be responsible for developing and making recommendations from time to time on the changes required under the Company's corporate governance guidelines.

- Monitoring and overseeing the implementation of the corporate governance framework by working together with the executive management.
- Providing the Board with reports and recommendations based on its findings in the performance of its duties.

Details of the NRGC committee's members and their attendance is provided below:

Director's Name	Board Position	Committee Position	NRGC Meetings
Shaikh Rashid Bin Abdul-Rahman Al Khalifa	Member	Chairman	Two
Mr. Bader Nasser Al-Kharafi	Member	Member	Two
Mr. Ali Hassan Al-Khaja	Member	Member	Two

### b. Number and dates of meetings held by the committee during the financial year and the number of times members attended the meetings in person.

NRGC Committee members met twice during the year. Details of their attendance is available in the above section.

## 7- Corporate Governance Officer's name, qualifications, date of appointment, and contact details.

Zain Bahrain's Corporate Governance Officer is Mrs. Nadeya Aqeel. Mrs. Aqeel was appointed as the Company's Corporate Governance Officer on 14 May 2020. She holds an LLB (Bachelor of Laws) and a Postgraduate Degree in EU Competition Law.

Contact Details for Zain Bahrain's Corporate Governance Officer are as follows:

T: (+973) 3603 1742  
 E: nadia.aqeel@bh.zain.com  
 P.O. Box 266, Manama  
 Kingdom of Bahrain

## 8- Details of any irregularities committed during the financial year, their causes (if any), and the plan to address them in order to avoid future recurrence.

No irregularities are reported in the year 2022.



**9- Description of the cash and in-kind contributions made by the Company during the year 2022 for the purpose of community development and environment preservation (In the absence of contributions, it should be stated that the Company did not make any contributions), indicating the recipients of these contributions.**

**Sustainability (AlZaina fel Ain)**

In fulfilling its role in Corporate Responsibility, Zain Bahrain has been integrating environmental and social aspects into its business operation and management since 2003. The company has mapped out its corporate sustainability strategy to align with social and environmental changes globally, leading the telecommunications sector in implementing sustainable business strategies.

Promoting a responsible and sustainable business is fundamental to Zain Bahrain and represents a key part of its long-term goals. These efforts include developing a diverse workforce that genuinely represents the communities it serves.

Zain Bahrain's Sustainability Strategy is critical to delivering on its purpose of building meaningful relationships and supporting vibrant, connected communities. It outlines how the company operates responsibly to make a difference through contributing

to the well-being of its customers, community, and the Kingdom of Bahrain, now and in the future.

Illustrations of the delivery on these commitments include the launch of 'Natawasal' - a video health call center for the Deaf Community, which provides interpreters to translate Sign Language for deaf patients to communicate with doctors. The first-of-its-kind national health service initiative in the Kingdom falls under Zain Bahrain's 'WE ABLE' initiative, aiming to achieve inclusivity in the local community by providing equal accessibility for all segments.

In alignment with Zain Group Corporate Sustainability Strategy, and with the aim of enhancing our national social and environmental impacts, Zain Bahrain launched AlZaina fel Ain Strategy, which identifies four key areas where we believe we are well-placed to make a positive impact on our stakeholders:

- 1) **Partnerships for the Goals**
- 2) **Environmental Responsibility**
- 3) **Inclusive Diversity**
- 4) **Community Growth**

**Our Sustainable Growth Key Highlights**

- **1,525** girls have been trained as part of Girls for Tech program.
- **38%** of frontliners received training on Sign Language
- Over **2,500** Bahraini Youth have been trained and recruited since the launch of Zain Youth Empowerment Program
- **93.3%** Bahrainization Level
- **27** Public Health Natawasal Centers
- Collected **20** tons of Electric Waste through Z-Waste Initiative

**Zaina fel Ain Key Areas:**

**Partnerships for the Goals:**

- **The Official Telecom Sponsor of Youth City 2030.**  
Provided Wi-Fi access to Youth City 2030 participants and attendees.
- **The Official Telecom Sponsor of Bahrain Comic-Con 2022.**





Zain Bahrain provided internet access through Zain Wi-Fi for this well-known, international event attendees and the gaming area. It also offered prizes for the winners of the e-sports competitions and a total prize of \$5000 for the PUBG tournament, aiming to encourage new hobbies and nourish new-found talents in Bahrain.

#### Environmental Responsibility:

- **Continued Supporting 'Forever Green' Campaign in collaboration with NIAD**

Zain Bahrain's support to the National Initiative for Agricultural Development (NIAD) contributed by planting many trees across the Kingdom. The campaign's goal is to advance towards the Kingdom's commitment to bring carbon emissions to zero by 2060.

- **Launched the Largest E-Waste School Competition in the Kingdom**

The third edition of Z-Waste competition was launched in collaboration with the Supreme Council for Environment and Ministry of Education. The competition is open for private and public-school students. It aims to bring positive behavioral change, adapting to a more sustainable economy.

#### Inclusive Diversity:

- **Launched 'Girls for Tech 3.0'**

Zain Bahrain launched the third edition of 'Girls for Tech' in collaboration with the Supreme Council of Women and Clever Play. This initiative provides the essential STEM training required to create more significant opportunities for girls aged 8-14 in Technology.

- **Trained 38% of Zain Bahrain frontliners on Sign Language**

This quarterly training program aimed to elevate the customer experience to be more inclusive, thereby making the Zain brand more accessible.

- **Launched 'Natwasal', the First Video Health Call Center for the Deaf Community**

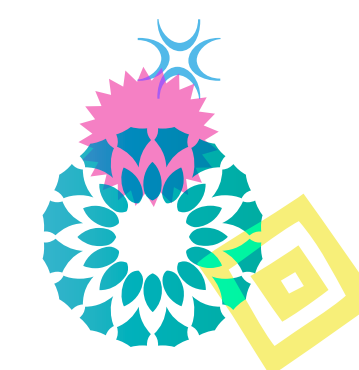
Launched a first-of-its-kind national health service initiative in the Kingdom, a Sign Language video call center in partnership with the Bahraini Deaf Society and Primary Health Care Centers to provide the deaf community with the means to effectively communicate with their doctors on all their healthcare needs.

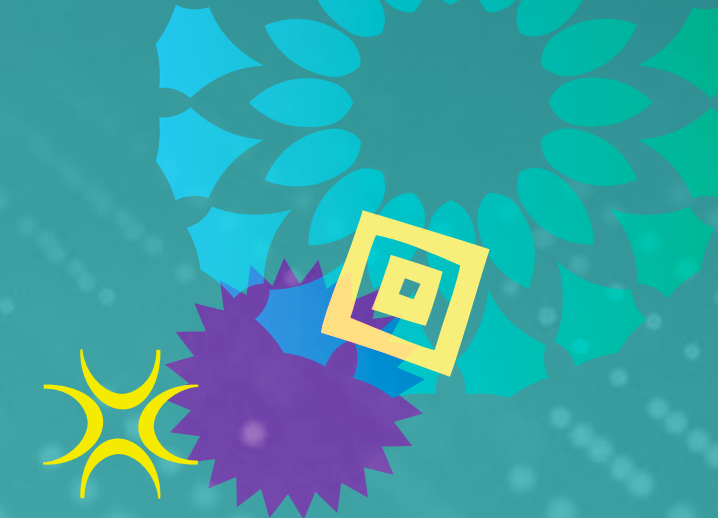
- **Signed an MOU with Bahrain Mobility International Center**

Signed a Memorandum of Understanding (MOU) with Bahrain Mobility International Center to exchange knowledge and strengthen the partnership towards the growth of an inclusive community.

#### Community Growth:

- **Collaborated with Netaj Khair Al Bahrain to Sponsor 1,000 Iftar Meals for People in Need.**





- Hired and trained over 2,500 Bahraini Youth since the inception of Zain Youth Empowerment (ZY) Program and maintained a Bahrainization level of 93.3%

ZY Empowerment Program aims to help Bahraini youth to stay relevant in the workforce and contribute meaningfully to the Kingdom's future, aligned with Vision 2030.

## 10- Statement of shareholders' equity as of 31/12/2022 (individuals, corporate, government or organizations):

a- The table below shows the ownership distribution of Zain Bahrain's shares by government entities, directors and executive management:

Government Entities	Number of Shares	% of shares held
Beit Alquran	50,000	0.01%
Minors Estate Directorate	2,400,000	0.65%
Social Insurance Organisation (Pension) - Civil	7,500,000	2.04%
Social Insurance Organisation (Pension) - Military	7,500,000	2.04%

Directors	Number of Shares	% of shares held	NRGC Meetings
As of 31 of December 2022	Form of Ownership	Number of Shares	% of shares held
Shaikh Ahmed Bin Ali Al Khalifa	Individual Shareholding	23,924,845	6.50%
Shaikh Rashid Bin Abdulrahman Al Khalifa	Corporate shareholding via AlBait Furnishing BSC ©	1,200,000	0.33%
Mr. Ali Hasan Al-Khaja	Corporate Shareholding via OnAir Commerce WLL	1,440,000	0.39%
Mr. Bader Nasser Al-Kharafi	Appointed members of MTC	236,935,155	64.38%
Mr. Ahmed Tahous Al-Tahous			
Mr. Zaki Hilal Saud AlBusaidi			
Mr. Yousef Khaled Al-Abdulrazzaq			

The executive management of Zain Bahrain does not own shares in the Company.

The table below shows the distribution of ownership of Zain Bahrain shares by nationality:

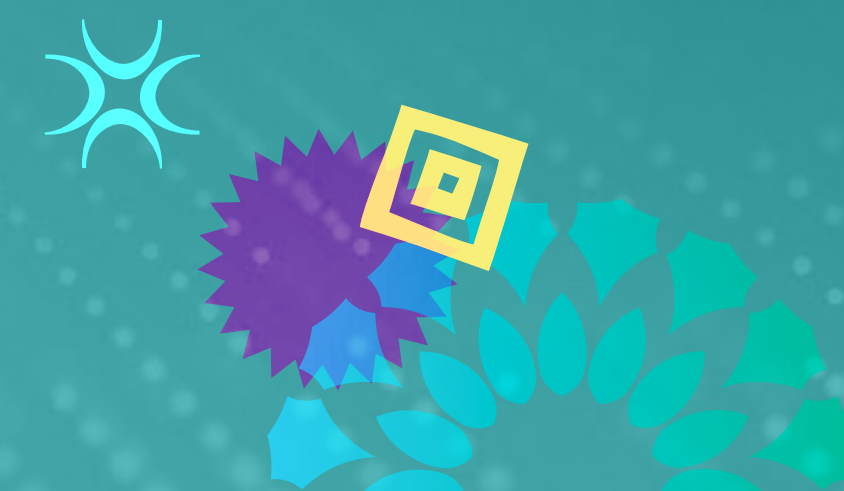
Government Entities	Number of Shares	% of shares held
Bahrain	124,866,565	33.93%
GCC	242,580,363	65.92%
Others	553,072	0.15%

b- Description of the shareholders who hold 5% or more of the Company's share capital, indicating the name of the natural person who holds the shares, the final beneficiary, as at 31/12/2022 as follows:

Owner	Number of Shares	% of shares held
Mobile Telecommunications Company K.S.C. (MTC)	236,935,155	64.38%
Shaikh Ahmed Bin Ali Al Khalifa	23,924,845	6.50%
Gulf International Bank B.S.C. (c)	24,085,097	6.54%
Others (below 5%)	83,054,903	22.58%

c- Description of the significant events that occurred during the year 2022.

No significant event in the year of 2022 has affected the Board.



## 11- Compliance with the provisions of the Corporate Governance Code, as follows:

Principle	Non-Compliant	Partially Compliant	Fully Compliant	Explanation in Case of Non-Compliance
Principle 1: The Company shall be headed by an effective, qualified and expert Board.				
Principle 2: The directors and executive management shall have full loyalty to the Company.				
Principle 3: The Board shall have rigorous controls for financial audit and reporting, internal control, and compliance with law.				
Principle 4: The Company shall have effective procedures for appointment, training and evaluation of the directors.				
Principle 5: The Company shall remunerate directors and senior officers fairly and responsibly.				
Principle 6: The Board shall establish a clear and efficient management structure for the Company and define the job titles, powers, roles and responsibilities.				
Principle 8: The Company shall disclose its corporate governance.				
Principle 10: The Board shall ensure the integrity of the financial statements submitted to shareholders through appointment of external auditors.				
Principle 11: The Company shall seek through social responsibility to exercise its role as a good citizen.				

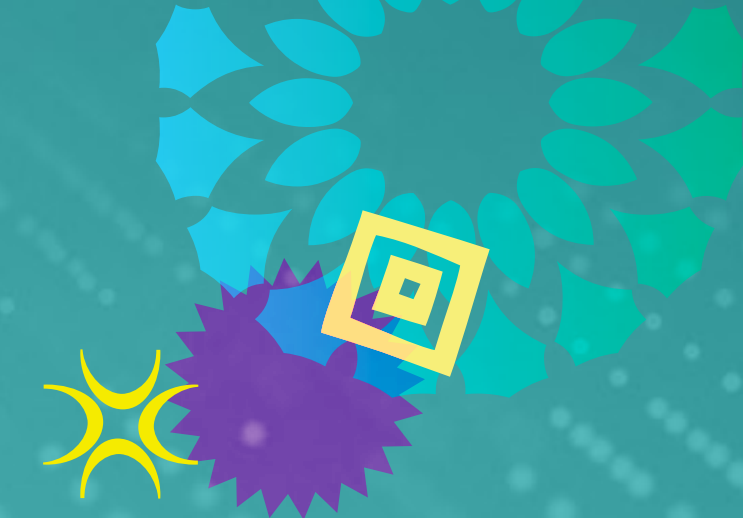
## 12- Any disclosures required by the regulatory authorities.

NIL.



**Ahmed bin Ali bin Abdullah Al Khalifa**

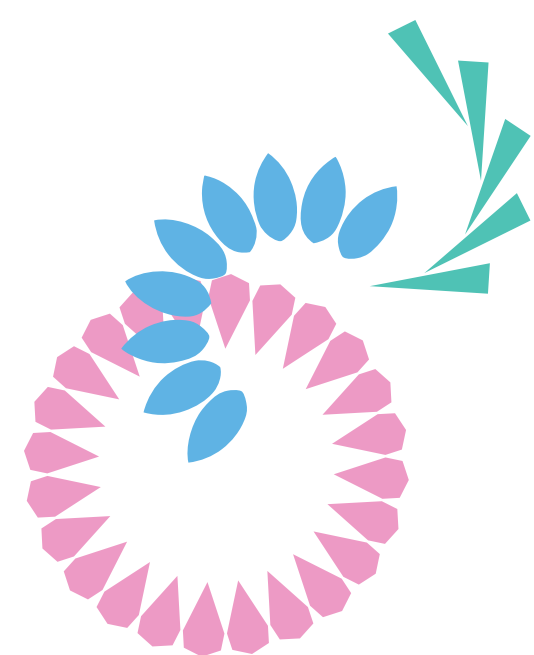
Chairman of the Board of Directors



## **Shaikh Ahmed Bin Ali Al Khalifa (Chairman)**

Non-Executive/ Non-Independent

Shaikh Ahmed Bin Ali Al Khalifa is the Chairman of the board of DHL International Bahrain W.L.L., DHL Aviation W.L.L. and MENA Aerospace Enterprises W.L.L. He has been acting as the Chairman of the board of MENA Aerospace Enterprises W.L.L. since its establishment in year 2004. Shaikh Ahmed Bin Ali Al Khalifa is also the Chairman of Muharraq Club since 1989 and prior to that he was the Vice chairman of the club from 1978 to 1988.



## **Mr. Ahmed Tahous Al-Tahous**

Non-Executive/ Non-Independent

Mr. Al-Tahous was appointed Chairman of the Board of Directors of Zain Group on 28 March 2018, after previously appointed as a member of the Board of Directors on March 12, 2017 as representative of the Kuwait Investment Authority ("KIA"). Mr. Al-Tahous has over 34 years of experience in the banking and investment sectors. He began his career by joining the US Treasury Department in 1983 and moved to Morgan Stanley Asset Management in New York, where he was the portfolio manager of KIA.

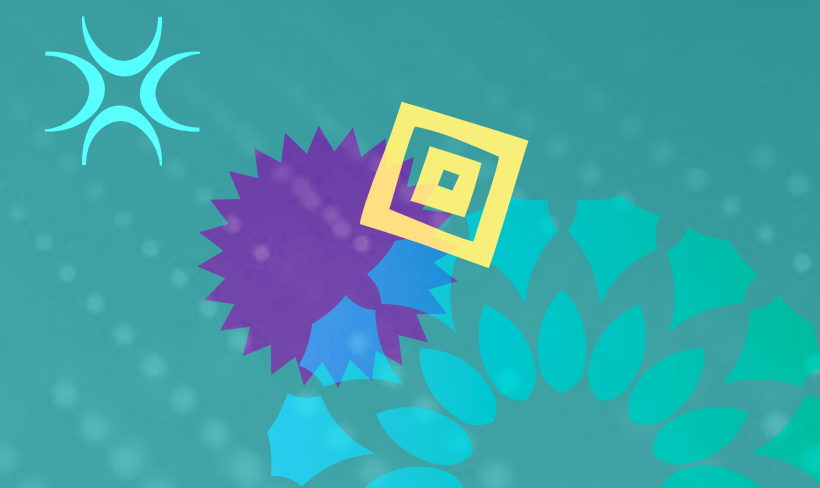
Mr. Al-Tahous is the executive director of the Marketable Securities Sector at KIA, Kuwait, the world's oldest sovereign wealth fund, which he joined in 2006. He is the Chairman of the Board of Directors at Touristic Enterprises Company, a leading tourism development company in Kuwait. He has also been a member of the Board of the Industrial Bank of Kuwait since 2011.

He has served as a Board member of the Egyptian Kuwaiti Development and Investment Company, a company specializing in the management of real estate, tourism and housing projects. He has also served as a Board member of Jordan National Bank, as well as Housing Bank for Trade and Finance (Jordan).

## **Shaikh Rashid Bin Abdulrahman Al Khalifa**

Non-Executive/ Independent

Shaikh Rashid Bin Abdulrahman Al Khalifa is the Managing Director of Mi'mar Architecture & Engineering since 1992. Prior to that, he worked with the Bahrain Defense Force, holding the position of Director of Military Works from 1982 to 1991 and Head of Engineering Department from 1978 to 1980. Shaikh Rashid holds a BSc in Architectural Engineering from the University of Cairo, Egypt, a Masters' degree in City Planning from Howard University, USA, and a certificate of Advanced Management program from Harvard University, USA. He is a registered member of the Council for Regulating the Practice of Engineering Professions (CRPEP) in Bahrain, the American Institute of Architects and the American Planning Association.



## **Mr. Bader Nasser Al-Kharafi**

Executive/ Non-Independent

Mr. Bader Nasser Al-Kharafi is Vice-chairman and Group CEO of the parent company MTC. Mr. Al-Kharafi holds office as Chairman, VP, MD and Board member in several businesses that form part of the Kharafi conglomerate, one of the largest privately owned, diversified groups based in Kuwait and operating across the GCC and MENA with more than 135 registered companies operating in more than 28 countries in various sectors.

Mr. Al-Kharafi is also the Chairman and Managing Director of Kuwait based Gulf Cables & Electrical Industries KSC; General Manager of Al-Khair National for Stocks and Real Estate Co; and a Board member of Refreshment Trading Company (Coca-Cola). Additionally, he is a Board member of Gulf Bank, Kuwait, one of the country's largest financial institutions, as well as a Board member of Foulath Holding B.S.C. (Bahrain Steel BSCC).

Mr. Al-Kharafi attained an Executive MBA from London Business School and holds a bachelor's degree in Mechanical Engineering from Kuwait University.

## **Mr. Zaki Hilal Saud AlBusaidi**

Non-Executive/ Non-Independent

A seasoned professional with over 20 years of experience in different fields, Mr. Zaki AlBusaidi is currently a board member at Omantel. He joined the Oman Ministry of Civil Service in 1996 where he worked for 18 years and rose up the ranks to eventually be promoted to Director General for Organizing and Job Classification. In 2014, he joined the Oman Institute of Public Administration where he is currently the CEO. He previously served a member of the Ports Services Company and Oman Arab Investment Fund and is currently with the National Life and General Insurance Company.

Mr. AlBusaidi holds a Master's degree in Public Administration from Exeter University in the United Kingdom and a Bachelor's degree in Public Administration from Yarmouk University in Jordan. He participated in many specialized courses related to the development of the public and private sectors.

## **Mr. Yousef Khaled Al-Abdulrazzaq**

Non-Executive/ Non-Independent

Mr. Yousef Al-Abdulrazzaq appointed in Zain Bahrain Board on 27 November 2018. Mr. Al-Abdulrazzaq is a Board member in Zain Group as a representative of Kuwait Investment Authority. Joining the KIA in 2006, he is currently an investment manager within the General Reserve Sector under the local equities department.

Mr. Al-Abdulrazzaq holds office as board member and other key roles in several Kuwaiti entities. Since 2012, he is a member of the Board of Directors at Touristic Enterprises Company where he also serves as Member of the Executive Committee and Chairman of the Audit Committee. Established in 1996, Touristic Enterprises Company is a pioneer in Kuwait's entertainment and recreation business, through its various well-established facilities.

Since 2015, he also served as a member of the Board of Directors and Chairman of the Audit Committee and Chairman of the Human Resources Committee at the Public Utilities

Management Company, Kuwait, a fully owned subsidiary of the KIA. The company was founded in 1982, to diversify internal investment, development and income in Kuwait through the exploitation of lands and state assets.

In 2010, he was involved in the Kuwait Airways privatization project. Over the years, Mr. Al-Abdulrazzaq has attended numerous accredited training courses and conferences and attended an intensive on job training with Daiwa SB Investments - London. Mr. Al-Abdulrazzaq holds a Bachelor's degree in business administration with a major in Finance from Kuwait University.



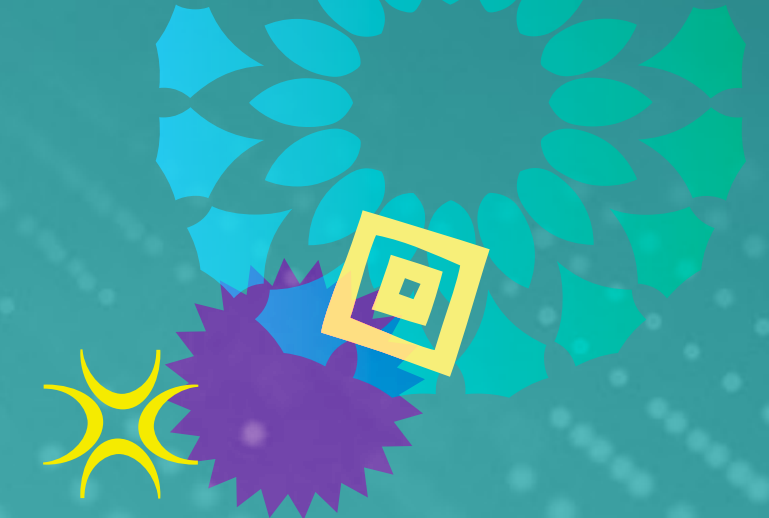
# CORPORATE GOVERNANCE - APPENDIX 1

## **Mr. Ali Hassan Al-Khaja**

Non-Executive / Independent

Mr. Ali Hasan Al-Khaja is backed by a wealth of experience across various sectors, Mr. Al-Khaja was the driving force behind the launch of the world's first Customer Service Transparency Standard, an international qualification standard for the services sector. Mr. Al-Khaja is a technology entrepreneur and a holder of several patents in the areas of e-commerce and m-commerce across the USA and the EU. He is also a passionate innovator; developing a mobile transactional patent and innovative cloud services with an aim of further developing the customer care industry across the Middle East. Mr. Al-Khaja started his career in the hospitality industry before progressing to the telecommunications sector. He received his Diploma in Hospitality.





## **Mr. Mohammed Zainalabedin**

### **Managing Director**

**Date of Appointment:** February 2020

A widely recognized name in the telecommunication sector with more than 27 years of experience. Mr. Zainalabedin was appointed as the General Manager of Zain Bahrain in May 2008 and subsequently appointed the Managing Director in February 2020. Prior to these appointments, Mr. Zainalabedin led several functions across the operations where he was responsible for sales, marketing, customer care and Information Technology departments. During that period, the operations grew to represent a significant market share of 35% in a three-player market.

Prior to joining Zain Bahrain, Mr. Zainalabedin gained almost ten years of experience in the IT field, working for companies such as International Turnkey Systems where he held the position of Core Banking Group Manager.

Mr. Zainalabedin, a Bahraini national, holds a Bachelor of Science (Hons) degree in Computer Engineering from King Fahad University of Petroleum and Minerals, Saudi Arabia.

## **Mr. Duncan Howard**

### **Chief Executive Officer**

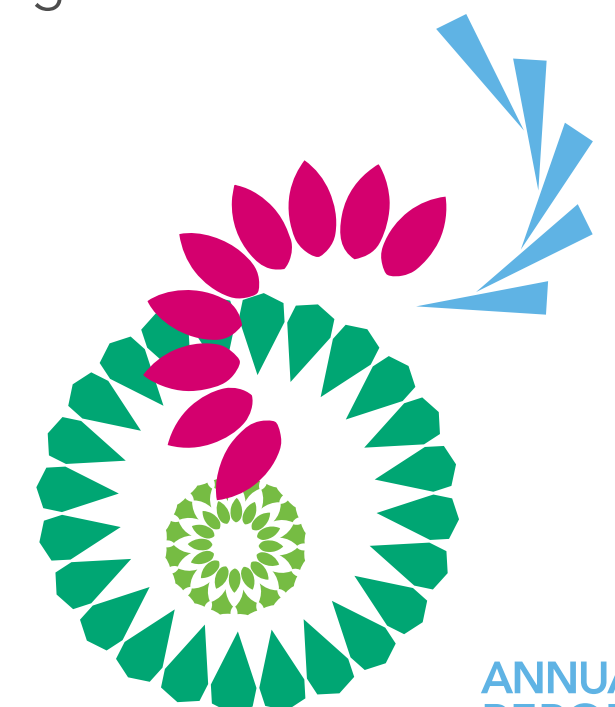
**Date of Appointment:** February 2020

Mr. Duncan Howard, the Chief Executive Officer at Zain Bahrain, joined the Company in February 2020. As CEO, Mr. Howard is championing the digital first initiative initially launched in 2016. Mr. Howard is passionate about Customer experience; and ensuring that Zain Bahrain becomes increasingly resilient in the rapidly changing digital world.

With over 25 years' experience in the telecoms industry, Mr. Howard comes to Zain Bahrain from the Zain Group, whereas Group Chief Commercial Officer he was a key part of the Zain Group executive management team, focusing on commercial and operational performance across all markets. During his seven-year tenure at Zain Group, Mr. Howard led the Brand refresh; formulated Group Commercial Strategies, including creating the Enterprise initiatives (B2B) which are now successfully rolled out across all operations.

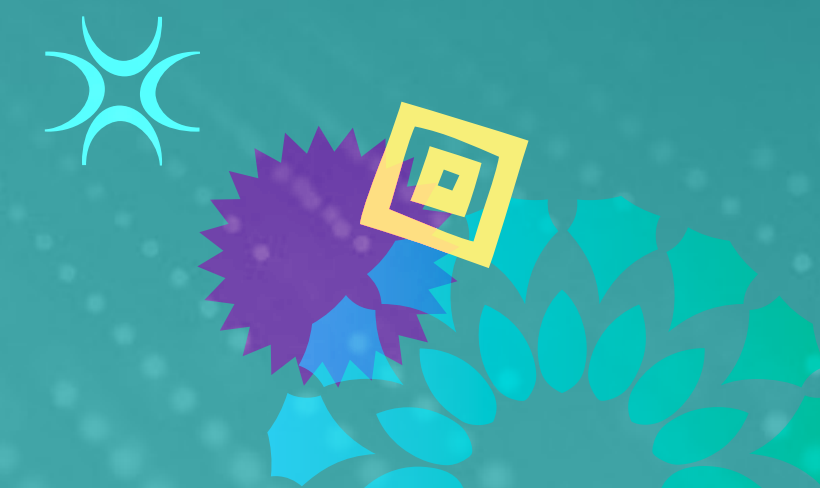
Prior to joining Zain Group, Mr. Howard worked in several senior telecom roles throughout his career, in the mobile, television, and fixed telecoms industry across the Middle East, Europe, and North America. His strong Commercial and Operational expertise have included key roles as Chief Commercial Officer for a European Quad-Play provider offering mobile, fixed, data, and both Broadcast and IPTV services in addition to holding positions such as Chief Marketing Officer, Chief Business Officer, and Director of Customer Care and Retail for Vodafone in Egypt.

Mr. Howard holds an MBA degree from the Open University, UK, and attained a BA (Hons) System Analysis from The University of the West of England.





# CORPORATE GOVERNANCE - APPENDIX 2



## **Mrs. Nadeya Aqeel**

### **Chief Legal, Regulatory & Compliance Officer**

Date of Appointment: July 2020

Mrs. Nadeya Aqeel is responsible for providing and managing legal support, advising, drafting and reviewing Zain Bahrain's local and international agreements and liaising with regulatory agencies and government authorities. She is also secretary to the Board and supervises the implementation of its decisions. Mrs. Aqeel has over 16 years of experience in the legal field, primarily in the telecommunications sector specializing in corporate and competition law and key areas of retail and wholesale compliance and regulation. Mrs. Aqeel holds an LLB (Bachelor of Laws) from Hull University and Postgraduate Degree in EU Competition Law from King's College in the United Kingdom.

## **Mrs. Rana Al Majed**

### **Chief Human Resources Officer**

Date of Appointment: June 2021

Mrs. Rana Al Majed is responsible for managing the Compensation and Benefits unit, the Recruitment Unit and Learning and Development unit as part of being Zain Bahrain's Chief Human Resources Officer. With more than 19 years of experience at Zain Bahrain, Mrs. Al Majed has held several positions in sales and organizational development in the company. She holds a BSC from the University of Bahrain as well as a Master's in Human Resources from DePaul University. Moreover, she is certified as an Executive Coach, Level 7 from ILM institute and successfully attended the Executive Leadership programs from York University and Oxford University in the UK.

## **Mr. Iyadh Borgi**

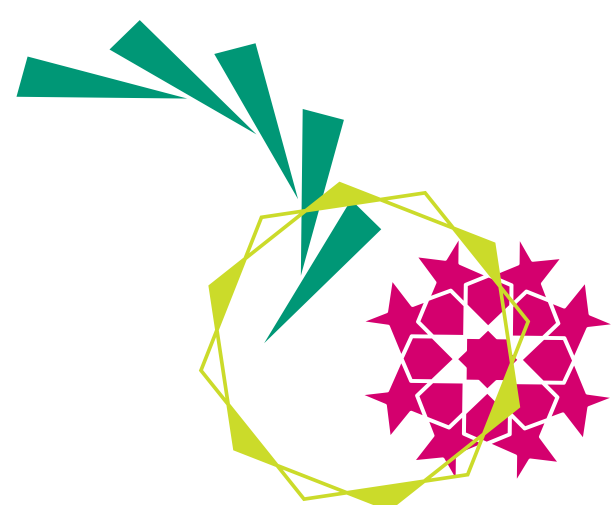
### **Chief Financial Officer**

Date of Appointment: August 2022

Mr. Iyadh Borgi is responsible for the financial operations at Zain Bahrain, which include maintaining the Company's revenue and disbursements, annual budgeting and forecasting, and managing treasury and cash flow management.

With over 20 years of international experience in the telecom sector, Mr. Borgi held the role of Operations and Business Performance Director in Finance for Zain Group, managing and monitoring the business performance of Zain operations, responsible for major network capex investments, as well as overseeing the budgeting exercise across all Zain operations. Prior to joining Zain, Mr. Borgi held multiple senior positions in other telcos and Oil Gas companies throughout his career.

Mr. Borgi attained an MBA from University of Laval in Canada and recently Business excellence Certificate for CFO Program from Columbia Business School.







## **Mr. Ali Mustafa**

### **Chief B2B & Wholesale Officer**

**Date of Appointment: June 2015**

Ali Mustafa brings 20 years of experience in the telecom sector of which 10 years as an executive in the industry. His experience covers B2B, Wholesale, International Business, Roaming and Regulatory.

Mr. Mustafa joined Zain Bahrain to oversee the Wholesale, Regulatory and Roaming functions in 2015 and was called upon in 2018 to oversee and deliver the growth in the B2B segment along with the Wholesale and Roaming.

Prior to joining the Company, he served as the General Manager of Wholesale and Carrier Relations at Batelco overseeing the international connectivity, voice, and local wholesale business.

Mr. Mustafa holds a bachelor's degree in Marketing and Management and has an associate diploma in Mechanical Engineering from University of Bahrain.

## **Shaikh Abdulla bin Khalid Al Khalifa**

### **Chief Communication & Investor Relations Officer**

**Date of Appointment: January 2017**

Shaikh Abdulla oversees Zain Bahrain's strategic communications activities that includes its investor relations as well as its corporate sustainability functions. He is also a successful telecoms entrepreneur having co-founded one of the Kingdom's most successful start-ups, Light-speed Communications, where he oversaw the launch of Bahrain's first double-play Voice and Internet service in 2007. Shaikh Abdulla holds an Executive MBA from the International Institute for Management Development (IMD) in Lausanne, Switzerland and a BS in Computer Information Systems from Bentley University, Waltham, MA, USA.

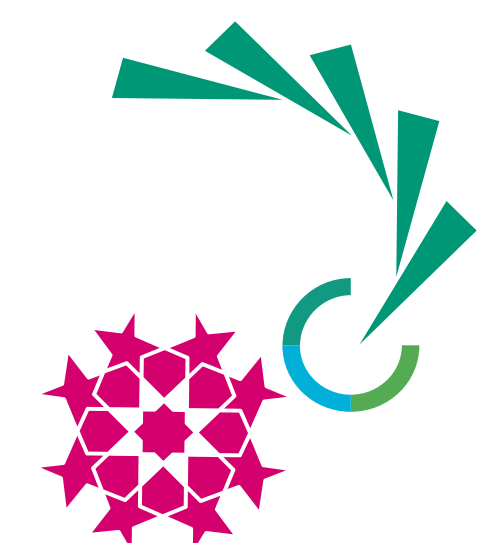
## **Mr. Ammar Al-Ketbi**

### **Chief Consumer Marketing & Sales Officer**

**Date of Appointment: August 2017**

Ammar Al-Ketbi is responsible for Zain Bahrain's consumer segment, which includes indirect sales, retail branches and digital sales. Mr. Al-Ketbi has taken a wide number of development and training courses and has received the Distinguished Manager Award from Bahrain's Ministry of Labour and Social Development.

He started his career with Zain Bahrain as a Distribution Account Manager in 2007, then was promoted to Retail Area Manager. He became the Manager of Indirect Sales Channels before being appointed as Manager for Retail and Franchise Sales, a position he held until August 2017. He holds a BSc in Banking and Finance from the University of Bahrain.





# CORPORATE GOVERNANCE - APPENDIX 2

## **Mr. Abdulla Yusuf Salmeen**

### **Chief Customer Care Officer**

**Date of Appointment:** August 2017

Mr. Abdulla Salmeen is responsible for B2C Lifecycle Management and heads the Business After Sales department for GSM Mobility as well as leading Preventative and Curative Retention activities. Further, he manages the Signature Dedicated Contact Centre, back office and retention teams, and also leads the Company wide Customer Experience Program. A key element in his role is the digital care area, where he is responsible for developing the strategy and managing the digital after sales operations including but not limited to social care, chat bot, live chat and the Omnichannel contact center.

Mr. Salmeen started his career with Zain Bahrain as a Logistics and Distribution Centre Agent in 2003 and held the role until 2007. From there he held a number of other positions before assuming his current role as Chief, Customer Care in August 2017.

Mr. Salmeen holds an LLB (bachelor's in law) from the University of Bahrain, College of Law.

## **Mr. Mohammed Al-Alawi**

### **Chief Business Planning and Analytics Officer**

**Date of Appointment:** October 2017

Mr. Mohammed Al-Alawi has over 16 years' experience in the fields of product management, product development, management, sales, marketing, IT, telecommunication and ICT. He has extensive knowledge in designing market strategies, deployment and management of mobile products, Broadband products, Datacom services, PABX services and cloud services. In his role, Mr. Al Alawi has been responsible for developing, launching and managing mobile services.

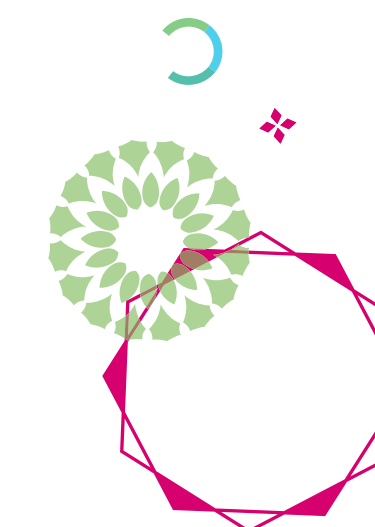
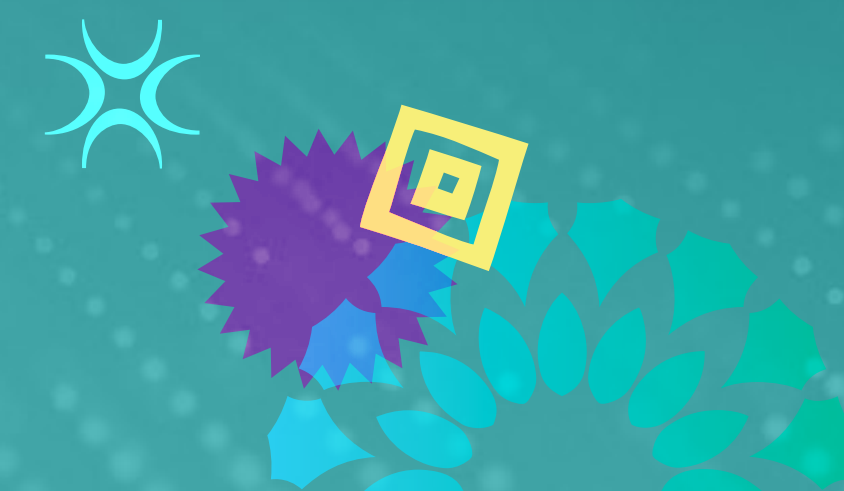
Mr. Al-Alawi started his career with Zain Bahrain in 2007 as an expert in Enterprise and Broadband Products and Services, before moving on to become the Manager in 2010. Mr. Al-Alawi holds a BSc Honours degree in Management and IT from the University of Manchester, United Kingdom.

## **Mr. Ali AlYaham**

### **Chief Technology Officer**

**Date of Appointment:** January 2020

As Zain Bahrain's Chief Technology Officer, Mr. Ali AlYaham is responsible for planning, development, operation and maintenance of the network, including ensuring coverage and quality. Moreover, he oversees planning and developing technical strategies, policies, service level agreements and business plans, negotiating with network vendors and planning and managing yearly capital and operating expenditure budgets. The planning, development, operation and maintenance of all IT systems including the billing system, enterprise applications, ISP infrastructure and business intelligence system. Mr. AlYaham is back by more than 18 years of experience particularly in the sphere of radio, transmission and IP network. Mr. AlYaham holds a BSC from University of Bahrain.



The background features a dark teal color with a grid pattern. A hand is shown pointing upwards at a white line graph that trends upwards. Various geometric shapes are scattered around: white triangles, green four-pointed stars, a yellow starburst, and colorful circular patterns in pink, green, and blue. The overall aesthetic is modern and data-oriented.

ZAIN BAHRAIN B.S.C.  
**CONSOLIDATED  
FINANCIAL STATEMENTS**

YEAR ENDED DECEMBER 31, 2022

## FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

Commercial Registration No.	50603
Chairman of the Board	Sh. Ahmed Bin Ali Al Khalifa
Members of the Board of Directors	Sh. Rashid Bin Abdulrahman Al Khalifa - Independent Director Mr. Ali Hassan Al-Khaja - Independent Director Mr. Bader Nasser Al-Kharafi Mr. Ahmed Tahous Al-Tahous Mr. Yousif Khaled Alabdurazzaq Mr. Zaki bin Hilal Al Busaidi
Corporate Secretary	Mrs. Nadeya Aqeel Abdulrahman
Chief Executive Officer	Mr. Duncan Howard
Managing Director	Mr. Mohammed Zainalabedin
Finance Director Chief Financial Officer	Mr. Mudassar Muhammad Ali (upto July 31, 2022) Mr. Iyadh Borgi (from July 31, 2022)
Registered Office	P.O. Box 266 Kingdom of Bahrain
Principal Bankers	National Bank of Kuwait S.A.K.P. - Bahrain Branch Bank of Bahrain and Kuwait B.S.C. First Abu Dhabi Bank PJSC Ahli United Bank B.S.C. (c)
Auditors	Deloitte & Touche - Middle East P.O. Box 421 Manama, Kingdom of Bahrain



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## DIRECTORS' REPORT

The Directors of Zain Bahrain B.S.C. (the "Company") and its subsidiaries (together the "Group") present their annual report together with the consolidated financial statements for the year ended December 31, 2022.

### Principal activity

The principal activity of the Group is to provide telecommunication services under various licenses issued by the Telecommunications Regulatory Authority of the Kingdom of Bahrain.

### Results of the year

The Group's profit for the year amounted to BD 5.715 million.

### Share capital structure

	2022 (%)	2021 (%)
<b>Shareholders:</b>		
Mobile Telecommunication Company K.S.C.P.	64.38	64.38
Sheikh Ahmed Bin Ali Al Khalifa	6.50	6.50
Gulf International Bank B.S.C.	6.54	6.54
Others	22.58	22.58
	<b>100.00</b>	<b>100.00</b>

### Change in Directors

None.

### Dividends

The Board of Directors proposed a cash dividends distribution of 9 fils per share to the registered shareholders subject to ratification during the Annual General Meeting of Shareholders to be held in 2023, after obtaining the necessary regulatory approvals.

### Disclosure of Remuneration to Members of Board of Directors and Executive Management

Reference to the provisions of Commercial Companies Law No. (21) of 2001 and its amendments, and pursuant to the provisions of Article No. (188) of the Commercial Companies Law and Article No. (125) of the Executive Regulations of Resolution No. (3) for the year 2022, remuneration and sitting fees and other benefits to the Board of Directors and salaries and benefits paid to members of Executive Management have been disclosed as follows;

#### Executive management's remuneration details:

Executive management	Total paid salaries and allowances	Total paid remuneration (Bonus)	Any other cash/ in kind remuneration for 2022	Aggregate Amount
Top 6 remunerations for executives, including CEO and CFO	925,954	441,529	-	1,367,483

**Note: All amounts stated are in Bahraini Dinars.**

## Board of Directors' remuneration details:

Name	Fixed remunerations					Variable remunerations					End-of-service award	Aggregate amount (Does not include expense allowance)	Expenses Allowance
	Remunerations of the Chairman and BOD*	Total allowance for attending Board and committee meetings	Salaries	Others	Total	Remunerations of the Chairman and BOD	Bonus	Incentive plans	Others	Total			
<b>First: Independent Directors:</b>													
1- Sh. Rashid Bin Abdulrahman Al Khalifa	28,853	-	-	-	28,853	-	-	-	-	-	-	28,853	-
2- Mr. Ali Hassan Al- Khaja	28,853	-	-	-	28,853	-	-	-	-	-	-	28,853	-
<b>Second: Non - Executive Directors:</b>													
1- Sh. Ahmed bin Ali Al Khalifa	43,280	-	-	-	43,280	-	-	-	-	-	-	43,280	-
2- Mr. Ahmed Tahous Al-Tahous**	36,067	-	-	-	36,067	-	-	-	-	-	-	36,067	-
3- Mr. Yousif Khaled Alabdurazzaq**	28,853	-	-	-	28,853	-	-	-	-	-	-	28,853	-
4- Mr. Zaki bin Hilal Al Busaidi**	28,853	-	-	-	28,853	-	-	-	-	-	-	28,853	-
<b>Third: Executive Directors:</b>													
1- Mr. Bader Nasser Al-Kharafi**	28,853	-	-	-	28,853	-	-	-	-	-	-	28,853	-
<b>Total</b>	<b>223,612</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>223,612</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>223,612</b>	<b>-</b>

\* Subject to AGM approval.

\*\* Remuneration is paid to Mobile Telecommunications Company K.S.C.P being the shareholder entity represented by these board members.


**Note: All amounts stated are in Bahraini Dinars.**

## Auditors

The auditors, Deloitte & Touche - Middle East, have expressed their willingness to continue in office and a resolution proposing their appointment as auditors of the Company for the year ending December 31, 2023 will be submitted to the Annual General Meeting of shareholders.

On behalf of the Board

  
**Shaikh Ahmed Bin Ali Al Khalifa**  
 Chairman  
 February 21, 2023

  
**Mr. Bader Nasser Al-Kharafi**  
 Board Member



## INDEPENDENT AUDITOR'S REPORT

To the Shareholders  
Zain Bahrain B.S.C.  
Kingdom of Bahrain

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

#### Opinion

We have audited the consolidated financial statements of Zain Bahrain B.S.C. (the "Company") and its subsidiaries (together the "Group"), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022, and its consolidated financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

#### Basis for Opinion

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

#### Key Audit Matters

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

Key audit matter	How our audit addressed the key audit matter
<p><b>Revenue recognition</b></p> <p>The Group has recognized revenue from telecom services amounting to BD 55.951 million for the year ended December 31, 2022.</p> <p>There is an inherent risk around telecom services revenue recognition because of the complexity of the related Information Technology ("IT") environment, the processing of large volumes of data through a number of different IT systems and the combination of different products and prices. Due to the complexities and dependencies on different IT systems in the revenue recognition process, we have considered this as a key audit matter.</p> <p>The accounting policy for revenue recognition is set out in note 3 and the related disclosures are made in note 18 to the consolidated financial statements.</p>	<p>In responding to this area of focus, our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• An understanding of the significant revenue processes and identifying the relevant controls, IT systems, interfaces and reports.</li> <li>• An evaluation of the relevant IT systems, with the assistance of our internal IT specialists, and the design and implementation of internal controls related to revenue recognition.</li> <li>• Testing the operating effectiveness of controls over the recording of revenue transactions; authorization of rate changes and its input to the billing systems and the change control procedures in place around those systems.</li> <li>• Verifying key reconciliations performed by the Group's Revenue Assurance team, including testing end to end reconciliation from business support systems to billing and rating systems to the general ledger. This testing includes validation of material journals processed between billing systems and general ledger.</li> <li>• Performing substantive tests of revenue recorded.</li> </ul> <p>We also assessed the disclosures in the consolidated financial statements relating to this matter against the requirements of IFRSs.</p>



## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### Other Information

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

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

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

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

### Responsibilities of Directors for the Consolidated Financial Statements

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



## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Directors.

- Conclude on the appropriateness 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 auditor's report to the related disclosures in the consolidated financial statements or, if such disclosure are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion. We communicate with 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 communicate with 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.

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law and regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

- A) As required by the Bahrain Commercial Companies Law of 2001 (and subsequent amendments) ("BCCL"), we report that:
- i. The Company has maintained proper accounting records and the consolidated financial statements are in agreement therewith;
  - ii. The financial information contained in the Directors' report is consistent with the consolidated financial statements;
  - iii. The Company has carried out physical verification of inventories at the year-end in accordance with properly established procedures; and
  - iv. Satisfactory explanations and information have been provided to us by Directors in response to all our requests.

B) Nothing has come to our attention which causes us to believe that the Company has breached any of the applicable provisions of the BCCL, the Central Bank of Bahrain (CBB) Rule Book (applicable provisions of Volume 6) and CBB directives, regulations and associated resolutions, rules and procedures of the Bahrain Bourse or the terms of the Company's memorandum and articles of association, during the year ended December 31, 2022, that would have a material adverse effect on the business of the Company or its consolidated financial position.

- C) As required by the Ministry of Industry and Commerce in their letter dated January 30, 2020 in respect of Article (8) of Section (2) of Chapter (1) of the Bahrain Corporate Governance Code, we report that the Company:
- a) has appointed a Corporate Governance Officer; and
  - b) has a board approved written guidance and procedures for corporate governance.

The engagement partner on the audit resulting in this independent auditor's report is Irshad Mahmood.

### DELOITTE & TOUCHE - MIDDLE EAST

Partner Registration No. 157  
Manama, Kingdom of Bahrain  
February 21, 2023

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION



AS AT DECEMBER 31, 2022

	Notes	December 31, 2022	December 31, 2021
		BD '000	BD '000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and banks	5	12,648	10,388
Trade receivables and other assets	6	18,816	16,424
Contract assets	7.1	5,826	5,422
Inventories	8	1,898	1,604
<b>Total current assets</b>		<b>39,188</b>	<b>33,838</b>
<b>Non-current assets</b>			
Trade receivables and other assets	6	1,510	1,823
Contract assets	7.1	1,821	2,418
Right-of-use assets	9.1	15,503	13,872
Property and equipment	10	69,533	67,265
Intangible assets	11	12,079	11,860
<b>Total non-current assets</b>		<b>100,446</b>	<b>97,238</b>
<b>Total Assets</b>		<b>139,634</b>	<b>131,076</b>

	Notes	December 31, 2022	December 31, 2021
		BD '000	BD '000
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable and other liabilities	12	37,120	32,803
Lease liabilities	9.2	3,321	3,191
Contract liabilities	7.2	2,014	2,559
<b>Total current liabilities</b>		<b>42,455</b>	<b>38,553</b>
<b>Non-current liabilities</b>			
Accounts payable and other liabilities	12	1,251	2,483
Lease liabilities	9.2	12,227	10,729
Provision for employees' end of service benefits	13	525	439
<b>Total non-current liabilities</b>		<b>14,003</b>	<b>13,651</b>
<b>Total Liabilities</b>		<b>56,458</b>	<b>52,204</b>

	Notes	December 31, 2022	December 31, 2021
		BD '000	BD '000
<b>Equity</b>			
Share capital	14	36,800	36,800
Treasury shares	15	(754)	(754)
Treasury shares reserve		(6)	(6)
Share premium	16	3,032	3,032
Statutory reserve	17	13,951	13,380
Retained earnings		28,651	26,420
Equity attributable to owners of the Company		81,674	78,872
Non-controlling interest		1,502	-
<b>Total Equity</b>		<b>83,176</b>	<b>78,872</b>
<b>Total Liabilities and Equity</b>		<b>139,634</b>	<b>131,076</b>

The consolidated financial statements were approved by the Board of Directors on February 21, 2023 and signed on its behalf by:

**Sh. Ahmed Bin Ali Al Khalifa**  
Chairman

**Mr. Bader Nasser Al-Kharafi**  
Board Member

The accompanying notes are an integral part of these consolidated financial statements

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME



YEAR ENDED DECEMBER 31, 2022

	Notes	December 31, 2022	December 31, 2021
		BD '000	BD '000
Revenue	18	67,364	64,785
Cost of revenue	19	(18,696)	(18,902)
Operating and administrative expenses	20	(25,878)	(24,195)
Depreciation of property and equipment	10	(10,264)	(9,881)
Depreciation of right-of-use assets	9.1	(3,856)	(3,663)
Amortization of intangible assets	11	(1,395)	(1,756)
(Increase) / decrease in expected credit losses on financial assets and contract assets	21	(826)	62
<b>Operating profit</b>		<b>6,449</b>	<b>6,450</b>
Interest income and other income - net		241	243
Gain / (loss) on currency translation adjustments		8	(43)
Finance costs	22	(983)	(1,078)
<b>Profit for the year</b>		<b>5,715</b>	<b>5,572</b>

	Notes	December 31, 2022	December 31, 2021
		BD '000	BD '000
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income for the year</b>		<b>5,715</b>	<b>5,572</b>
<b>Profit for the year</b>			
Attributable to:			
Owners of the Company		5,713	5,572
Non-controlling interests		2	-
		<b>5,715</b>	<b>5,572</b>
<b>Basic and diluted earnings per share</b>	23	<b>Fils 16</b>	<b>Fils 15</b>

Sh. Ahmed Bin Ali Al Khalifa  
Chairman

Mr. Bader Nasser Al-Kharafi  
Board Member

The accompanying notes are an integral part of these consolidated financial statements



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED DECEMBER 31, 2022

	Share capital	Treasury shares	Treasury shares reserve	Share premium	Statutory reserve	Retained earnings	Equity attributable to owners of the Company	Non-controlling interest	Total Equity
	BD '000	BD '000	BD '000	BD '000	BD '000	BD '000	BD '000	BD '000	BD '000
<b>Balance, December 31, 2020</b>	<b>36,800</b>	<b>(754)</b>	<b>(6)</b>	<b>3,032</b>	<b>12,823</b>	<b>23,588</b>	<b>75,483</b>	-	<b>75,483</b>
Appropriation of dividends	-	-	-	-	-	(2,183)	(2,183)	-	(2,183)
Total comprehensive income for the year	-	-	-	-	-	5,572	5,572	-	5,572
Appropriation to statutory Reserve	-	-	-	-	557	(557)	-	-	-
<b>Balance, December 31, 2021</b>	<b>36,800</b>	<b>(754)</b>	<b>(6)</b>	<b>3,032</b>	<b>13,380</b>	<b>26,420</b>	<b>78,872</b>	-	<b>78,872</b>
Appropriation of dividends (note 14)	-	-	-	-	-	(2,911)	(2,911)	-	(2,911)
Total comprehensive income for the year	-	-	-	-	-	5,713	5,713	2	5,715
Appropriation to statutory Reserve	-	-	-	-	571	(571)	-	-	-
Capital introduced to the subsidiary	-	-	-	-	-	-	-	1,500	1,500
<b>Balance, December 31, 2022</b>	<b>36,800</b>	<b>(754)</b>	<b>(6)</b>	<b>3,032</b>	<b>13,951</b>	<b>28,651</b>	<b>81,674</b>	<b>1,502</b>	<b>83,176</b>

The accompanying notes are an integral part of these consolidated financial statements

# CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2022

	Notes	December 31, 2022	December 31, 2021
		BD '000	BD '000
<b>Cash flows from operating activities</b>			
Profit for the year		5,715	5,572
Adjustments for:			
Depreciation of property and equipment	10	10,264	9,881
Depreciation of right-of-use assets	9.1	3,856	3,663
Amortization of intangible assets	11	1,395	1,756
Increase / (decrease) in expected credit loss on financial assets and contract assets	21	826	(62)
Provision for inventories	8	202	14
Finance costs	22	983	1,078
Loss / (gain) on retirement / disposal of property and equipment		8	(21)
Gain on termination of leases		(17)	(18)
Employees' end of service benefits	13	87	83
		<b>23,319</b>	<b>21,946</b>
Working capital changes:			
Net change in inventories		(496)	47
Net change in trade receivables and other assets		(2,937)	(970)
Net change in contract assets		225	(1,822)
Net change in accounts payable and other liabilities		45	2,961
Net change in contract liabilities		(545)	812

	Notes	December 31, 2022	December 31, 2021
		BD '000	BD '000
Cash generated from operating activities		19,611	22,974
Employees' end of service benefits paid	13	(1)	(15)
Finance costs paid	22	(983)	(1,078)
<i>Net cash from operating activities</i>		18,627	21,881
<b>Cash flows from investing activities</b>			
Payment for acquisition of property and equipment	10	(8,500)	(11,389)
Payment for intangible assets	11.2	(2,639)	(2,768)
Proceeds from disposal of property and equipment		25	21
Increase in restricted cash	5	(5,074)	-
<i>Net cash used in investing activities</i>		(16,188)	(14,136)
<b>Cash flows from financing activities</b>			
Repayment of principal portion of lease liabilities		(3,842)	(3,692)
Dividends paid to shareholders	14	(2,911)	(2,234)
Capital introduced by non-controlling interests		1,500	-
<i>Net cash used in financing activities</i>		(5,253)	(5,926)
Net (decrease) / increase in cash and cash equivalents		(2,814)	1,819
Cash and cash equivalents, beginning of year		10,388	8,569
<b>Cash and cash equivalents, end of year</b>	5	<b>7,574</b>	<b>10,388</b>

The accompanying notes are an integral part of these consolidated financial statements

## 1. CORPORATE INFORMATION

Zain Bahrain B.S.C. (the "Company") is a Bahraini Shareholding Company (Public) incorporated in the Kingdom of Bahrain on April 19, 2003 and registered with the Ministry of Industry and Commerce under Commercial Registration number 50603. Its shares are listed on Bahrain Bourse. The Company is a subsidiary of Mobile Telecommunications Company K.S.C.P. (the "Parent Company"), a Kuwaiti shareholding company listed on the Kuwait Stock Exchange. The Company's registered office is P.O. Box 266, Manama, Kingdom of Bahrain.

The Company has established two subsidiaries, TASC Properties W.L.L. (fully owned by the Company) and Tamam Bahrain B.S.C Closed (70% owned by the Company) (together referred to as the "Group"), which have not started commercial operations. The results of the subsidiaries are incorporated in these consolidated financial statements. The initial capital contribution to Tamam Bahrain B.S.C Closed amounting to BD 5 million has been deposited in a retail bank in Bahrain and carries interest rate of 2.75%.

The Group is mainly engaged in the provision of public telecommunications and related products and services.

## 2. ADOPTION OF NEW AND REVISED STANDARDS (IFRSs)

### 2.1 New and revised Standards applied with no material impact on the consolidated financial statements

In the current year, the Group has applied the below amendments to International Financial Reporting Standards and Interpretations issued by the Board that are effective for an annual period that begins on or after January 1, 2022. Their adoption has not had any material impact on the disclosures or on the amounts reported in these consolidated financial statements.

- Amendments to IFRS 3 Business Combinations Reference to the Conceptual Framework:

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

- Amendments to IAS 16 Property, Plant and Equipment related to proceeds before intended use:

The Group has adopted the amendments to IAS 16 Property, Plant and Equipment for the first time in the current year. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

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



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

- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets related to Onerous Contracts-Cost of Fulfilling a Contract:

The Group has adopted the amendments to IAS 37 for the first time in the current year. The amendments specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

- Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle: The Annual Improvements include amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41.

There has been no material impact on the consolidated financial statements of the Group upon adoption of the above amended standards.

## 2.2 New and revised standards issued but not yet effective

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

- IFRS 17 Insurance contracts - effective from January 1, 2023
- Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - effective date not yet decided
- Amendments to IAS 1 Presentation of Financial Statements - Classification of Liabilities as Current or Noncurrent - effective from January 1, 2023
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements - Disclosure of Accounting Policies - effective from January 1, 2023
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates - effective from January 1, 2023

- Amendments to IAS 12 Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction - effective from January 1, 2023
- Amendments to IFRS 16 Leases - Lease Liability in a Sale and Leaseback - effective from January 1, 2024

The Directors do not expect that the adoption of the above Standards will have a material impact on the Group's consolidated financial statements in future periods.

## 3. SIGNIFICANT ACCOUNTING POLICIES

### Basis of accounting

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS Standards") and the applicable requirements of the Bahrain Commercial Companies Law of 2001 (and subsequent amendments) and the Central Bank of Bahrain Rule Book (applicable provisions of Volume 6).

The consolidated financial statements have been prepared on the historical cost basis.

The consolidated financial statements have been presented in Bahraini Dinars ("BD") which is the Group's functional currency. All financial information presented in Bahraini Dinars has been rounded to the nearest thousand (BD'000) except where stated otherwise.

## Going concern

Management has assessed the Group's ability to continue on a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, the Board of Directors is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on the going concern basis.

The principal accounting policies adopted are set out overleaf.

## Basis of Consolidation

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

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

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

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the

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

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

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

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

## Revenue recognition

The Group recognizes revenue from the following major sources:

- Revenue from telecommunication services
- Handset trading
- Upgrade rights for additional services
- Value added services (VAS) sharing arrangements

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 recognizes revenue when it transfers control of a product or service to a customer.

### *Handsets and telecommunication services*

Revenue from mobile telecommunication services provided to postpaid and prepaid customers is recognized as services that are transferred. When the customer performs first, for example, by prepaying its promised consideration, the Group has a contract liability. If the Group performs first by satisfying performance obligation, the Group has a contract asset. Consideration received from the sale of prepaid credit is recognized as contract liability until such time as the customer uses the services when it is recognized as revenue. A single net figure is presented when a contract contains more than one performance obligation and the amounts already paid by the customer and unpaid amounts recognized as receivables is less than the revenue recognized for some performance obligations, but exceeds the revenue recognized for other performance obligations.

The Group provides subsidized handsets to its customers along with mobile telecommunication services and IFRS 15 requires entities to allocate a contract's transaction price to each performance obligation based on their relative stand-alone selling price. Revenue from device sales is recognized when the device is delivered to the customer. This usually occurs when customer signs a contract. Revenue from voice, messaging, internet services etc. are included in the bundled package and are recognized on the period of the contract as the services are rendered.

In the case of locked devices, revenue from the delivery of the device and service is recognized over the period of the contract as the Group concluded that it is a single performance obligation.

The Group has an offering where it provides customer with multiple handsets. Revenue is deferred for handsets that are not delivered.

#### Upgrade rights

The Group offers early upgrade rights for additional services. This requires the Group to determine the accounting, including whether a material right has been granted to the customer, if the right affects the transaction price, if modification accounting applies or if waived amounts are an incentive to enter into a new contract. A material right is an option to acquire additional goods or services at a price that does not reflect the good's or service's stand-alone selling price and is considered a separate performance obligation.

#### Value-added services

Revenue from VAS is recognized when the Group performs the related service on the basis of Group's share of the billing rate applied against facilitating the service.

#### Significant financing component

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

#### Roaming

Roaming revenue arises from revenue sharing arrangements with other telecommunication operators in respect of traffic exchanged and is recognized as earned.

#### Interconnection

##### Revenue (inbound)

Interconnection revenue represents amounts receivable from other network operators for their subscribers' traffic terminated on the Group's network and is accounted for during the period of such use.

##### Expense (outbound)

Interconnection expenses represent amounts payable to other network operators for the traffic terminated on their network by the Group's subscribers and are accounted for during the period of such use.

#### Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

#### **Property and equipment**

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses if any. Cost includes expenditures that are directly attributable to the acquisition cost of the asset. Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation is recognized so as to write off the cost of assets or valuation of assets (other than freehold land and capital work in progress) over their estimated useful lives, using the straight-line method.

The estimated useful lives of property and equipment are as follows:

Freehold building	50 years
Network equipment	3-20 years
Office equipment	4-5 years
Furniture and fixtures	5 years
Vehicles	5 years

Freehold land is not depreciated. Assets (including capital work in progress) are depreciated from the time an asset is completed and ready for use.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset, and is recognized in profit or loss.

### Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses, if any. For acquired network businesses whose operations are governed by fixed-term licenses, the amortization period is determined primarily by reference to the unexpired license period and the conditions for license renewal. Telecom license fees are amortized on a straight line basis over the life of the license.

Indefeasible Right to Use ("IRU") are the rights to use a portion of the capacity of a terrestrial or submarine transmission cable granted for a fixed period. IRUs are recognized at cost as an asset when the Group has the specific indefeasible right to use an identified portion of the underlying asset, generally optical fibers or dedicated wave length bandwidth and the duration of the right is for the major part of the underlying asset's economic life. They are amortized on a straight line basis over the shorter of the expected period of use and the life of the contract.

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses, if any.

### Impairment of non-financial assets

Where there is an indication of impairment in value, such that the recoverable amount of an asset (other than inventories) falls below its net book value, an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount,

in which case the reversal of the impairment loss is treated as a revaluation increase.

### Funding costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

### Inventories

Inventories are stated at the lower of cost and net realizable value after making due allowance for any obsolete items. Costs of inventories are determined on a weighted average basis. Costs are those expenses incurred in bringing each product to its present location and condition.

Net realizable value represents the estimated selling price in the ordinary course of business less all estimated selling expenses.

## Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

## Financial assets

All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of financial assets.

### Classification of financial assets

Financial assets are classified as follows:

- Financial assets at amortized cost
- Financial assets at Fair Value Through Other Comprehensive Income (FVTOCI)
- Financial asset at Fair Value Through Profit or Loss (FVTPL)

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

### Business model assessment:

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these are applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'Sell' business model.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account.

### Contractual cash flow characteristics test:

The Group assesses whether the financial instruments' cash flows represent Solely for Payments of Principal and Interest (the 'SPPI'). The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. The Group reclassifies a financial asset only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change.

Such changes are expected to be very infrequent.

## Financial assets at amortized cost

A financial asset is measured at amortized cost if it satisfies the SPPI test and is held within a business model whose objective is to hold assets to collect contractual cash flows; and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and profit on the principal amount outstanding.

The Group's cash and cash equivalents, trade and receivables, contract assets, and other assets are classified as financial assets at amortized cost.

## Financial assets at FVTOCI

A debt instrument is measured at FVTOCI if it satisfies the SPPI test and is held within a business model whose objective is to hold assets to collect contractual cash flows and to sell. These assets are subsequently measured at fair value, with change in fair value recognized in Other Comprehensive Income (OCI). Interest income is calculated using the effective interest method. Foreign exchange gains/losses and impairment are recognized in profit or loss. On de-recognition, gains and losses accumulated in OCI are reclassified to the statement of profit or loss.

For an equity instrument; upon initial recognition, the Group may elect to classify irrevocably some of its equity investments as equity instruments at FVTOCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis. Gains and losses on these equity instruments are never recycled to the statement of profit or loss. Dividends are recognized in profit or loss when the right to receive has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVTOCI are not subject to an impairment assessment. Upon disposal cumulative gains or losses may be reclassified from fair value reserve to retained earnings in the statement of changes in equity.

### ***Financial asset at FVTPL***

Financial assets that do not meet the criteria for amortized cost or FVTOCI are measured at FVTPL. This also includes equity instruments held-for-trading and are recorded and measured in the statement of financial position at fair value. Changes in fair values and dividend income are recorded in statement of profit or loss according to the terms of the contract, or when the right to receive has been established.

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

A loss allowance for expected credit losses (ECL) is recognized on investments in debt instruments that are measured at amortized cost or at FVTOCI and trade receivables, as well as on financial guarantee contracts. The amount of expected credit loss is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

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

The Group incorporates forward-looking information based on expected changes in macro-economic factors in assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL.

### ***Impairment of trade receivables***

The Group always recognizes lifetime ECL for subscriber receivables, contract assets and distributor receivables, using the simplified approach.

To measure the expected credit losses, subscriber receivables and contract assets are grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled subscriber receivables and have substantially the same risk characteristics as the subscriber receivable for the same type of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

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

The Group recognizes expected credit loss (ECL) for cash and cash equivalents and other advances using the general approach.

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

### ***Significant increase in credit risk***

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

The Group considers a financial asset to have a low credit risk when the asset has external credit rating of 'investment grade' and there are no past due amounts.

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

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

- Significant financial difficulty of the borrower;
- A breach of contract, such as default or past due event;
- The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- It is becoming probable that the borrower will enter into bankruptcy or other financial reorganization; or
- The disappearance of an active market for that financial asset because of financial difficulties.

### **Financial liabilities**

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) Held for trading, or (iii) designated at FVTPL, are subsequently measured at amortized cost.

### **Offsetting financial assets and financial liabilities**

Financial assets and liabilities are offset and reported on a net basis in the statement of financial position when a legally enforceable right to set-off such amounts exists and when the Group intends to settle on a net benefits basis or to release the assets and settle the liabilities simultaneously.

### **Cash and banks**

Cash and banks comprise cash in hand, current accounts with banks and bank deposits with contractual maturities of three months or less and which are subject to insignificant risk of changes in fair value.

### **Provisions**

Provisions are recognized when the Group has a present obligation (legal or constructive) arising from a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of amount of obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When same or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that the reimbursement will be received and the amount of the receivable can be measured reliably.

## Leases

The Group as lessee:

The Group assesses whether a contract is or contains a lease, at the inception of the contract. The Group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short term leases (lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

The lease liability is initially measured at the present value of 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 the following where applicable:

- Fixed lease 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;
- Amount expected to be payable by the lessee under the residual value guarantees;
- The exercise price of the purchase option, if the lessee is reasonably certain to exercise the options; and
- Payment of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

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

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated amortization (over the shorter period of lease term and useful life of the underlying asset) and impairment losses.

The Group recognizes a provision when it incurs an obligation for costs to dismantle and remove a leased asset or restore the site on which it is located.

## Provision for employees' end-of-service benefits

### Bahraini employees

Pension rights (and other social benefits) for Bahraini employees are covered by Social Insurance Organization for Social Insurance scheme to which employees and employers contribute monthly on a fixed-percentage- salaries basis. The Group's share of contributions to this scheme, which is a defined contribution scheme under IAS 19 Employee benefits is recognized as an expense statement of profit or loss and total comprehensive income.

### Expatriate employees

Expatriate employees are entitled to leaving indemnities payable under the Bahraini Labor Law for private sector, based on length of service and final remuneration. Provision for this unfunded commitment which represents a defined benefit plan has been made by calculating the notional liability had all employees left at the reporting date. The liability recognized in the statement of financial position in respect of the employees' end of service benefits is the present value at the reporting date.



## Employees' saving scheme

The Group operates an employee saving scheme for its Bahraini employees. The scheme's assets consist of deposits with banks are not incorporated in these consolidated financial statements.

## Foreign currencies

Transactions in currencies other than the Group's functional currency (foreign currencies) are recognized in the Group's functional currency at the rates of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. All differences are taken to profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

## Segment information

An operating segment is a component of an entity that engages in business activities from which it may earn revenue and incur expenses including revenue and expenses relating to transactions with other components of the same entity, whose operating results are regularly reviewed by the entity's Chief Executive Officer to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

## Treasury shares

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

## Government grants

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable

## 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized 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.

## Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described in note 3, management has made the following judgements that may have significant effect on the amounts recognized in the consolidated financial statements.

### *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). Management did not include the extension options in those the lease terms stipulating that the lease cannot be renewed without the consent of both parties.

## Key sources of estimation uncertainty

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

### Property and equipment - network

Due to the nature of the Group's business, the network assets of the Group, as detailed in note 10, are susceptible to technological obsolescence. Management depreciates those assets over 3 to 20 years. The estimation of network assets useful lives is based on management judgement and estimates. In order to estimate the lives of network assets, management considers the nature of the assets, usage and technological advancement. Therefore, any technological advancement in future may warrant the need for substantial upgrade of equipment.

### Provision for expected credit losses of customer, distributor receivables and contract assets

The Group uses a provision matrix to calculate ECLs for customer and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year, which can lead to an increased number of defaults the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

### Useful lives of intangible assets

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

## 5. CASH AND BANKS

Cash and banks include cash, current accounts and short-term bank deposits with an original maturity of three months or less.

	2022	2021
	BD '000	BD '000
Cash and current accounts with banks	12,395	10,160
Items under collection	260	238
	12,655	10,398
Expected credit loss	(7)	(10)
Cash and banks	12,648	10,388
Less: restricted cash (note 1)	(5,074)	-
Cash and cash equivalents	<b>7,574</b>	<b>10,388</b>

The following table shows the movement of expected credit loss on cash and banks during the year:

	2022	2021
	BD '000	BD '000
Balance, January 1	10	8
(Decrease) / increase in expected credit loss (note 21)	(3)	2
Balance, December 31	<b>7</b>	<b>10</b>

## 6. TRADE RECEIVABLES AND OTHER ASSETS

	2022	2021
	BD '000	BD '000
Trade receivables:		
Due from postpaid subscribers	23,463	22,734
Due from roaming partners	1,821	1,489
Due from distributors	191	162
Interconnect receivables from other operators	1,830	1,422
	27,305	25,807
Expected credit loss	(13,899)	(13,055)
	13,406	12,752
Other assets:		
Due from related parties (note 24)	936	194
Sundry receivables and advance payments	4,067	2,705

	2022	2021
	BD '000	BD '000
Staff receivables	151	102
Expected credit loss	(132)	(129)
Prepaid expenses	1,898	2,623
	6,920	5,495
Total trade receivables and other assets	<b>20,326</b>	<b>18,247</b>
Represented by:		
Current portion:		
Trade receivables and other assets	18,428	15,624
Prepaid expenses	388	800
	<b>18,816</b>	<b>16,424</b>
Non-current portion:		
Prepaid expenses	1,510	1,823
	<b>1,510</b>	<b>1,823</b>

The expected loss allowance of trade receivables and other assets is broken down as follows:

		2022	2021
		BD '000	BD '000
Trade receivables:			
Postpaid subscribers (note 6.1)	Collectively assessed	13,382	12,480
Roaming partners	Individually assessed	426	427
Due from distributors (note 6.1)	Collectively assessed	3	2
Interconnect receivables from other operators	Individually assessed	88	146
Other assets:			
Due from related parties	Individually assessed	-	7
Sundry receivables	Collectively assessed	124	117
Staff receivables	Collectively assessed	8	5
		<b>14,031</b>	<b>13,184</b>

## 6.1 Trade receivables postpaid subscribers

Management considers that invoices outstanding up to 60 days are considered within the acceptable credit period. No interest is charged on trade receivable.

The Group always measures the allowance for trade receivables at an amount equal to lifetime expected credit losses (ECL). The ECL on trade receivables is estimated using a provision matrix by reference to past default experience of the debtors' group under postpaid receivables, and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group considered the probability of default at 100% for the aggregate portion of trade receivables balance aged more than 90 days.

There has been no change in the estimation techniques or significant assumptions made during the current year.

A trade receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

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

Aging brackets	December 31, 2022			December 31, 2021		
	Estimated total gross carrying amount at default	Expected credit loss rate	Lifetime ECL	Estimated total gross carrying amount at default	Expected credit loss rate	Lifetime ECL
	BD '000	%	BD '000	BD '000	%	BD '000
< 30 days	1,428	1%	6	1,308	1%	5
31 - 60 days	885	3%	28	656	3%	20
61 - 90 days	537	8%	43	325	8%	27
91 - 180 days	967	20%	198	649	21%	136
> 181 days	19,837	66%	13,110	19,958	62%	12,294
	<b>23,654</b>		<b>13,385</b>	<b>22,896</b>		<b>12,482</b>

The following table shows the movement in the expected credit loss that has been recognized for trade receivables and other assets:

	Collectively assessed	Individually assessed	Total
	BD '000	BD '000	BD '000
Balance, January 1, 2021	12,723	580	13,303
Decrease in expected credit loss (note 21)	(119)	-	(119)
Balance, December 31, 2021	<b>12,604</b>	<b>580</b>	<b>13,184</b>
Increase / (decrease) in expected credit loss (note 21)	927	(66)	861
Write off	(14)	-	(14)
Balance, December 31, 2022	<b>13,517</b>	<b>514</b>	<b>14,031</b>
Represented by:			
Expected credit loss on trade receivables			13,899
Expected credit loss on other assets			132
			<b>14,031</b>

## 7. CONTRACT BALANCES

### 7.1 Contract Assets

	2022	2021
	BD '000	BD '000
Assets relating to sale of devices (note 7.1.1)	8,152	8,377
Expected credit loss	(505)	(537)
	<b>7,647</b>	<b>7,840</b>
Represented by:		
Current portion	5,826	5,422
Non-current portion	1,821	2,418
	<b>7,647</b>	<b>7,840</b>

7.1.1 Amounts relating to contract assets are balances due from customers on account of sale of devices on installment basis. Any amount previously recognized as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer.

The following table shows the movement of expected credit loss on contract assets during the year:

	2022	2021
	BD '000	BD '000
Balance, January 1	537	482
(Decrease) / increase in expected credit loss (note 21)	(32)	55
Balance, December 31	<b>505</b>	<b>537</b>

## 7.2 Contract liabilities

	2022	2021
	BD '000	BD '000
Deferred revenue - telecommunication services (note 7.2.1)	1,071	1,065
Deferred revenue - trading (note 7.2.2 & note 18)	943	1,494
	<b>2,014</b>	<b>2,559</b>

7.2.1 Revenue relating to telecommunication services is recognised over time. A contract liability is recognised at the time of the initial sales transaction and is released over the service period.

7.2.2 Contract liabilities relating to handsets are balances due to customers from the offering where the Group provides customers with multiple handsets. Revenue is deferred for handsets that are not delivered.

## 8. INVENTORIES

	2022	2021
	BD '000	BD '000
Handsets, accessories and others	3,227	2,731
Provision for obsolescence and net realizable value	(1,329)	(1,127)
	<b>1,898</b>	<b>1,604</b>

The following table shows the movement of provision for obsolescence and net realizable value during the year:

	2022	2021
	BD '000	BD '000
Balance, January 1	1,127	1,113
Provision for inventories (note 20)	202	14
Balance, December 31	<b>1,329</b>	<b>1,127</b>



## 9. LEASES

### 9.1 Right-of-use assets

The recognized right-of-use assets relates to the following types of assets leased by the Group. The average lease term is five years.

	Building, premises and other	Sites	Total
	BD '000	BD '000	BD '000
Balance, January 1, 2021	728	11,525	12,253
Depreciation	(401)	(3,262)	(3,663)
Additions / modifications	617	5,352	5,969
Termination	(286)	(401)	(687)
Balance, December 31, 2021	<b>658</b>	<b>13,214</b>	<b>13,872</b>
Depreciation	(377)	(3,479)	(3,856)
Additions / modifications	399	5,555	5,954
Termination	(67)	(400)	(467)
Balance, December 31, 2022	<b>613</b>	<b>14,890</b>	<b>15,503</b>

The following are the amounts recognized in profit and loss:

	2022	2021
	BD '000	BD '000
Depreciation expense on right-of-use assets	3,856	3,663
Interest expense on lease liabilities	792	724

During 2022, the total cash outflow for leases amounted to BD 4,634 thousand (2021: BD 4,416 thousand).

At the reporting date, none of the property leases in which the Group is the lessee, contain variable lease payment terms.

## 9.2 Lease liabilities

	2022	2021
	BD '000	BD '000
Balance, January 1	13,920	12,348
Additions	5,954	5,969
Terminations	(484)	(705)
Accretion of interest (note 22)	792	724
Payments	(4,634)	(4,416)
Balance, December 31	<b>15,548</b>	<b>13,920</b>

Below is the allocation of lease liabilities as at December 31:

	2022	2021
	BD '000	BD '000
Current lease liabilities	3,321	3,191
Non-current lease liabilities	12,227	10,729
Balance, December 31	<b>15,548</b>	<b>13,920</b>

The maturity analysis of lease liabilities as at December 31 is as follows:

	2022	2021
	BD '000	BD '000
Not later than 1 year	4,072	3,987
Later than 1 year and not later than 5 years	9,545	8,915
Later than 5 years	4,681	3,205
	18,298	16,107
Less: unearned interest	(2,750)	(2,187)
	<b>15,548</b>	<b>13,920</b>

The Group does not face a significant liquidity risk with regard to its lease liabilities.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

YEAR ENDED DECEMBER 31, 2022

## 10. PROPERTY AND EQUIPMENT

	Freehold Land and Building	Network Equipment	Office Equipment, Furniture and Fixture	Capital work in Progress	Total
	BD '000	BD '000	BD '000	BD '000	BD '000
<b>Cost:</b>					
At December 31, 2020	17,774	96,119	40,245	7,038	161,176
Additions	-	-	-	10,716	10,716
Transfers	1	10,975	799	(11,775)	-
Disposal	-	(215)	-	-	(215)
At December 31, 2021	17,775	106,879	41,044	5,979	171,677
Additions	-	-	-	12,565	12,565
Transfers	-	6,953	491	(7,444)	-
Retirement	(22)	-	(1,552)	-	(1,574)
At December 31, 2022	17,753	113,832	39,983	11,100	182,668
<b>Accumulated Depreciation:</b>					
At December 31, 2020	773	56,590	37,383	-	94,746
Depreciation expense	189	8,217	1,475	-	9,881
Relating to disposal	-	(215)	-	-	(215)
At December 31, 2021	962	64,592	38,858	-	104,412
Depreciation expense	223	9,029	1,012	-	10,264
Retirement	(22)	-	(1,519)	-	(1,541)
At December 31, 2022	1,163	73,621	38,351	-	113,135
<b>Carrying amount:</b>					
December 31, 2022	16,590	40,211	1,632	11,100	69,533
December 31, 2021	16,813	42,287	2,186	5,979	67,265

The Freehold land and buildings include freehold land amounting BD 9.97 million (2021: BD 9.97 million) which is not depreciated.

Capital work in progress mainly relates to network equipment in respect of network expansions and improvements. As at December 31, 2022 capital work in progress outstanding for more than one year amounted to approximately BD 654 Thousand (2021: BD 292 thousand).

## 11. INTANGIBLE ASSETS

	2022	2021
	BD '000	BD '000
Mobile frequency and spectrum licenses (note 11.1 & 11.2)	11,351	11,050
Other intangible assets	728	810
	<b>12,079</b>	<b>11,860</b>

The movement of intangible assets is as follows:

	2022	2021
	BD '000	BD '000
Balance, January 1	11,860	13,581
Additions	1,614	35
Amortization charge	(1,395)	(1,756)
Balance, December 31	<b>12,079</b>	<b>11,860</b>

**11.1** Spectrum Usage Right Fees for frequency allocation in the 3500 MHz frequency band was acquired on December 1, 2022, and amortized over the license period of 15 years. The license fees are required to be paid over a five-year period. Accordingly, the license fees were capitalized by discounting at incremental borrowing rate.

**11.2** Frequency license for additional spectrum block was acquired on September 19, 2013 and amortized over the license period of 15 years. In 2019, the Group renewed mobile frequency license and spectrum frequency license for 10 years and 15 years respectively and the license fees are required to be paid over a five-year period. Accordingly, the license fees were capitalized by discounting at incremental borrowing rate.

## 12. ACCOUNTS PAYABLE AND OTHER LIABILITIES

	2022	2021
	BD '000	BD '000
Due to suppliers	9,144	7,259
Accrued expenses	22,330	22,692
Interconnection payable	1,512	1,805
Due to roaming partners	477	514
Accrued employees' benefits	1,179	1,158
Due to related parties (note 24)	3,366	1,452
Value added tax payable	119	158
Accrued Directors' remuneration (note 24)	224	224
Deposits	17	21
Dividends payable	3	3
Total accounts payable and other liabilities	38,371	35,286
Represented by:		
Current portion	37,120	32,803
Non-Current portion of due to suppliers	1,251	2,483
	<b>38,371</b>	<b>35,286</b>

No interest is charged on due to suppliers.

## 13. PROVISION FOR EMPLOYEES' END OF SERVICE BENEFITS

The movement of the provision for the employees' end of service indemnity was as follows:

	2022	2021
	BD '000	BD '000
Balance, January 1	439	371
Charge for the year	87	83
Settlements	(1)	(15)
Balance, December 31	<b>525</b>	<b>439</b>

## 14. SHARE CAPITAL

The Company's issued share capital consists of 368,000,000 ordinary shares at 100 Fils each, issued and fully paid. Below are the shareholders with more than 5% equity stake:

		December 31, 2022		December 31, 2021	
		No. of shares	% of share-holding	No. of shares	% of share-holding
Mobile Telecommunication Company K.S.C.P.	Kuwait	236,935,155	64.38%	236,935,155	64.38%
Gulf International Bank B.S.C.	Bahrain	24,085,097	6.54%	24,085,097	6.54%
Sh. Ahmed Bin Ali Al-Khalifa	Bahrain	23,924,845	6.50%	23,924,845	6.50%

### Distribution of shares by shareholding brackets

Shareholding brackets	% of total share		No. of shareholders	
	2022	2021	2022	2021
Less than 1%	16%	16%	532	534
1 % up to less than 5%	7%	7%	4	4
5 % up to less than 10%	13%	13%	2	2
10 % up to less than 20%	-	-	-	-
More than 50%	64%	64%	1	1
			<b>539</b>	<b>541</b>

### Dividends

The annual general meeting of shareholders for the year ended December 31, 2021, held on March 29, 2022 approved the distribution of cash dividends of 8 Fils per share totaling BD 2,911 thousand.

The Board of Directors proposed a cash dividends distribution of 9 Fils per share to the registered shareholders subject to ratification during the Annual General Meeting of Shareholders to be held in 2023, after obtaining the necessary regulatory approvals.

## 15. TREASURY SHARES

	2022	2021
Number of shares	4,116,990	4,116,990
Percentage of issued shares	1.12%	1.12%
Market value (BD '000)	564	576
Cost (BD '000)	754	754

## 16. SHARE PREMIUM

Share premium relates to amounts collected in excess of the par value of the issued share capital, net of shares issue costs. Share premium is not available for distribution.

## 17. STATUTORY RESERVE

In accordance with the Bahrain Commercial Companies Law of 2001 (and subsequent amendments) and the Company's Articles of Association, 10% of the yearly net profit should be appropriated to statutory reserve. The Company may elect to discontinue such appropriation when the reserve reaches 50% of the capital. This reserve is not available for distribution.

## 18. REVENUE

The Group derives its revenue from telecommunication and related services, which management considers a single reportable business segment, categorized as follows:

	2022	2021
	BD '000	BD '000
Airtime, data and subscription (Over time)	55,951	52,783
Trading (Point in time)	11,413	12,002
	<b>67,364</b>	<b>64,785</b>

The transaction price allocated to (partially) unsatisfied performance obligations at December 31 is set out below:

	2022	2021
	BD '000	BD '000
Trading (note 7.2)	943	1,494

Management expects that the transaction price allocated to unsatisfied contracts as of 2022 year-end will be recognized as revenue during 2023.

As permitted under IFRS 15, the Group does not disclose transaction price allocated to the remaining performance obligations as it primarily provides services that corresponds directly with the value transferred to the customer.

## 19. COST OF REVENUE

	2022	2021
	BD '000	BD '000
Outpayments to telecommunications operators	6,212	6,075
Cost of equipment sold and others	12,484	12,827
	<b>18,696</b>	<b>18,902</b>

## 20. OPERATING AND ADMINISTRATIVE EXPENSES

	2022	2021
	BD '000	BD '000
Staff costs	8,391	7,379
Repairs, maintenance and support charges	4,219	4,090
Management fees (note 24)	1,704	1,609
Directors' remuneration (note 24)	224	224
Provision for inventories (note 8)	202	14
Other	11,138	10,879
	<b>25,878</b>	<b>24,195</b>

The Group's share of contributions to Social Insurance Organization is included in staff costs and amounted to BD 475 thousand (2021: BD 395 thousand).

## 21. EXPECTED CREDIT LOSSES ON FINANCIAL ASSETS AND CONTRACT ASSETS

	2022	2021
	BD '000	BD '000
Increase / (decrease) in expected credit losses on trade receivables and other assets (note 6)	861	(119)
(Decrease) / increase expected credit losses on contract assets (note 7)	(32)	55
(Decrease) / increase in expected credit losses on bank balances (note 5)	(3)	2
	<b>826</b>	<b>(62)</b>

## 22. FINANCE COSTS

	2022	2021
	BD '000	BD '000
Interest expense on lease liabilities (note 9.2)	792	724
Others (note 11.1 & 11.2)	191	354
	<b>983</b>	<b>1,078</b>

## 23. EARNINGS PER SHARE

The basic and diluted earnings per share are as follows:

	2022	2021
Profit for the year attributable to owners of the Company (BD '000)	5,713	5,572
Weighted average number of shares in issue	363,883,010	363,883,010
Basic and diluted earnings per share (Fils)	16	15

Basic and diluted earnings per share are same since the Group has no instruments that would have a diluting effect.

## 24. RELATED PARTIES

During the years 2022 and 2021, the Group has entered into transactions with following related parties on terms approved by management.

	Relationship
Mobile Telecommunications Company K.S.C.P.	Parent Company
Zain - Kuwait	Affiliate
Sudanese Mobile Telephone (Zain) Company Limited	Affiliate
Zain - Jordan	Affiliate
Mobile Telecommunication Company Saudi Arabia	Affiliate
Oman Telecommunications Company	Ultimate Parent Company
Zain Global Communication Services W.L.L.	Affiliate
Tadbeer Procurement Company W.L.L.	Affiliate
FOO Off Shore SAL	Affiliate
Nexgen Advisory Group FZ LLC	Affiliate
Zain Data Park Holding Co. SPC	Affiliate
Zain - South Sudan	Affiliate
Zain - Iraq	Affiliate



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

YEAR ENDED DECEMBER 31, 2022

## 24. RELATED PARTIES (continued)

	2022	2021
	BD '000	BD '000
<b>Costs:</b>		
Management fees (note 20)	1,704	1,609
Telecommunication services	1507	1,015
<b>Revenue:</b>		
Telecommunication services	542	252

Accruals for Board of Directors' remuneration made during the year amounted to BD 224 thousand, subject to ratification by the Annual General Meeting of Shareholders (2021: BD 224 thousand) (notes 12 & 20).

Remuneration of members of key management during the year was as follows:

	2022	2021
	BD '000	BD '000
Short-term benefits	1,696	1,530
Other long-term benefits	219	169
	<b>1,915</b>	<b>1,699</b>

Balances with related parties are as follows:

	2022	2021
	BD '000	BD '000
<b>Due from related parties: (note 6)</b>		
Zain - Kuwait	312	154
Zain - Jordan	241	-
Mobile Telecommunication Company Saudi Arabia	197	10
Zain Global Communication Services W.L.L.	110	-
Oman Telecommunications Company	68	1
Zain - Iraq	7	-
Sudanese Mobile Telephone (Zain) Company Limited	1	1
Others	-	28
	<b>936</b>	<b>194</b>
<b>Due to related parties: (note 12)</b>		
Mobile Telecommunications Company K.S.C.P.	1,569	402
Zain Global Communication Services W.L.L.	730	347
Oman Telecommunications Company	277	328
Mobile Telecommunication Company Saudi Arabia	247	10
Zain Data Park Holding Co. SPC	219	-
Nexgen Advisory Group FZ LLC	102	210
Zain - Kuwait	134	76
FOO Off Shore SAL	63	63
Zain - Jordan	17	15
Tadbeer Procurement Company W.L.L.	3	1
Zain - South Sudan	4	-
Zain - Iraq	1	-
	<b>3,366</b>	<b>1,452</b>

## 25. SEGMENT INFORMATION

The Group operates in a single business segment, telecommunications and related services, organized into three main activities: mobile operation, fixed broadband operation and trading of handsets and accessories. Management considers that these business activities are not separate operating units.

The Group carries out its operations in the Kingdom of Bahrain.

## 26. COMMITMENTS AND CONTINGENCIES

As of the year-end, the Group had the following outstanding items:

	2022	2021
	BD '000	BD '000
Letters of guarantee	2,802	4,820
Capital expenditure	125	134

## 27. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS

The Group's financial assets and financial liabilities are categorized at amortized cost. There were no financial instruments measured at FVTPL or classified at FVTOCI.

	2022	2021
	BD '000	BD '000
<b>Financial assets</b>		
Cash and banks at amortized cost	12,648	10,388
Trade receivables and other assets at amortized cost	15,036	13,363
<b>Total financial assets</b>	<b>27,684</b>	<b>23,751</b>
<b>Financial liabilities</b>		
Accounts payable and other liabilities at amortized cost	38,252	35,128
Lease liabilities at amortized cost	15,548	13,920
<b>Total financial liabilities</b>	<b>53,800</b>	<b>49,048</b>

Financial instruments subject to offsetting enforceable master netting arrangements or similar arrangements

	Trade receivables	
	2022	2021
	BD '000	BD '000
Gross amounts of recognized financial instruments	12,228	10,378
Gross amounts of recognized financial instruments subject to set off in the statement of financial position	(8,577)	(7,467)
<b>Net amounts of financial instruments presented in the statement of financial position</b>	<b>3,651</b>	<b>2,911</b>

## 27. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (continued)

	Accounts payables	
	2022	2021
	BD '000	BD '000
Gross amounts of recognized financial instruments	10,566	9,786
Gross amounts of recognized financial instruments subject to set off in the statement of financial position	(8,577)	(7,467)
Net amounts of financial instruments presented in the statement of financial position	<b>1,989</b>	<b>2,319</b>

The Group's use of financial instruments exposes it to a variety of financial risks such as market risk (such as foreign exchange risk, interest rate risk, and equity price risk), credit risk and liquidity risk. The Group continuously reviews its risk exposures and takes measures to limit it to acceptable levels. The Board of Directors has the overall responsibility for the establishment and oversight of the Group's risk management framework and monitoring the risk management policies in close co-operation with the Parent Group. The Group's risk management policies are established to identify and analyze 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.

There has been no change to the Group's exposure to the above financial risks or the manner in which it manages and measures the risk.

## Credit Risk

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at December 31, 2022, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group arises from:

- The carrying amount of the financial assets as stated in the statement of financial position; and
- The maximum amount the Group would have to pay if the letters of guarantees disclosed in note 26 are called upon, irrespective of the likelihood of the guarantee being exercised.

## 27. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (continued)

The Group's financial assets are detailed below:

		December 31, 2022		
		Gross carrying amount	Loss allowance	Net carrying amount
Notes		BD '000	BD '000	BD '000
Cash and banks	5 (i)	12,395	(7)	12,388
Items under collection	5	260	-	260
Trade and other receivables:				
Due from postpaid subscribers	6 (ii)	23,463	(13,382)	10,081
Due from roaming partners	6	1,821	(426)	1,395
Due from distributors	6 (ii)	191	(3)	188
Interconnect receivables	6	1,830	(88)	1,742
Due from related parties	6	936	-	936
Sundry receivables	6	675	(124)	551
Staff receivables	6	151	(8)	143
		<b>41,722</b>	<b>(14,038)</b>	<b>27,684</b>

The Group's financial assets are detailed below:

		December 31, 2021		
		Gross carrying amount	Loss allowance	Net carrying amount
Notes		BD '000	BD '000	BD '000
Cash and banks	5 (i)	10,160	(10)	10,150
Items under collection	5	238	-	238
Trade and other receivables:				
Due from postpaid subscribers	6 (ii)	22,734	(12,480)	10,254
Due from roaming partners	6	1,489	(427)	1,062
Due from distributors	6 (ii)	162	(2)	160
Interconnect receivables	6	1,422	(146)	1,276
Due from related parties	6	194	(7)	187
Sundry receivables	6	444	(117)	327
Staff receivables	6	102	(5)	97
		<b>36,945</b>	<b>(13,194)</b>	<b>23,751</b>

## 27. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (continued)

- (i) Cash is deposited at banks with external credit rating at investment grade. Loss allowance is measured at 12 months ECL.
- (ii) For trade receivables and due from distributors, the Group has adopted the simplified approach to measure the loss allowance at lifetime ECL. The Group adjusts the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience. The credit risk profile of these assets is presented based on their past due status in terms of the provision matrix. Note 6 includes further details on the loss allowance for postpaid trade receivables and distributors.

Other receivables are categorized under stage 2 and stage 3 depending on credit risk quality. Trade receivables from postpaid subscribers consist of a large number of customers.

The Group is also exposed to credit risk in relation to letters of guarantees given (note 26). The Group's maximum

exposure in this respect is the maximum amount the Group could have to pay if the guarantee is called on.

The Group does not hold any collateral or credit enhancement to cover its credit risks associated with its financial assets.

## Foreign exchange risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

At the reporting date, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the Group's functional currency are as follows:

December 31, 2022	U.S Dollar	Euro	Total foreign currencies
	BD '000	BD '000	BD '000
<b>Monetary assets</b>			
Cash and banks	838	56	894
Trade receivables and other assets	2,247	-	2,247
	<b>3,085</b>	<b>56</b>	<b>3,141</b>
<b>Monetary liabilities</b>			
Accounts payable and other liabilities*	17,227	81	17,308
	<b>17,227</b>	<b>81</b>	<b>17,308</b>
Net	<b>(14,142)</b>	<b>(25)</b>	<b>(14,167)</b>

## 27. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (continued)

December 31, 2021	U.S Dollar	Euro	Total foreign currencies
	BD '000	BD '000	BD '000
<b>Monetary assets</b>			
Cash and banks	1,395	13	1,408
Trade receivables and other assets	2,132	29	2,161
	<b>3,527</b>	<b>42</b>	<b>3,569</b>
<b>Monetary liabilities</b>			
Accounts payable and other liabilities*	13,336	87	13,423
	<b>13,336</b>	<b>87</b>	<b>13,423</b>
Net	<b>(9,809)</b>	<b>(45)</b>	<b>(9,854)</b>

\*The remaining monetary liabilities including lease liabilities are denominated in Group's functional currency.

### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group is not exposed to significant interest rate risk.

### Liquidity risk

Liquidity risk is the risk that the Group may not be able to meet its funding requirements. The Group manages this risk by maintaining sufficient cash, availability of funding from credit facilities and its ability to close out market positions on short notice.

The Group has unutilized bank overdraft facility of BD 5.5 million (2021: BD 5.5 million) with local commercial banks.

Below is analysis of the Group's financial liabilities into relevant maturity groupings based on the remaining contractual maturity at the reporting date, modified to the expected settlement period. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant:

	2022				
	Less than 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Total
	BD '000	BD '000	BD '000	BD '000	BD '000
Accounts payable and other liabilities	5,903	11,526	19,440	1,587	<b>38,456</b>
	2021				
	Less than 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Total
	BD '000	BD '000	BD '000	BD '000	BD '000
Accounts payable and other liabilities	3,784	9,381	19,698	2,448	<b>35,311</b>

The maturity analysis of lease liabilities are disclosed in note 9.2.

## 28. 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. Consequently, differences may arise between the carrying values and the fair value estimates.

The Group's financial instruments are carried at amortized cost. The fair values of these financial instruments approximate their carrying value.

## 29. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide return on investment to shareholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consists of equity, comprising issued capital, treasury shares, reserves and retained earnings. The management reviews the capital structure on an annual basis. As part of this review, the management considers the cost of capital and the risk associated with each claim as capital. The Group is debt free at the current reporting date.

