



A CULTURE OF RESILIENCE

ANNUAL REPORT 2020





**HIS MAJESTY KING HAMAD BIN
ISA AL KHALIFA**

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

TABLE OF CONTENTS

FACILITATING DIGITAL TRANSFORMATION	6
VISION, MISSION & VALUES	8
KEY 2020 MILESTONES	10
CHAIRMAN'S STATEMENT	14
BOARD OF DIRECTORS	18
KEY HIGHLIGHTS	20
MANAGING DIRECTOR'S STATEMENT	22
AWARDS	24
CEO'S STATEMENT	26
STRATEGY	30
CORPORATE SUSTAINABILITY AND SOCIAL RESPONSIBILITY	34
CORPORATE GOVERNANCE	38
FINANCIAL STATEMENTS	56



FACILITATING DIGITAL TRANSFORMATION



THE ABILITY OF COMPANIES, INDIVIDUALS AND SOCIETIES TO TRANSFORM AND ADAPT IS KEY TO THEIR PROSPERITY AND RESILIENCE. IN TODAY'S EVER-CHANGING AND INCREASINGLY CONNECTED WORLD, THIS TRANSFORMATION TAKES, ABOVE ALL, A DIGITAL FORM.



Zain Bahrain has long foreseen and embraced these changes, thereby ensuring that it stays at the forefront of digital innovation while continually improving meaningful connectivity. In 2017, Zain Bahrain made digitalization the driver of its Digital First strategy. This laid out the roadmap for the company to support its customers and communities as they navigate their own digital journeys.

The commitment to supporting its customers in this endeavor has been exemplified through Zain Bahrain's investment in bringing and improving state-of-the-art products to the Kingdom, as it has done with the launch of 5G business services. It can also be seen in the company's tireless customer-focused services through such innovations as the zBot-powered WhatsApp services.

As well as being a key facilitator in building Bahrain's digital society, Zain Bahrain is an active member that has taken on the responsibility of ensuring the prosperity of the community. Initiatives aimed at increasing the digital inclusion of women and youth, and accelerating digital innovation by supporting start-up businesses, reflect Zain Bahrain's resolve to strengthen the community's resilience and pave the road for a bright digital future.

While great strides have been taken over the past few years, there is still much work to be done before this all-important digital transformation is complete. This has served to strengthen Zain Bahrain's resolve towards building resilient platforms ready for the future.

VISION, MISSION & VALUES

VISION

To continuously entrench our leadership of Bahrain's telecommunications sector, offering care to all stakeholders and supporting their 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 organisation that cares about others.

VALUES

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

Radiance - Leading the way with imagination and vision; bringing joy, colour 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 2020 MILESTONES



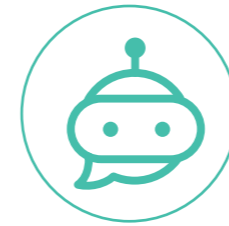
EXPANSION OF PRODUCT PORTFOLIO AND B2B GROWTH

With the growing demand in the market Zain Bahrain delivered on its promise to provide the best technology and solutions to ensure customers receive unparalleled service. Zain Bahrain provided its B2B customers with enhanced services and portfolio enrichment resulting in securing major new deals across different sectors. Moreover, Zain Bahrain expanded its consumer product portfolio to allow its customers to live a digital centric lifestyle.



NETWORK MODERNIZATION AND 5G COMMERCIAL LAUNCH

Following last year's signing of a multi-year agreement with Ericsson, Zain Bahrain launched its 5G commercial services in the Kingdom offering incredible mobile experiences to customers, accelerating new innovative business models and unlocking opportunities for many sectors. Moreover, significant investments had been made in 4G and in modernizing the core equipment in the network. Zain customers can now enjoy enhanced mobile broadband and fixed wireless access, with higher speeds, responsiveness and reach. Empowering our customers to capture new business opportunities, innovate, and to lead a digitally connected lifestyle.



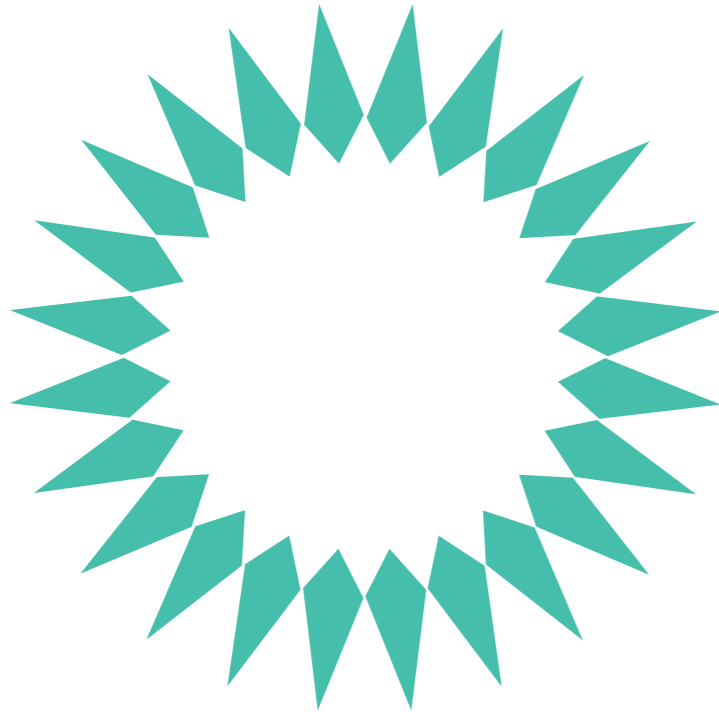
DIGITAL JOURNEY

In line with Zain Bahrain's 'Digital First' strategy and with the aim to provide an exceptional digital experience, the digital transformation process was accelerated during the year. This led to significant increase in the utilization of resources such as the Zain Bahrain portal and new e-shop, the Mobile App, and the Live Chat powered by zBot. Zain Bahrain, also, launched its WhatsApp Business customer communication backed by zBot - making the brand the first telecom operator to launch this advanced solution in the Kingdom. This has resulted in a significant 96% increase in utilization of digital and selfcare channels.



COMMUNITY SUPPORT

Zain Bahrain, in line with its commitment to support the development of a sustainable future and in order to develop women's leadership skills through gender equality in tech based careers, launched the first Science, Technology, Engineering, Arts, and Mathematics (STEAM) Camp for girls aged 8-14, in cooperation with both the Supreme Council for Women (SCW) and Clever Play. Zain Bahrain, through this initiative sponsored 1,000 girls, from public and private schools across the Kingdom. The company also continues its sustainability e-waste program and its Cyber Safety program, in addition to supporting art, sport and culture.



KEEPING OUR CUSTOMERS SAFE AND CONNECTED

Zain Bahrain embraced its role as a responsible member of the community by aiding in national efforts to mitigate the challenges brought on by COVID-19. Zain Bahrain contributed to the "Feena Khair" initiative for the protection of Bahrain's citizens and residents. The company also launched several initiatives such as "Be Safe", encouraging customers to utilise Zain Bahrain's Digital Channels from the safety of their homes; "Wherever You Are Let Us Stay Connected" for its employees; "Together for Bahrain's Safety" in association with the The Supreme Council for Women providing sanitisers and cleaning products to the vulnerable. Zain Bahrain also provided free internet access to online educational platforms for home broadband customers, in order to enable students to continue their education virtually.



RESILIENCE DURING 2020

Despite the challenges that the pandemic brought about in 2020, Zain Bahrain adapted well and continued to provide the best service and digitization products to its customers. The strategies that the company had in place helped it maintain business continuity, enhance competitiveness, and quickly respond to changes. Zain Bahrain's culture of resilience was at its best in 2020, with the company's team of professionals working tirelessly to maintain the capability of broadband networks and ensure that connectivity and communication services operate in a reliable, stable, and secure manner. The company's resilient strategies were reflected in its financial results, where profits in 2020 increased by 3 percent over the year before despite unprecedented times.

CHAIRMAN'S STATEMENT



IT HAS BEEN OUR MISSION THROUGHOUT THE YEARS TO PLAY A PIVOTAL ROLE IN MAKING BUSINESSES, COMMUNITIES AND INDIVIDUALS MORE CONNECTED AND INCREASINGLY RESILIENT IN A RAPIDLY CHANGING AND DIGITIZING WORLD.

On behalf of myself and the Board of Directors of Zain Bahrain, I am honoured to extend my sincere appreciation to His Majesty King Hamad bin Isa Al Khalifa, the King of the Kingdom of Bahrain; His Royal Highness, Prince Salman bin Hamad Al Khalifa, the Crown Prince, Deputy Supreme Commander, and Prime Minister of the Kingdom of Bahrain, for tirelessly supporting the Kingdom's citizens and enterprises of all sizes during the COVID19- pandemic.

On behalf of the Board of Directors of Zain Bahrain, it is my pleasure to present the audited financial statements for the year ended 31st December, 2020.

This year marks 17 years since Zain Bahrain set out to become a leading telecom operator in the Kingdom. It has been our mission throughout the years to play a pivotal role in making businesses, communities and individuals more connected and increasingly resilient in a rapidly changing and digitizing world.

Unexpected challenges like the one the world has faced this year highlight the need for resilient and future-ready strategies. We are fortunate to have had these at the core of Zain Bahrain's mission and vision from the onset. It is what has given us the ability to thrive despite the challenges of the year.

To lead the path towards upholding excellent customer service and meeting increasing market demands, we were delighted to appoint Duncan Howard as Zain Bahrain's new Chief Executive Officer. With his deep understanding of the Zain brand, commercial and digital innovation expertise, and strong history of working within the telecommunications sector across the region, we are confident he will lead the company to even greater achievements. It is also our great pleasure that Mr. Mohammed Zainalabedin, having made his mark in the success of Zain Bahrain since its establishment in 2003, will continue to play a pivotal role as Managing Director. In this capacity he will undoubtedly support Zain Bahrain to reach an advanced phase of growth and expansion.

STRATEGY

In catering to the increasing needs which arose from the unprecedented events of this year, we remained unwavering in our commitment to delivering the latest and the best telecommunication and digitization products and services that the world has to offer.

Zain Bahrain is proud to have launched our 5G commercial services this year, offering incredible mobile experiences to our customers, thereby accelerating new innovative business models and unlocking opportunities for many sectors.

In line with our commitment to improve our customers' experience, we have also sought to further develop our customer service offerings. At a time when online service channels and remote support took center-stage, we undertook improvements on and upgrades to our services and products to cater to our customers' needs and enrich their communication experiences.

Zain Bahrain's focus on the customer will remain a key driver in our work in the coming years, as we strive to continually enhance our premium offerings and uphold excellence in our customer service.

FINANCIAL RESULTS

For the year ended 31st December 2020, Zain Bahrain reported a net profit of BD5.405 million, up 3% over 2019.

At the balance sheet level, Zain Bahrain's total equity at the end of the full year 2020 stood at BD75.483 million, up from 2019 by 4%. The company's assets for the full year ended 31st December 2020 amounted to BD125.731 million, up 6% Y-o-Y.

OUR COMMITMENT TO THE COMMUNITY

Facing a global challenge together serves well to highlight that we are all part of an interconnected ecosystem. In the wake of the global COVID-19 epidemic, we embraced our role as an active member of the community and made the welfare of the Kingdom's citizens our top priority.

To ensure the safety of our customers, we launched several initiative enabling customers to utilize all Zain Bahrain's digital channels to complete their services in a secure manner from

WE REMAIN STEADFAST IN OUR COMMITMENT TO EXPANDING AND STRENGTHENING THE TELECOM SECTOR AND BEING A KEY PLAYER IN BAHRAIN'S VISION 2030, FURTHER DEVELOPING BAHRAIN INTO A LEADING TECHNOLOGY AND ECONOMIC HUB IN THE REGION.

the comfort of their own homes. Zain Bahrain also continued to provide all students with free access to educational platforms so that they could continue their studies uninterrupted.

The company supported the Kingdom's efforts to mitigate the risks of COVID-19, making financial contributions to related initiatives. We also continued our existing community initiatives and our sponsorship of art, sport, and cultural activities.

OUR COMMITMENT TO OUR COLLEAGUES

Throughout the year, colleagues at Zain Bahrain displayed their resilience, flexibility, and adaptability to a new working method. Prioritizing their safety, we introduced a strategic smart working system campaign under the title of 'Wherever You Are Let Us Stay Connected,' as part of support measures to stay engaged and productive with employees during the COVID-19 outbreak.

At Zain Bahrain we create opportunities for personal growth for our colleagues, providing continuous training and introducing tools to elevate their digital & interpersonal skills. And here I would like to take this opportunity to

thank all our colleagues for their outstanding dedication and hard work throughout this unique year.

LOOKING TO THE FUTURE

Zain Bahrain has been spurred on by the accelerated drive towards digitalization, and looks to strengthen its product portfolio and content ecosystem in the years to come. We remain steadfast in our commitment to expanding and strengthening the telecom sector and being a key player in Bahrain's vision 2030, further developing Bahrain into a leading technology and economic hub in the region.

A CLOSING NOTE

On behalf of Zain Bahrain, I would also like to thank our loyal customers for their continued support of our business; our partners and suppliers for their confidence in Zain Bahrain; and our shareholders for placing their trust in all that we do. I would like to extend my wishes to all for a healthy and prosperous 2021.



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, prior to which he was the Vice Chairman of the club from 1978 to 1988.

Mr. Ahmed Tahous Al-Tahous (Vice Chairman) Non-Executive / Non-Independent

Mr. Al-Tahous was appointed Chairman of the Board of Directors of Zain Group on 28 March 2018, after previously being appointed as a member of the Board on March ,12 2017 as representative of the Kuwait Investment Authority. 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 the Touristic Enterprises Company, a leading tourism development company in Kuwait. He has also been a member of the Board of Directors 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 specialising 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 the Housing Bank for Trade and Finance (Jordan).

Mr. Bader Nasser Al-Kharafi Executive / Non-Independent

Mr. Al-Kharafi is Vice Chairman and Group CEO of Zain Group's 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, operating across the GCC and MENA with more than 135 registered companies across various sectors in more than 28 countries. 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.

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 Defence 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 Bachelor's degree 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 - Bahrain), the American Institute of Architects and the American Planning Association.

Mr. Zaki Hilal Saud Al Busaidi Non-Executive / Non-Independent

Mr. Zaki Al Busaidi has over 20 years of extensive experience in different fields. He is currently a Board member of Omantel. He joined the Oman Ministry of Civil Service in 1996 where he worked for 18 years before becoming the 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 as member of the Ports Service Company and Oman Arab Investment Fund. Mr. Al Busaidi 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 of Directors on 27 November 2018. Mr. Yousef is a Board member in Zain Group as a representative of Kuwait Investment Authority. Joining 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 the Touristic Enterprises Company where he also serves as Member of the Executive Committee and Chairman of the Audit Committee. 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. In 2010, he was involved in the Kuwait Airways privatisation project. Over the years, Mr. Al-Abdulrazzaq has attended numerous accredited training courses and conferences and attended an intensive on the job training with Daiwa SB Investments – London. Mr. Al-Abdulrazzaq holds a Bachelor's degree in Business Administration in Finance from Kuwait University.

Mr. Ali Hasan Al-Khaja Non-Executive / Independent

Mr. 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 both the USA and across the EU in the areas of e-commerce and m-commerce. 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 off his career in the hospitality industry before progressing to the telecommunications sector. He received his Diploma in Hospitality.

KEY HIGHLIGHTS



6.340 Million

OPERATING PROFIT

15 Fils

EPS

61.992 Million

REVENUE

125.731 Million

TOTAL ASSETS

75.483 Million

TOTAL EQUITY

5.405 Million

NET PROFIT



MANAGING DIRECTOR'S STATEMENT



OFFERING NEW TECHNOLOGIES, SUPPORTING THE RESILIENCE OF ITS COMMUNITY, ZAIN BAHRAIN SHOWED A YEAR OF RESILIENCE PAR EXCELLENCE, ASSERTING ITS FLEXIBILITY AND ABILITY TO ADAPT TO ADDRESS CHALLENGES IN A MANNER THAT KEEPS US STRONG, IMPROVES CUSTOMER SATISFACTION.

With 2020 bringing major economic, social, and health challenges as a result of the major pandemic, Zain Bahrain's culture of resilience emerged at its best. We worked to boost the resilience of our customers and the community through our different initiatives. We made it a priority to play a key role in supporting the connectivity and safety of the Kingdom's citizens. The "Be Safe" and "Wherever You Are Let Us Stay Connected" initiatives, along with the "Stay at Home" campaign with Flat6Labs Bahrain, were geared at encouraging customers and employees to remain in the safety of their homes.

As part of its CSR program, Zain Bahrain also contributed to the "Feena Khair" campaign, aimed at protecting citizens and residents of Bahrain from COVID-19. Similarly, we partnered with The Supreme Council for Women on the "Together for Bahrain's Safety" campaign which provided sanitisers and cleaning products to needy Bahraini families and vulnerable people.

Zain Bahrain also provided free internet access for online educational platforms, to enable students to continue their education virtually.

Extending our community efforts, we also provided Sudanese nationals with free minutes to contact their families and loved ones experiencing torrential flooding back home.

Alongside these new initiatives, we continued our existing ongoing community initiatives, which including our e-waste program, our women empowerment program, Girls for Tech, and Cyber Safety program aimed to educate people, particularly children, on how to stay safe while dealing with the internet. We continue to support art, sport and culture, serving as the Key Sponsor for the Bahrain Basketball Federation's 13th season and launching "Aswat", a platform dedicated to sponsoring speakers' podcasts on different topics that benefit and educate the population on the important issues facing our society.

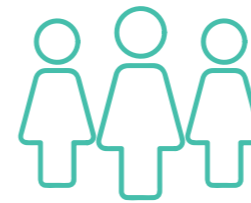
Offering new technologies, supporting the resilience of its community, and developing the skills of its employees, Zain Bahrain showed a year of resilience par excellence, asserting its flexibility and ability to adapt to address challenges in a manner that keeps us strong, improves customer satisfaction, and pushes our community toward new horizons of progress and development.

It is that same spirit of resilience that assures us, as we look at our road ahead, that we are ready to overcome any obstacles that may lie in wait along the road to success.

Mohammed Zainalabedin
Managing Director

AWARDS

شركة زين



**HRH Princess Sabeeka
Bint Ibrahim Al Khalifa
Award for Bahraini Women
Empowerment**

Zain Bahrain is proud to be the recipient of the Women Empowerment Award of HRH Princess Sabeeka Bint Ebrahim Al-Khalifa. Zain Bahrain was recognized for facilitating gender equality in the workplace. Supporting women's careers and development is a significant part of Zain Bahrain's corporate sustainability program and is in line with Bahrain's Vision 2030. Zain Bahrain has also sponsored and participated in many events dedicated to women's empowerment such as the Women Empowerment initiative and the "Women in Tech" internship program.



**Happiness @
Work Award**

Zain Bahrain was conferred with the Happiness @ Work Award in the 'Best Employee Engagement Program' (private sector) Category. This is the first award of its kind in the region which recognises and honours forward-thinking organisations from public, private and non-profit sectors that believe that happy employees create high performing organisations. This award is a testament of Zain Bahrain's continuous focus on creating a happy work environment where every employee's voice and opinion matters.



**Zain Bahrain Fortinet's
"Secure SD-WAN Partner of
the Year"**

For providing the best Secure Software-Defined Wide Area Networking solutions, Fortinet selected Zain Bahrain as "Secure SD-WAN Partner of the Year". This honour recognises Zain Bahrain's best-in-class cyber security products across Bahrain and the region. These services enable its businesses and governments partners to secure their networks and enhance their businesses. In a year that saw an increase in teleworking, Zain Bahrain made excellent use of SD-WAN solutions to provide the best and most secure teleworkers remote access offerings.

CEO'S STATEMENT



Zain Bahrain's 'Digital First' strategy which has guided its mission over the past years was established with a vision of a digitally oriented future. We have seen over the years how connectivity plays an increasingly crucial role in every aspect of our lives. This year showed the world just how integral digitalization has become. Digital products, digital inclusion and digital innovations are no longer optional: they are central to our advancement.

With this strategy, we have cemented our mission to undertake our own digital transformation, at the same while supporting customers to accelerate theirs. In so doing, we aim to build a society that is adaptive and resilient in the face of change.

This mission gained new impetus in 2020. As organizations, governments, educational institutions and individuals shifted their activities online, there was a massive and rapid need for digital services. To meet the rise in data usage, we at Zain Bahrain responded by ramping up our efforts, increasing the capacity of broadband connections, enhancing network performance and upgrading digital services.

With the ever-increasing demand for mobile data and broadband services, the resilience and capability of broadband networks has become even more critical. The Zain Bahrain team has worked tirelessly throughout the year to ensure

that connectivity and communication services continue to operate in a reliable, stable, and secure.

As well as improving existing systems, we also offered our customers new and enhanced services via the introduction of an ever-growing 5G network. Through this network, customers can enjoy higher data speeds, extremely low latency, and increased reliability - qualities that are essential to businesses as they shift to more online-based business processes.

Our recent efforts to pioneer more digital channels for customer support proved timely. Zain App, the interactive live chat bot, Zain zBot, the Zain E-shop portal and Zain Smart Branch were widely embraced, with 96% of customer support interactions taking place either digitally or through self-care. We are proud to continue innovating in this area, having recently launched the WhatsApp Business customer communication channel zBot. A first in the Kingdom of Bahrain, WhatsApp is the latest channel in a suite of enhanced customer service channels focused on providing exceptional customer service. Using Artificial Intelligence (AI) and Natural Language Processing (NLP) solutions to interact with customers and fulfil their desired transactions in a reliable, secure, and instant manner which is highly appreciated by our customers.



WE FOCUSED ON KEEPING OUR CUSTOMERS SAFE AND CONNECTED THROUGH INNOVATIVE PRODUCT OFFERINGS AND RELIABLE TECHNOLOGIES.



Recognizing employee talent is the backbone of our success and resilience, we made sure to create a supportive environment for our people to develop personally and professionally. Continuous learning and development programs as well as supportive HR policies were in place to help employees broaden their skills, improve their well-being, and enjoy personal growth. We are delighted that our staff undertook a total of 1690 hours of e-learning this year.

Zain Bahrain also launched the “Zain Digital Natives Advancement Program”, a learning program series designed specifically for Generation Z employees to build the skills they need to thrive in the modern workplace. Additionally, we organized a Master class series on the topics of FinTech and Artificial intelligence introducing the latest state-of-the-art telecom trends and technological advancements.

We also continued the Zain TALKS series whereby prominent business leaders deliver inspirational speeches and interactive sessions to groups of our employees. And to ensure the staff’s safety during the COVID-19 pandemic, Zain Bahrain introduced a smart remote working system “Wherever you are let us stay connected, keeping employees engaged while they were not coming to the office.

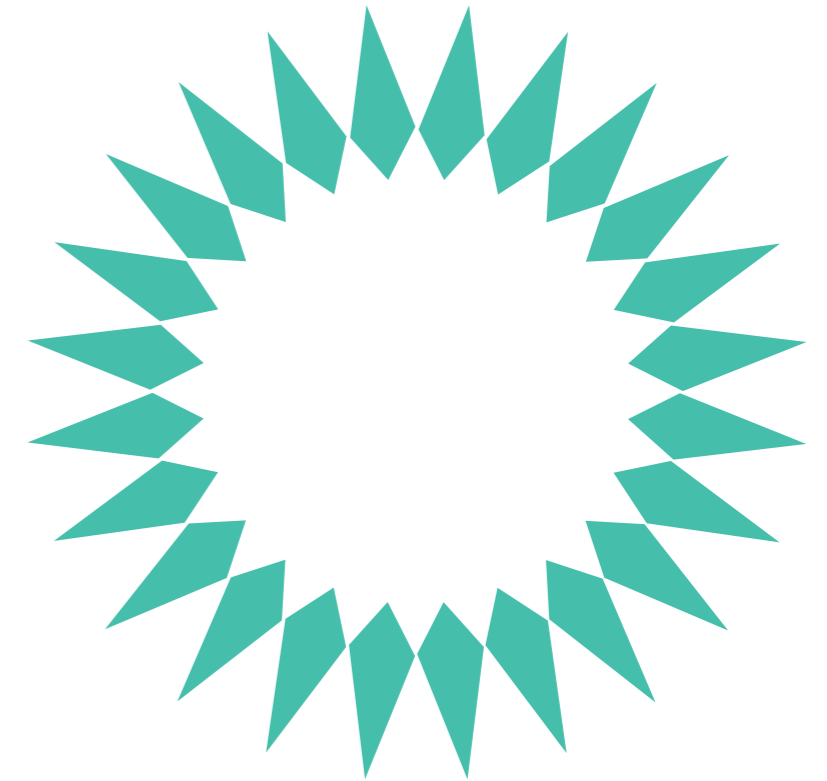


We are proud that despite unprecedented challenges we were able to build resilience for our community, for our customers and for our company. It is indeed with the same spirit that we aligned our goals to Bahrain’s Vision 2030, looking to a future where Bahrain’s increasingly sophisticated telecom sector makes it a global leader in digitization and innovation. Through the hard work of the entire team in Zain Bahrain, and through our dedication to playing our part in bringing Bahrain’s vision 2030 to life, we have played a key role by keeping focused on empowering our customers and keeping them connected wherever they are.

It is not yet clear what the socio-economic impacts of this year will be for the next. Regardless, one thing remains certain: the journey towards digitalization has been put into a new gear. Zain Bahrain, as the facilitator of this transformation will push forward with its world-class products, continued investment in digital innovation, a dedication to digital inclusion and an unwavering Digital First mindset.

Duncan Howard
Chief Executive Officer

STRATEGY



When Zain Bahrain launched its Digital First strategy in 2017, its eyes were set on an increasingly digital and connected future. It only took a few short years for a global pandemic to put the spotlight on just how critical and urgent this mission would be. Almost overnight, societies had to accelerate their transformation in how they conducted business, offered and consumed services, received education, and created human bonds.

Zain Bahrain's vision and strategy, and the expansion of its role from telecom provider to digital transformation facilitator over the past seventeen years meant that it was primed to swiftly and efficiently respond to this growing need. This readiness was no doubt instrumental in building the resilience of the company, its customers and its community.

Over the years, Zain Bahrain has introduced a suite of services aimed at making connectivity and digitalization faster, more secure and reliable. Its 4G and Fiber-Optic broadband networks were instrumental in ensuring Bahraini businesses and households enjoyed increased digital access and connectivity. This year, Zain Bahrain raised

the telecom sector to new heights, introducing 5G commercial services in the Kingdom, providing customers with next-generation network solutions. 5G provides Zain Bahrain's customers enhanced mobile broadband access with very high data speeds, low latency, ultra-high reliability, plus the capacity to unlock the full capabilities of the latest technologies – including virtual reality, augmented reality, and the Internet of Things (IoT).

Innovation never stops: to further support its digital growth and transformation strategy, Zain looks to create partnerships that can further develop the growth and economic diversification of the Kingdom's telecommunications sector, and increase opportunities for its customers. Recently Zain Bahrain, joined Global Zone and Manama-IX, the Bahrain based carrier-neutral Internet Exchange for increased peering and connectivity services. At the same time, Zain Bahrain is striving for a wider content ecosystem. Building on last year's launch of Zain games, it recently entered the e-sports arena.

Zain Bahrain's digital strategy drives it to not only offer innovative and affordable products, but to

THIS YEAR'S 96% INCREASE IN USAGE OF ZAIN'S DIGITAL PRODUCTS IS A TESTAMENT TO HOW THESE OFFERINGS ARE HIGHLY NEEDED AND HOW TIMELY THEY ARE.

constantly discover new ways to best serve the customer. Each year, Zain Bahrain introduces and revamps new online services for customers to access products and get the support they need, regardless of where they are located. Using the Zain App, customers gain a holistic view of Zain Bahrain's services, manage all their services, receive timely and relevant notifications, have access to Self-Care services providing a worry-free experience. The Zain E-shop portal offers the latest customer discounts on premium electronic products and devices.

A recent addition to our digital services, Zain Smart Branch self-service machines make use of fingerprint validation and smart ID reader technology to safely allow customers to autonomously access Zain services. This year, further enhancement was made on zBot, the Zain chat robot. This led the path towards launching a revolutionary WhatsApp Business customer communication channel. By integrating WhatsApp Business into its suite of customer service communication channels, Zain Bahrain is the first telecom operator to launch this advanced solution in the Kingdom.

This year's 96% increase in usage of Zain's digital products is a testament to how these offerings are highly demanded; relevant and critical they are. They have been instrumental in offering uninterrupted service and increasing accessibility for Zain Bahrain's customers, especially while nationwide measures to mitigate the effects of the COVID-19 virus called for citizens to remain in the safety of their own homes.

Guided by its Digital First strategy, Zain Bahrain will remain at the forefront of innovation, delivering technology-based solutions and products and playing an active role in Bahrain's digitization efforts in line with the Kingdom's 2030 Vision. As a good corporate citizen, Zain Bahrain will continue to invest in Bahrain's youth, startup community, arts and the welfare of the Kingdom's people. From its digitization efforts to corporate social responsibility programs and initiatives, Zain Bahrain will aim to build an even more connected, empowered and resilient tomorrow.



CORPORATE SUSTAINABILITY AND SOCIAL RESPONSIBILITY

OUT OF ITS FIRM BELIEF IN ITS ROLE AS A RESPONSIBLE CORPORATE CITIZEN, ZAIN BAHRAIN CONTINUES TO ADVANCE ITS CSR AGENDA AND DRIVE ENGAGEMENT WITH THE COMMUNITY ACROSS SEVERAL THEMATIC AREAS, INCLUDING SOCIAL INNOVATION, CLIMATE CHANGE, AND INCLUSIVITY; CREATING SHARED VALUES THAT CONTRIBUTE TO THE REALIZATION OF BAHRAIN'S VISION AND THE UNITED NATION'S SUSTAINABLE DEVELOPMENT GOALS (SDGs).



Empowerment of Women and Persons with Disabilities

- To promote gender equality and provide quality education and empowerment, particularly for the youth, Zain Bahrain resumed its "Girls For Tech" Program virtually. This initiative was launched in collaboration with the Supreme Council for Women and powered by Clever Play with the aim of teaching 1,000 girls between the ages of 8 and 14 years old how to code and heighten their interest in technology. Through this program, Zain effectively contributed over 8,000 hours towards the development of girls from public and private schools across the Kingdom. The program makes coding fun by focusing on projects that matter to girls while building their self-confidence and self-esteem around technology. Girls learn the in-demand skills required for tomorrow's workforce in a collaborative and supportive environment. They create websites, code games, and build meaningful projects using code.
- Zain Bahrain signed and became part of the advisory board in the GSMA's global effort to launch the "Principles for Driving the Digital Inclusion of Persons with Disabilities."



e-Waste Recycling Initiative

In 2020, as part of its green solutions, Zain Bahrain continued its flagship sustainability project, the "e-Waste Recycling Initiative", in cooperation with the Supreme Council for Environment (SCE). The campaign is a continuation of the company's previous successes in collecting e-waste and raising awareness of the importance of diverting electronic waste from landfill, in alignment with UN SDG 11 for Sustainable Cities and Communities, and SDG 12 for Responsible Consumption and Production. To date, Zain Bahrain has collected 2.4 tons of e-waste, 100% of which has been recycled. An e-waste competition was also concluded across 19 schools, in partnership with the Ministry of Education and SCE, and announced the winners who collected the most e-waste.



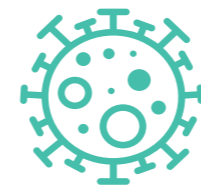
Aswat Platform

During the year, we also launched "Aswat", a platform dedicated to sponsoring speakers' podcasts focusing on different topics that mainly advance the SDG's. With the tagline, "Diverse Speakers, Enriching ideas", Zain Bahrain's Aswat program aims to reach likeminded people with a growing library of unique audio content. Speakers provide powerful stories that educate, inform and inspire customers and the community at large.



Cyber Safety

Cyber safety is another topic on which Zain Bahrain continued to focus. The company realizes the importance of keeping people, particularly children, safe as they increasingly engage with the online world. Through its various channels and CSR initiatives, Zain Bahrain offers advice on how people can share information, download apps and links, avoid fraud, and access the web while remaining safe.



Helping the Community during the COVID-19 Pandemic

- To help government efforts to protect people against COVID-19, Zain Bahrain launched free internet access for home broadband customers to online educational platforms in order to enable students to continue their education virtually. Students were able to access the most popular educational platforms that included Google Classroom, Google Hangout, Microsoft Teams, University of Bahrain Black Board, <https://www.edunet.bh/>, and eduNET.BH app.
- The company also launched the “Stay at Home” campaign to boost innovative local start-ups in cooperation with Flat6Labs Bahrain.
- It also launched the “Be Safe” initiative to enable customers to utilize all Zain Bahrain’s digital channels in order to complete their services in a secure manner from the safety of their own homes.
- Zain contributed to Feena Khair initiative to help address COVID-19 challenges. It also supported The Supreme Council for Women’s national campaign “Together for Bahrain’s Safety”, providing sanitizers and cleaning products to needy families and other vulnerable people in Bahrain, along with family guidance and legal, economic, and educational consultancy directed towards women entrepreneurs.
- Community support initiatives also included providing Sudanese nationals in Bahrain with free international calls to contact their families and loved ones after the torrential floods in their country.

CORPORATE GOVERNANCE

1. Description of the Actions taken to Complete the Corporate Governance Code during the year 2020:

As a listed company on the Bahrain Bourse, Zain Bahrain BSC ("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 2020:

Not Applicable as no transactions of such nature took place.

3. Composition of the Board

a. Description of the current Board composition:

Zain Bahrain's Board of Directors (hereinafter referred to as "Board") currently comprises of 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 16.10% 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.

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, 2019:
For the year ending 31st December 2019, 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 2020, 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 2020, 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 2020:
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 committees' meetings attended.

c. Number and dates of the Board meetings held during the financial year 2020, 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 Meetings Attended four times during the year 2020 on the following dates:

9 February 2020
14 May 2020
12 July 2020
25 October 2020

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. Saud Ahmed Al-Nahari	Member (up to 29th April 2020)	Non-Executive/ Non-Independent	One
Mr. Yousef Khaled Al-Abdulrazaq	Member	Non-Executive/ Non-Independent	Four
Mr. Ali Hassan Al-Khaja	Member	Non-Executive/ Independent	Four
Mr. Zaki Hilal Saud AlBusaidi	Member (from 29th April 2020)	Non-Executive/ Non-Independent	Three

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 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 activity.
- 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 an 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 therefrom 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 its 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 28th March 2018 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. Therefore, 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.

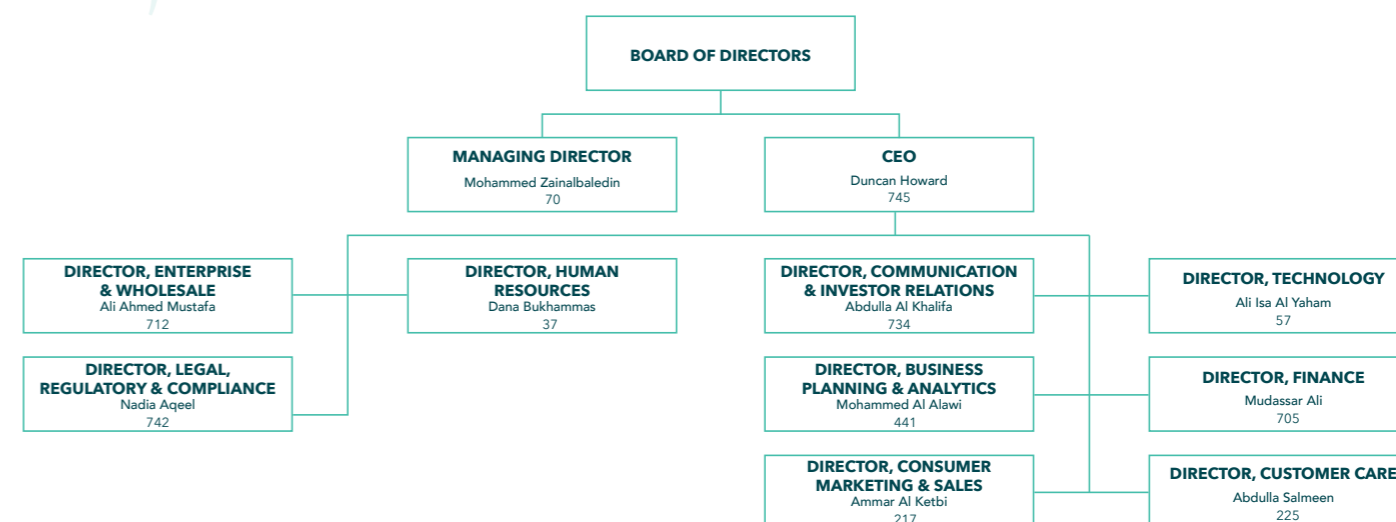
Detailed information on the directors, including directorships of other Board, position, qualification and experience is presented in Appendix 1.

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 (the top five employees), 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 2020, 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 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 2020 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 of 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 2020, in addition to a description of the auditor's years of service as the Company's external auditor:

Total Audit Fees: BD 32,000

Total Non-Audit Fees: BD 4,975

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 oversight responsibility with respect to:

- Review the internal control, finance, accounting policies and procedures.
- Select, appoint and remunerate or, where appropriate, terminate 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.
- Examine the independence of the external auditor.
- The appointment of the internal audit and the review of the activities and performance of the internal audit.
- Review the details of all related-party transactions.
- Monitor the Company's compliance with laws, regulations and internal policies.
- Review the information technology systems controls and telecom systems controls.
- Reviewing and discussing all the Company's annual and interim financial statements, and the related judgments and estimates with the management and external auditor.

Details of the 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 NRGC due to the expertise he brings in achieving the committee's objectives in addition to the fact that 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:

Committee members have 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, when appropriate, to the Board from time to time 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 on the changes required under the Company's corporate governance guidelines from time to time.
- 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 committee’s members and their attendance is provided below:

Director’s Name	Board Position	Committee Position	NRGC Meetings
Shaikh Rashid Bin AbdulRahman 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. Committee members have 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 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 of Zain Bahrain’s Corporate Governance Officer are as Follow:

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 reported in the year 2020.

9. Description of the cash and in-kind contributions made by the Company during the year 2020 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.

Building upon its credentials as a responsible corporate citizen, many of Zain Bahrain’s initiatives were aimed at being a catalyst for positive change. In 2020, Zain Bahrain launched its flagship sustainability project, which is the ‘e-Waste Recycling Initiative’, in cooperation with the Supreme Council for Environment (SCE). The campaign is a continuation of the company’s previous successes in collecting e-waste and raising awareness of the importance of diverting electronic waste from landfill, in alignment with UN SDG 11 for Sustainable Cities and Communities, and SDG 12 for Responsible Consumption and Production. To date, Zain Bahrain has collected 2.4 tons of e-waste, 100% of which has been recycled.

Zain Bahrain contributed US\$300,000 to the national “Feena Khair” initiative, where much-needed funds and services were provided to protect citizens and residents of Bahrain during the Covid-19 pandemic.

Zain Bahrain also launched several initiatives in the very early stages of the Covid-19 pandemic to address the shift in the Kingdom to remote working and learning. These initiatives include providing free access to home broadband customers for a significant number of educational platforms without data being chargeable – an initiative which remains ongoing.

Zain Bahrain is also committed to supporting the sustainable future of not only the local community, but the tech industry, too. In line with both of these objectives, Zain Bahrain launched the first Science, Technology, Engineering, Arts, and Mathematics (STEAM) Camp for girls aged 8-14, in cooperation with both the Supreme Council for Women (SCW) and Clever Play. Zain Bahrain sponsored 1,000 girls to participate in this program, effectively contributing over 8,000 hours towards the development of girls from public and private schools across the Kingdom.

Further, Zain Bahrain in association with the Supreme Council for Women (SWC) launched the "Together for Bahrain's Safety" campaign, aiding 200 needy families. The families were provided with sanitizers, cleaning products along with services, family guidance and legal consultancy, in addition to economic consultation directed towards women entrepreneurs. The campaign also provided education support to enable families of frontliners to cope with their children's online learning requirements.

a. Statement of shareholders' equity as of 31/12/2020 (individuals, corporate, government or organizations):

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
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	Form of Ownership	Number of Shares	% of shares held
As of 31 of December 2020			
Shaikh Ahmed Bin Ali Al Khalifa	Individual Shareholding	59,260,000	16.10%
Shaikh Rashid Bin Abdulrahman Al Khalifa	Corporate shareholding via AlBait Furnishing BSC ©	1,200,000	0.32%
Mr. Ali Hasan Al-Khaja	Corporate Shareholding via OnAir Commerce W.L.L.	1,440,000	0.39%
Mr. Bader Nasser Al-Kharafi			
Mr. Ahmed Tahous Al-Tahous			
Mr. Saud Ahmed Al-Nahari (up to 29th April 2020)	Appointed members of MTC	201,600,000	54.78%
Mr. Zaki Hilal Saud AlBusaidi (from 29th April 2020)			
Mr. Yousef Khaled Al-Abdulrrazaq			

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:

Nationality	Number of Shares	% of shares held
Bahrain	161,356,174	43.85%
GCC	205,104,688	55.73%
Others	1,539,138	0.42%

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 31/12/2020 as follows:

Owner	Number of Shares	% of shares held
Mobile Telecommunications Company K.S.C. (MTC)	201,600,000	54.78%
Shaikh Ahmed Bin Ali Al Khalifa	59,260,000	16.10%
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 2020. No significant event in the year of 2020 has affected the Board.

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

Principle	Non-Compliant	Partially Compliant	Fully Compliant	Explanation in Case of Non-Compliance
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	Non-Compliant	Partially Compliant	Fully Compliant	Explanation in Case of Non-Compliance
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.			✓	

11. Any disclosures required by the regulatory authorities.

Nil

Ahmed bin Ali bin Abdullah Al Khalifa
Chairman of the Board of Directors

APPENDIX 1*

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 Muharrag 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 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 the 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 the Housing Bank for Trade and Finance (Jordan).

Mr. Bader Nasser Al-Kharafi Executive / Non-Independent

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.

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. 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. Yousef 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 the 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 the 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 Hassan 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.

APPENDIX 2*

Mr. Mohammed Zainalabedin

Managing Director

Date of Appointment: February 2020

A widely recognised name in the telecommunication sector with more than 20 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

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

With over 25 years' experience in the telecoms industry, Duncan 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, Duncan led the Brand refresh; formulated Group Commercial Strategies, including creating the Enterprise initiatives (B2B) which are rolled out across all operations.

Prior to joining Zain Group, Duncan 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.

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

Mrs. Nadeya Aqeel

Director, Legal, Regulatory & Compliance

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.

Nadeya has over 13 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. Nadeya 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. Dana Bukhammas

Director, Human Resources

Date of Appointment: July 2014

Mrs. Dana Bukhammas is responsible for learning and development, performance management, employee relations and services, staffing and organisational development. With more than fifteen years of experience, she earlier held various other positions in Zain Bahrain's Human Resources department and supervisory roles in the Sales Department. Mrs. Bukhammas joined Zain Bahrain in July 2003. She holds a BSc in Business Management from the University of Bahrain.

Mr. Mudassar Ali

Director, Finance

Date of Appointment: February 2015

Mr. Mudassar Ali's mandate includes day-to-day financial management, maintaining full control over the Company's revenue and disbursements, annual budgeting and forecasting, managing core system implementations and critical decision-making processes as well as treasury and cash flow management.

With more than 20 years under his belt, Mr. Ali held leading positions across several industries spanning telecoms and services. During his previous role at Zain Kuwait, he played a significant role in the operational improvement, financial reporting stability and technology utilisation. He holds a Bachelor of Commerce from University of Punjab, Pakistan, and is a certified Oracle Financial connoisseur. He obtained an advanced development program certification from the London Business School.

Mr. Ali Mustafa

Director, Corporate & Wholesale

Date of Appointment: June 2015

Backed by over 15 years of experience within the telecoms industry, Mr. Ali Mustafa is responsible for wholesale, corporate, government sales and VIP segments ensuring revenue and profitability in such segments for the Company. His role also involves maintaining oversight over enterprise products and services in addition to roaming.

Mr. Mustafa began his career as an Account Manager in one of the telecommunications companies operating in the Kingdom, climbing the corporate ladder to clench the position of General Manager of Wholesale & Carrier Services. Mr. Mustafa obtained his bachelor's degree in marketing and management from the University of Bahrain.



Shaikh Abdulla bin Khalid Al Khalifa

Director of Communications and Investor Relations

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 (CS) & social responsibility (CSR) functions. He is also a successful telecoms entrepreneur having co-founded one of the Kingdom's most successful start-ups, Lightspeed Communications, where he oversaw the launch of Bahrain's first double-play Voice and Internet service in 2007. He 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

Director, Consumer Sales & Channels

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 moved on to a role as 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.

Mr. Abdulla Yusuf Salmeen

Director, Customer Care

Date of Appointment: August 2017

Mr. Salmeen is responsible for B2C Lifecycle Management and heads the Business After Sales department for both GSM Mobility & Enterprise Solutions as well as leading Preventative & 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. In addition to his Zain Bahrain role, he leads projects across Zain Group operations, most recently was in the Unified Complaint Experience and Voice Biometrics.

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 Director, 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

Director, Business Planning and Analytics

Date of Appointment: October 2017

Mr. Mohammed Al-Alawi has over 15 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 & Services, before moving on to become the manager in 2010. Mr. Al-Alawi holds a BSc Honours degree in Management & IT from the University of Manchester, United Kingdom.

Mr. Ali AlYaham

Director, Technology

Date of Appointment: January 2020

Mr. AlYaham was appointed Technology Director of Zain Bahrain in January 2020. Mr. 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 backed by more than 17 years of experience particularly in the sphere of radio, transmission and IP network. Mr. AlYaham holds a BSc from the University of Bahrain.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors of Zain Bahrain B.S.C. (the "Company") present their annual report together with the financial statements for the year ended December 31, 2020.

PRINCIPAL ACTIVITY

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

RESULTS OF THE YEAR

The Company's profit for the year amounted to BD 5.41 million.

SHARE CAPITAL STRUCTURE

	2020(%)	2019(%)
Shareholders:		
Mobile Telecommunication Company K.S.C.P. – Kuwait	54.78	54.78
Shaikh Ahmed Bin Ali Al Khalifa	16.10	16.10
Gulf International Bank B.S.C.	6.54	6.54
Others	22.58	22.58
	100.00	100.00



CHANGE IN DIRECTORS

Mr. Zaki bin Hilal Al Busaidi was appointed on April 29, 2020 replacing Mr. Saud Ahmed Al-Nahari.

DIRECTORS' REMUNERATION

Director's remuneration charge for the year, amounted to BD 223,612 (2019: BD 223,612).

AUDITORS

The auditors, Deloitte & Touche - Middle East, have expressed their willingness to accept re-appointment.

On behalf of the Board

Shaikh Ahmed Bin Ali Al Khalifa
Chairman

February 16, 2021

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 Financial Statements

Opinion

We have audited the financial statements of Zain Bahrain B.S.C. (the "Company"), which comprise the statement of financial position as at December 31, 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020, and its 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 Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Company's financial statements in the Kingdom of Bahrain, and we have fulfilled our other ethical responsibilities. 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 financial statements of the current period. These matters were addressed in the context of our audit of the 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

Revenue recognition

The Company has recognized revenue from telecom services amounting to BD 50.605 million for the year ended 31 December 2020.

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.

The accounting policy for revenue recognition is set out in note 3 and the related disclosures are made in note 18 to the financial statements.

How our audit addressed the key audit matter

In responding to this area of focus, our audit procedures included the following:

- an understanding of the significant revenue processes and identifying the relevant controls, IT systems, interfaces and reports;
- an evaluation of the relevant IT systems, with the assistance of our internal IT specialists, and the design and implementation of internal controls related to revenue recognition.
- testing the operating effectiveness of controls over the recording of revenue transactions; authorization of rate changes and its input to the billing systems and the change control procedures in place around those systems.



INDEPENDENT AUDITOR'S REPORT (CONTINUED)**Key Audit Matters (continued)**

Key audit matter	How our audit addressed the key audit matter
Revenue recognition (continued)	<ul style="list-style-type: none"> • verifying key reconciliations performed by the Company'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. • performing substantive tests of revenue recorded. <p>We also assessed the disclosures in the financial statements relating to this matter against the requirements of IFRSs.</p>

Other Information

Management is 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 financial statements and our auditor's report thereon.

Our opinion on the 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 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 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 Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 management.



INDEPENDENT AUDITOR'S REPORT (CONTINUED)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)**Report on Other Legal and Regulatory Requirements**

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

- a) The Company has maintained proper accounting records and the financial statements from page 64 to 112 are in agreement therewith;
- b) The financial information contained in the Directors' report on page 56 is consistent with the financial statements;
- c) Nothing has come to our attention which causes us to believe that the Company has, during the year, breached any of the applicable provisions of the Commercial Companies Law, or the items of its Articles of Association that would have a material adverse effect on its business or its financial position; and
- d) Satisfactory explanations and information have been provided to us by management in response to all our requests.

B) As required by the Ministry of Industry, Commerce and Tourism 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.

C) We are not aware of violations occurred during the year to the Central Bank of Bahrain (CBB) Rule Book (applicable provisions of Volume 6) or the Bahrain Bourse rules and procedures that would have a material adverse effect on the business of the Company or its financial position.

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

Deloitte & Touche,

DELOITTE & TOUCHE – MIDDLE EAST
Partner Registration No. 157
Manama, Kingdom of Bahrain

February 16, 2021



**ZAIN BAHRAIN B.S.C.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020**

	Notes	December 31, 2020	December 31, 2019
		BD '000	BD '000
ASSETS			
Current assets			
Cash and banks	5	8,569	10,239
Trade receivables and other assets	6	15,760	16,998
Contract assets	7.1	4,433	5,251
Inventories	8	1,665	2,886
Total current assets		30,427	35,374
Non-current assets			
Trade receivables and other assets	6	1,400	1,199
Contract assets	7.1	1,640	2,024
Right-of-use assets	9.1	12,253	12,763
Property and equipment	10	66,430	52,042
Intangible assets	11	13,581	15,337
Total non-current assets		95,304	83,365
Total assets		125,731	118,739
LIABILITIES AND EQUITY			
Liabilities			
Current liabilities			
Accounts payable and other liabilities	12	30,731	23,453
Lease liabilities	9.2	3,128	3,806
Contract liabilities	7.2	1,747	1,708
Total current liabilities		35,606	28,967
Non-current liabilities			
Accounts payable and other liabilities	12	5,051	7,819
Lease liabilities	9.2	9,220	9,343
Provision for employees' end of service benefits	13	371	349
Total non-current liabilities		14,642	17,511
Total liabilities		50,248	46,478

**ZAIN BAHRAIN B.S.C.
STATEMENT OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2020**

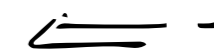
Equity			
Share capital	14	36,800	36,800
Treasury shares	15	(754)	(754)
Treasury shares reserve	15	(6)	(6)
Share premium	16	3,032	3,032
Statutory reserve	17	12,823	12,282
Retained earnings		23,588	20,907
Total equity		75,483	72,261
Total liabilities and equity		125,731	118,739

The financial statements from page 64 to 112 were approved by the Board of Directors on February 16, 2021 and signed on its behalf by:



Shaikh Ahmed Bin Ali Al Khalifa
Chairman

February 16, 2021



Mr. Bader Nasser Al-Kharafi
Board Member

The accompanying notes are an integral part of these financial statements



**ZAIN BAHRAIN B.S.C.
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
YEAR ENDED DECEMBER 31, 2020**

	Year ended December 31,		
	Notes	2020	2019
		BD '000	BD '000
Revenue	18	61,992	62,895
Cost of revenue	19	(18,294)	(18,997)
Gross profit		43,698	43,898
Operating and administrative expenses	20	(21,517)	(21,675)
Depreciation of property and equipment	10	(9,157)	(9,361)
Depreciation of right-of-use assets	9.1	(4,102)	(3,903)
Amortization of intangible assets	11	(1,756)	(1,371)
Expected credit losses on financial assets	21	(826)	(1,250)
Operating profit		6,340	6,338
Other income / (loss) – net		115	(145)
Loss on currency translation adjustment		(31)	(23)
Interest income		227	286
Finance costs	22	(1,246)	(1,187)
Profit for the year		5,405	5,269
Other comprehensive income		-	-
Total comprehensive income for the year		5,405	5,269
Basic and diluted earnings per share	23	Fils 15	Fils 14


Shaikh Ahmed Bin Ali Al Khalifa
Chairman


Mr. Bader Nasser Al-Kharafi
Board Member

The accompanying notes are an integral part of these financial statements



**ZAIN BAHRAIN B.S.C.
STATEMENT OF CHANGES IN EQUITY
YEAR ENDED DECEMBER 31, 2020**

	Share capital	Treasury shares	Treasury shares reserve	Share premium	Statutory reserve	Retained earnings	Total
	BD '000	BD '000	BD '000	BD '000	BD '000	BD '000	BD '000
Balance, December 31, 2018	36,800	(754)	(6)	3,032	11,755	19,386	70,213
Transition adjustment on adoption of IFRS 16	-	-	-	-	-	(1,402)	(1,402)
Balance as restated, January 1, 2019	36,800	(754)	(6)	3,032	11,755	17,984	68,811
Appropriation of dividends	-	-	-	-	-	(1,819)	(1,819)
Total comprehensive income for the year	-	-	-	-	-	5,269	5,269
Appropriation to statutory Reserve	-	-	-	-	527	(527)	-
Balance, December 31, 2019	36,800	(754)	(6)	3,032	12,282	20,907	72,261
Appropriation of dividends (note 14)	-	-	-	-	-	(2,183)	(2,183)
Total comprehensive income for the year	-	-	-	-	-	5,405	5,405
Appropriation to statutory Reserve	-	-	-	-	541	(541)	-
Balance, December 31, 2020	36,800	(754)	(6)	3,032	12,823	23,588	75,483

The accompanying notes are an integral part of these financial statements

**ZAIN BAHRAIN B.S.C.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2020**

	Year ended December 31,		
	Notes	2020	2019
		BD '000	BD '000
Cash flows from operating activities			
Profit for the year		5,405	5,269
Adjustments for:			
Depreciation of property and equipment	10	9,157	9,361
Depreciation of right-of-use assets	9.1	4,102	3,903
Amortization of intangible assets	11	1,756	1,371
Expected credit loss on financial assets	21	826	1,250
(Reversal) / provision for inventories	8	(495)	122
Finance costs	22	1,246	1,187
Write-off property and equipment	10	-	950
Rebate received on payables		-	(754)
Gain on termination of leases		(82)	-
Employees' end of service benefits	13	49	62
		21,964	22,721
Working capital changes:			
Net change in inventories		1,716	73
Net change in trade receivables and other assets		178	(1,883)
Net change in contract assets		1,235	2,241
Net change in accounts payable and other liabilities		1,160	1,094
Net change in contract liabilities		39	(467)
Cash generated from operating activities		26,292	23,779
End of service benefits paid	13	(27)	(13)
Interest expenses paid	22	(1,246)	(1,187)
Net cash from operating activities		25,019	22,579

**ZAIN BAHRAIN B.S.C.
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020**

	Year ended December 31,		
	Notes	2020	2019
		BD '000	BD '000
Cash flows from investing activities			
Acquisition of property and equipment	10	(17,138)	(6,295)
Payment for intangible assets	11.2	(2,943)	(5,078)
Net cash used in investing activities		(20,081)	(11,373)
Cash flows from financing activities			
Repayment of principal portion of lease liabilities		(4,311)	(4,223)
Dividends paid to shareholders	14	(2,138)	(1,789)
Transfer of unclaimed dividends to the regulator	14	(159)	-
Net cash used in financing activities		(6,608)	(6,012)
Net (decrease) / increase in cash and cash equivalents		(1,670)	5,194
Cash and cash equivalents, beginning of year		10,239	5,045
Cash and cash equivalents, end of year	5	8,569	10,239

Non-cash transactions (note 5)

The accompanying notes are an integral part of these financial statements

ZAIN BAHRAIN B.S.C. NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2020

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, Commerce and Tourism 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 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 financial statements

In the current year, the Company has applied the below amendments to IFRS Standards and Interpretations issued by the Board that are effective for an annual period that begins on or after January 01, 2020. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

- Amendments to Interest Rate Benchmark Reform in IFRS 9 and IFRS 7: The amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms.
- Amendments to IFRS 16 Leases relating to Covid-19-Related Rent Concessions: The amendments provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID- 19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification. The amendment applies to annual reporting periods beginning on or after June 01, 2020.
- Amendments to Reference to the Conceptual Framework in IFRS Standards: The amendments include consequential amendments to affected Standards so that they refer to the new Framework. The Standards which are amended are IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.

ZAIN BAHRAIN B.S.C. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED DECEMBER 31, 2020

- Amendments to IFRS 3 Definition of a business: The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired. The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets.
- Amendments to IAS 1 and IAS 8 Definition of material: The amendments make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of 'material' or refer to the term 'material' to ensure consistency.

2.2 New and revised standards issued but not yet effective

At the date of authorization of these financial statements, the Company 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 Non-current (effective from January 1, 2023).
- Amendments to IFRS 3 Business Combinations: Reference to the Conceptual Framework (effective from January 1, 2022).
- Amendments to IAS 16 Property, Plant and Equipment related to proceeds before intended use (effective from January 1, 2022).

ZAIN BAHRAIN B.S.C. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED DECEMBER 31, 2020

- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets related to Onerous Contracts—Cost of Fulfilling a Contract (effective from January 1, 2022).
- Annual Improvements to IFRS Standards 2018-2020: The Annual Improvements include amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards (effective from January 1, 2022), IFRS 9 Financial Instruments (effective from January 1, 2022), IFRS 16 Leases (effective date not yet decided) and IAS 41 Agriculture (effective from January 1, 2022).
- Amendments to Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16); the amendments require additional disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks (effective from January 1, 2021).

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

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

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

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

The financial statements have been presented in Bahraini Dinars ("BD") which is the Company'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 Company's ability to continue on a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the Board of Directors of the Company is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

ZAIN BAHRAIN B.S.C. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED DECEMBER 31, 2020

The principal accounting policies adopted are set out below.

Revenue recognition

The Company 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 Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Company 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 are transferred. When the customer performs first, for example, by prepaying its promised consideration, the Company has a contract liability. If the Company performs first by satisfying performance obligation, the Company 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 Company 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 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 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 Company concluded that it is a single performance obligation.

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

Upgrade rights

The Company offers early upgrade rights for additional services. This requires the Company 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.

ZAIN BAHRAIN B.S.C.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

Value-added services

Revenue from VAS is recognized when the Company performs the related service on the basis of Company'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 Company'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 Company'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 Company.

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.



ZAIN BAHRAIN B.S.C.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

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 Company 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.

**ZAIN BAHRAIN B.S.C.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020**

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 Company's statement of financial position when the Company 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)

**ZAIN BAHRAIN B.S.C.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020**

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 Company 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 Company'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 Company 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 Company 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 Company'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 FVOCI 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.

**ZAIN BAHRAIN B.S.C.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020**

For an equity instrument; upon initial recognition, the Company may elect to classify irrevocably some of its equity investments as equity instruments at FVOCI 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 Company 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 FVOCI 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 FVOCI 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 FVOCI 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 Company 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 Company 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 Company always recognizes lifetime ECL for subscriber receivables, contract assets and distributor receivables, using the simplified approach.

**ZAIN BAHRAIN B.S.C.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020**

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

Under this approach the Company 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 Company 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 Company 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 Company considers a financial asset to have a low credit risk when the asset has external credit rating of 'investment grade' and there is 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.



ZAIN BAHRAIN B.S.C. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED DECEMBER 31, 2020

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 Company intends to settle on a net benefits basis or to release the assets and settle the liabilities simultaneously.

Cash and cash equivalents

Cash and cash equivalents 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 Company has a present obligation (legal or constructive) arising from a past event, it is probable that the Company 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 Company as lessee:

The Company assesses whether a contract is or contains a lease, at the inception of the contract. The Company 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 Company 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 Company uses its incremental borrowing rate.

ZAIN BAHRAIN B.S.C. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED DECEMBER 31, 2020

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



ZAIN BAHRAIN B.S.C.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

Foreign currencies

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognized in the Company'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 revenues and incur expenses including revenues 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 Company's own shares purchased, including directly attributable costs, is classified under equity. Gains or losses arising on sale are separately disclosed under shareholders' equity and these amounts are not available for distribution. These shares are not entitled to cash dividends. The issue of bonus shares increases the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

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 Company with no future related costs are recognized 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 Company'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.

ZAIN BAHRAIN B.S.C.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

Critical judgements in applying the Company's accounting policies

In the process of applying the Company'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 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 Company's business, the network assets of the Company, 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 Company 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 Company's historical observed default rates. The Company 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 Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

ZAIN BAHRAIN B.S.C.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

Useful lives of intangible assets

The Company'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 cash equivalents include cash and short-term bank deposits with an original maturity of three months or less.

	2020	2019
	BD '000	BD '000
Cash and current accounts with banks	8,481	10,160
Items under collection	96	81
	8,577	10,241
Expected credit loss	(8)	(2)
Cash and cash equivalents	8,569	10,239

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

	2020	2019
	BD '000	BD '000
Balance as at January 1	2	2
Net increase in expected credit loss (note 21)	6	-
Balance as at December 31	8	2

Non-cash transactions:

	2020	2019
	BD '000	BD '000
Dividends declared not yet settled at the reporting date	54	168

ZAIN BAHRAIN B.S.C.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

6. TRADE RECEIVABLES AND OTHER ASSETS

	2020	2019
	BD '000	BD '000
Trade receivables:		
Due from postpaid subscribers	23,594	24,712
Due from roaming partners	1,454	1,376
Due from distributors	177	409
Interconnect receivables from other operators	1,023	727
	26,248	27,224
Expected credit loss	(13,110)	(12,295)
	13,138	14,929
Accrued income (unbilled services)	2	77
	13,140	15,006
Other assets:		
Due from related parties (note 24)	2	1
Sundry receivables and advance payments	2,327	1,411
Staff receivables	94	124
Expected credit loss	(193)	(155)
Prepaid expenses	1,790	1,810
	4,020	3,191
Total trade receivables and other assets	17,160	18,197
Represented by:		
Current portion:		
Trade receivables and other assets	15,370	16,387
Prepaid expenses	390	611
	15,760	16,998
Non-current portion:		
Prepaid expenses	1,400	1,199
	1,400	1,199



ZAIN BAHRAIN B.S.C.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

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

		2020	2019
		BD '000	BD '000
Trade receivables:			
Postpaid subscribers (note 6.1)	Collectively assessed	12,525	11,843
Roaming partners	Individually assessed	418	328
Due from distributors	Collectively assessed	6	4
Interconnect receivables from other operators	Individually assessed	161	120
Other assets:			
Due from related parties	Individually assessed	1	-
Sundry receivables	Collectively assessed	187	149
Staff receivables	Collectively assessed	5	6
		13,303	12,450

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 Company 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 Company 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 Company's provision risk matrix. As the Company'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 Company's different customer bases.

ZAIN BAHRAIN B.S.C.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

Aging brackets	December 31, 2020			December 31, 2019		
	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	1,204	1%	10	1,795	11%	193
31 – 60 days	616	3%	19	794	14%	109
61 – 90 days	308	8%	24	409	34%	139
91 – 180 days	692	20%	138	1,373	45%	616
> 181 days	20,951	59%	12,340	20,750	52%	10,790
	23,771		12,531	25,121		11,847

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

	Collectively assessed	Individually assessed	Total
	BD '000	BD '000	BD '000
Balance, January 1, 2019	10,690	404	11,094
Net increase in expected credit loss (note 21)	1,312	44	1,356
Balance, December 31, 2019	12,002	448	12,450
Net increase in expected credit loss (note 21)	721	132	853
Balance, December 31, 2020	12,723	580	13,303
Represented by:			
Expected credit loss on trade receivables			13,110
Expected credit loss on other assets			193
			13,303

The net increase in the loss allowance during the year is mainly attributed to the increase in gross exposures at default, namely for postpaid trade receivables under the aging bracket above 181 days.

**ZAIN BAHRAIN B.S.C.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020**

7. CONTRACT BALANCES

7.1 Contract Assets

	2020	2019
	BD '000	BD '000
Assets relating to sale of devices	6,555	7,790
Expected credit loss	(482)	(515)
	6,073	7,275
Represented by:		
Current portion	4,433	5,251
Non-current portion	1,640	2,024
	6,073	7,275

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

	2020	2019
	BD '000	BD '000
Balance as at January 1	515	621
Net decrease in expected credit loss (note 21)	(33)	(106)
Balance as at December 31	482	515

7.2 Contract liabilities

	2020	2019
	BD '000	BD '000
Deferred revenue – telecommunication services	1,147	1,169
Deferred revenue- trading (note 18)	600	539
	1,747	1,708

**ZAIN BAHRAIN B.S.C.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020**

8. INVENTORIES

	2020	2019
	BD '000	BD '000
Handsets, accessories and others	2,778	4,494
Provision for obsolescence and net realizable value	(1,113)	(1,608)
	1,665	2,886

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

	2020	2019
	BD '000	BD '000
Balance as at January 1	1,608	1,486
(Reversal) / provision for inventories (note 20)	(495)	122
Balance as at December 31	1,113	1,608

**ZAIN BAHRAIN B.S.C.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020**

9. LEASES

The Company only operates as a lessee.

9.1 Right-of-use assets

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

	Building and premises	Sites	Vehicles	Total
	BD '000	BD '000	BD '000	BD '000
Balance, January 1, 2019	3,995	10,110	52	14,157
Depreciation	(1,189)	(2,689)	(25)	(3,903)
Additions / modifications	330	2,266	3	2,599
Termination	-	(90)	-	(90)
Balance, December 31, 2019	3,136	9,597	30	12,763
Depreciation	(1,057)	(3,039)	(6)	(4,102)
Additions / modifications	539	5,918	-	6,457
Termination	(1,914)	(951)	-	(2,865)
Balance, December 31, 2020	704	11,525	24	12,253

The following are the amounts recognized in profit and loss:

	2020	2019
	BD '000	BD '000
Depreciation expense on right-of-use assets	4,102	3,903
Interest expense on lease liabilities	730	736

During 2020, the total cash outflow for leases amounted to BD 5,041 (2019: BD 4,954 thousands).

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

**ZAIN BAHRAIN B.S.C.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020**

9.2 Lease liabilities

	2020	2019
	BD '000	BD '000
Balance, January 1	13,149	14,863
Additions	6,457	2,599
Terminations	(2,947)	(95)
Accretion of interest (note 22)	730	736
Payments	(5,041)	(4,954)
Balance, December 31,	12,348	13,149

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

	2020	2019
	BD '000	BD '000
Current lease liabilities	3,128	3,806
Non-current lease liabilities	9,220	9,343
	12,348	13,149

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

	2020	2019
	BD '000	BD '000
Not later than 1 year	3,710	4,422
Later than 1 year and not later than 5 years	7,836	9,235
Later than 5 years	2,693	1,192
	14,239	14,849
Less: unearned interest	(1,891)	(1,700)
	12,348	13,149

The Company does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Company's treasury function.

ZAIN BAHRAIN B.S.C.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

10. PROPERTY AND EQUIPMENT

	Freehold Land and Building	Network Equipment	Office Equipment	Furniture and Fixtures	Vehicles	Capital work in progress	Total
	BD '000	BD '000	BD '000	BD '000	BD '000	BD '000	BD '000
Cost:							
At December 31, 2018	3,027	87,646	36,394	2,813	17	2,389	132,286
Additions	-	-	-	-	-	6,295	6,295
Transfers	-	1,498	414	5	-	(1,917)	-
Write-off	-	-	-	-	-	(950)	(950)
At December 31, 2019	3,027	89,144	36,808	2,818	17	5,817	137,631
Additions	14,747*	-	-	-	-	8,798	23,545
Transfers	-	6,975	602	-	-	(7,577)	-
Write-off	-	-	-	-	-	-	-
At December 31, 2020	17,774	96,119	37,410	2,818	17	7,038	161,176
Accumulated Depreciation:							
At December 31, 2018	852	41,783	30,883	2,693	17	-	76,228
Adjustment of depreciation expense	(193)	-	-	-	-	-	(193)
Depreciation expense	38	7,365	2,056	95	-	-	9,554
At December 31, 2019	697	49,148	32,939	2,788	17	-	85,589
Depreciation expense	76	7,442	1,619	20	-	-	9,157
At December 31, 2020	773	56,590	34,558	2,808	17	-	94,746
Carrying amount:							
December 31, 2020	17,001	39,529	2,852	10	-	7,038	66,430
December 31, 2019	2,330	39,996	3,869	30	-	5,817	52,042

ZAIN BAHRAIN B.S.C.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

The Freehold land and buildings include freehold land amounting BD 9.97 million (2019: BD 1.13 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, 2020 capital work in progress outstanding for more than one year amounted to approximately BD 854 thousand (2019: BD 95 thousand).

* During the year land and building amounting to BD 14.50 million were acquired from a related party.

ZAIN BAHRAIN B.S.C.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

11. INTANGIBLE ASSETS

	2020	2019
	BD '000	BD '000
National Fixed Wireless Services license (note 11.1)	408	780
Mobile frequency and spectrum licenses (note 11.2)	12,279	13,579
Other intangible assets (note 11.3)	894	978
	13,581	15,337

The movement of intangible assets is as follows:

	2020	2019
	BD '000	BD '000
Balance, beginning of year	15,337	2,842
Additions	-	13,866
Amortization charge	(1,756)	(1,371)
Balance, end of year	13,581	15,337

11.1 The National Fixed Wireless Services ("NFWS") license was acquired on January 8, 2007. Cost of BD 5,576,211 is amortized over the license period of 15 years.

11.2 Frequency license for additional spectrum block was acquired on September 19, 2013. Cost of BD 956,700 is amortized over the license period of 15 years. In 2019, the Company 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 five year period. Accordingly, the license fees were capitalized by discounting at incremental borrowing rate.

11.3 Other intangible assets are amortized over the contracted period.

ZAIN BAHRAIN B.S.C.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

12. ACCOUNTS PAYABLE AND OTHER LIABILITIES

	2020	2019
	BD '000	BD '000
Due to suppliers	8,086	9,972
Accrued expenses	17,813	14,569
Interconnection payable	2,407	1,925
Due to roaming partners	516	551
Accrued employees' benefits	1,391	1,267
Due to related parties (note 24)	5,104	2,356
Value added tax payable	168	218
Accrued Directors' remuneration (note 24)	224	224
Deposits	19	22
Dividends payable	54	168
Total accounts payable and other liabilities	35,782	31,272
Represented by:		
Current portion	30,731	23,453
Non-Current portion of due to suppliers	5,051	7,819
	35,782	31,272

No interest is charged on trade payables.

**ZAIN BAHRAIN B.S.C.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020**

13. PROVISION FOR EMPLOYEES' END OF SERVICE BENEFITS

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

	2020	2019
	BD '000	BD '000
Balance, beginning of year	349	300
Charge for the year	49	62
Settlements	(27)	(13)
Balance, end of year	371	349

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, 2020		December 31, 2019	
		No. of shares	% of shareholding	No. of shares	% of shareholding
Mobile Telecommunication Company K.S.C.P.	Kuwait	201,600,000	54.78%	201,600,000	54.78%
Sh. Ahmed Bin Ali Al-Khalifa	Bahrain	59,260,000	16.10%	59,260,000	16.10%
Gulf International Bank B.S.C.	Bahrain	24,085,097	6.54%	24,085,097	6.54%

Subsequent to the year end, Mobile Telecommunications Company K.S.C.P. purchased 35,335,155 shares from Shaikh Ahmed Bin Ali Al Khalifa. Accordingly, the percentage of shareholding of Mobile Telecommunications Company K.S.C.P. increased from 54.78% to 64.38% and the percentage of shareholding of Shaikh Ahmed Bin Ali Al Khalifa decreased from 16.10% to 6.50%.

**ZAIN BAHRAIN B.S.C.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020**

Distribution of shares by shareholding brackets

Shareholding brackets	% of total shares		% of total shares	
	2020	2019	2020	2019
Less than 1%	14%	14%	495	478
1 % up to less than 5%	8%	8%	5	5
5 % up to less than 10%	7%	7%	1	1
10 % up to less than 20%	16%	16%	1	1
More than 50%	55%	55%	1	1
			503	486

Dividends

The annual general meeting of shareholders for the year ended December 31, 2019, held on March 30, 2020 approved the distribution of cash dividends of 6 fils per share totaling BD 2,183,000.

During the year, the Company has transferred unclaimed dividends of BD 159 thousand to the regulator.

The Board of Directors proposed a cash dividends distribution of 6 fils per share to the registered shareholders subject to ratification during the Annual General Meeting of Shareholders to be held in 2021, after obtaining the necessary regulatory approvals.

15. TREASURY SHARES

	2020	2019
	BD '000	BD '000
Number of shares	4,116,990	4,116,990
Percentage of issued shares	1.12%	1.12%
Market value (BD '000)	494	441
Cost (BD '000)	754	754

ZAIN BAHRAIN B.S.C.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

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 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 reserves reaches 50% of the capital. This reserve is not available for distribution.

18. REVENUE

The Company derives its revenues from telecommunications services and related services, which management considers a single reportable business segment, categorized as follows:

	2020	2019
	BD '000	BD '000
Airtime, data and subscription (Over time)	50,605	50,568
Trading (Point in time)	11,387	12,327
	61,992	62,895

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

	2020	2019
	BD '000	BD '000
Trading (note 7.2)	600	539

Management expects that the transaction price allocated to unsatisfied contracts as of 2020 year-end will be recognized as revenue during 2021.

As permitted under IFRS 15, the Company 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.

ZAIN BAHRAIN B.S.C.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

19. COST OF REVENUE

	2020	2019
	BD '000	BD '000
Outpayments to telecommunications operators	5,646	6,506
Cost of equipment sold and others	12,648	12,491
	18,294	18,997

20. OPERATING AND ADMINISTRATIVE EXPENSES

	2020	2019
	BD '000	BD '000
Staff costs	6,383	6,581
Rent	75	133
Management fees (note 24)	1,531	1,564
Directors' remuneration (note 24)	224	224
(Reversal) / provision for inventories (note 8)	(495)	122
Other	13,799	13,051
	21,517	21,675

The Company's share of contributions to Social Insurance Organization is included in staff costs amounted to BD 562 thousand (2019: BD 407 thousand).

As per an agreement dated December 28, 2003 and subsequent amendments in 2013 and 2018 between the Company and the Parent Company, the Parent Company provides different management services to the Company against management fees of 3% on the annual revenue as defined in the agreement.

The above is after adjusting subsidy of BD 875 thousand comprising BD 796 thousand towards staff costs and BD 79 thousand towards utilities, granted by the Government of the Kingdom of Bahrain to lessen the impact of effect of the pandemic.

**ZAIN BAHRAIN B.S.C.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020**

21. EXPECTED CREDIT LOSSES ON FINANCIAL ASSETS

	2020	2019
	BD '000	BD '000
Expected credit losses on trade and other assets (note 6)	853	1,356
Expected credit losses on contract assets (note 7)	(33)	(106)
Expected credit losses on bank balances (note 5)	6	-
	826	1,250

22. FINANCE COSTS

	2020	2019
	BD '000	BD '000
Interest expense on lease liabilities (note 9.2)	730	736
Others	516	451
	1,246	1,187

23. EARNINGS PER SHARE

The basic and diluted earnings per share based are as follows:

	2020	2019
	BD '000	
Profit for the year	5,405	5,269
	Number of shares	
Weighted average number of shares in issue	363,883,010	363,883,010
	Fils	
Basic and diluted earnings per share	15	14

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

**ZAIN BAHRAIN B.S.C.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020**

24. RELATED PARTIES

During the years 2020 and 2019, the Company has entered into transactions with following related parties on terms approved by management.

	Relationship
Mobile Telecommunications Company K.S.C.P.	Parent Company
Zain – South Sudan	Affiliate
Zain – Lebanon	Affiliate
Zain Group Holding-Bahrain W.L.L.	Affiliate
Zain – Jordan	Affiliate
Zain – KSA	Affiliate

Transactions and balances with related parties are as follows:

	2020	2019
	BD '000	BD '000
Costs:		
Office rent and maintenance costs	735	980
Management fees (note 20)	1,531	1,564
Telecommunication services	992	1,291
Revenues:		
Telecommunication services	134	401
Gain on termination of lease contract	56	-
Capital expenditures:		
Purchase of property and equipment (note 10)	14,500	398

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 (2019: BD 224 thousand) (notes 12 & 20).

**ZAIN BAHRAIN B.S.C.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020**

24. RELATED PARTIES (CONTINUED)

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

	2020	2019
	BD '000	BD '000
Short-term benefits	1,693	1,311
Other long-term benefits	155	110
	1,848	1,421

Balances with related parties are as follows:

	2020	2019
	BD '000	BD '000
Due from a related party: (note 6)		
Zain – Lebanon	1	1
Zain – South Sudan	1	-
	2	1
Due to related parties: (note 12)		
Zain Group Holding-Bahrain W.L.L.	5,090	2,340
Zain – Jordan	14	16
	5,104	2,356

25. SEGMENT INFORMATION

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

**ZAIN BAHRAIN B.S.C.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020**

26. COMMITMENTS AND CONTINGENCIES

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

	2020	2019
	BD '000	BD '000
Letters of guarantee	6,839	8,870
Capital expenditures	84	123

27. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS

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

	2020	2019
	BD '000	BD '000
Financial assets		
Cash and banks at amortized cost	8,569	10,239
Trade receivables and other assets at amortized cost	13,825	15,976
Total financial assets	22,394	26,215
Financial liabilities		
Accounts payable and other liabilities at amortized cost	35,614	31,054
Lease liabilities at amortized cost	12,348	13,149
Total financial liabilities	47,962	44,203

ZAIN BAHRAIN B.S.C.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

27. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

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

	Trade receivables	
	2020	2019
	BD '000	BD '000
Gross amounts of recognized financial instruments	7,757	7,235
Gross amounts of recognized financial instruments subject to set off in the statement of financial position	(5,280)	(5,132)
Net amounts of financial instruments presented in the statement of financial position	2,477	2,103
	Accounts payables	
	2020	2019
	BD '000	BD '000
Gross amounts of recognized financial instruments	8,203	7,608
Gross amounts of recognized financial instruments subject to set off in the statement of financial position	(5,280)	(5,132)
Net amounts of financial instruments presented in the statement of financial position	2,923	2,476

The Company'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 Company 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 Company's risk management framework and monitoring the risk management policies in close co-operation with the Parent Company. The Company's risk management policies are established to identify and analyze the risks faced by the Company, 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 Company's exposure to the above financial risks or the manner in which it manages and measures the risk.

ZAIN BAHRAIN B.S.C.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

27. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Credit Risk

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. As at December 31, 2020, the Company maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Company due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Company arises from:

- The carrying amount of the financial assets as stated in the statement of financial position; and
- The maximum amount the Company 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.

The Company's financial assets are detailed below:

	Notes	December 31, 2020		Net carrying amount
		Gross carrying amount	Loss allowance	
		BD '000	BD '000	BD '000
Cash and banks	5 (i)	8,481	(8)	8,473
Items under collection	5	96	-	96
Trade and other receivables:				
Due from postpaid subscribers	6 (ii)	23,594	(12,525)	11,069
Due from roaming partners	6	1,454	(418)	1,036
Due from distributors	6 (ii)	177	(6)	171
Interconnect receivables	6	1,023	(161)	862
Accrued income (unbilled services)	6	2	-	2
Due from related parties	6	2	(1)	1
Sundry receivables	6	782	(187)	595
Staff receivables	6	94	(5)	89
		35,705	(13,311)	22,394

ZAIN BAHRAIN B.S.C.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

27. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Credit Risk

	Notes	December 31, 2019		
		Gross carrying amount	Loss allowance	Net carrying amount
		BD '000	BD '000	BD '000
Cash and banks	5 (i)	10,160	(2)	10,158
Items under collection	5	81	-	81
Trade and other receivables:				
Due from postpaid subscribers	6 (ii)	24,712	(11,843)	12,869
Due from roaming partners	6	1,376	(328)	1,048
Due from distributors	6 (ii)	409	(4)	405
Interconnect receivables	6	727	(120)	607
Accrued income (unbilled services)	6	77	-	77
Due from related parties	6	1	-	1
Sundry receivables	6	1,000	(149)	851
Staff receivables	6	124	(6)	118
		38,667	(12,452)	26,215

(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, contract assets and due from distributors, the Company has adopted the simplified approach to measure the loss allowance at lifetime ECL. The Company 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.

ZAIN BAHRAIN B.S.C.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

27. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

The Company is also exposed to credit risk in relation to letters of guarantees given (note 26). The Company's maximum exposure in this respect is the maximum amount the Company could have to pay if the guarantee is called on.

The Company 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 Company's functional currency are as follows:

December 31, 2020	U.S Dollar	Pound	Euro	Total foreign currencies
	BD '000	BD '000	BD '000	BD '000
Monetary assets				
Cash and banks	1,409	-	3	1,412
Trade receivables and other assets	1,613	-	56	1,669
	3,022	-	59	3,081
Monetary liabilities				
Accounts payable and other liabilities*	9,832	-	89	9,921
	9,832	-	89	9,921
Net	(6,810)	-	(30)	(6,840)
December 31, 2019	U.S Dollar	Pound	Euro	Total foreign currencies
	BD '000	BD '000	BD '000	BD '000
Monetary assets				
Cash and banks	405	-	-	405
Trade receivables and other assets	1,301	19	22	1,342
	1,706	19	22	1,747
Monetary liabilities				
Accounts payable and other liabilities*	8,363	-	3,205	11,568
	8,363	-	3,205	11,568
Net	(6,657)	19	(3,183)	(9,821)

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

**ZAIN BAHRAIN B.S.C.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020**

27. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

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 Company is not exposed to significant interest rate risk.

Liquidity risk

Liquidity risk is the risk that the Company may not be able to meet its funding requirements. The Company 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 Company has unutilized bank overdraft facility of BD 5.5 million (2019: BD 5.5 million) with local commercial banks.

Below is analysis of the Company'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:

	2020				Total
	Less than 1 month	1 – 3 months	3 – 12 months	1 – 5 years	
	BD '000	BD '000	BD '000	BD '000	BD '000
Accounts payable and other liabilities	3,652	10,211	17,056	5,232	36,151
	2019				Total
	Less than 1 month	1 – 3 months	3 – 12 months	1 – 5 years	
	BD '000	BD '000	BD '000	BD '000	BD '000
Accounts payable and other liabilities	3,164	8,009	12,062	8,871	32,106

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

**ZAIN BAHRAIN B.S.C.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020**

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

29. CAPITAL RISK MANAGEMENT

The Company'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 Company 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 Company is relatively debt free at the current reporting date.

**ZAIN BAHRAIN B.S.C.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020**

30. RECLASSIFICATIONS

Certain items have been reclassified in the statement of financial position, statement of profit or loss and other comprehensive income and statement of cash flows for the prior year ended December 31, 2019 to comply with the requirements of IFRS 15 Revenue from Contracts with Customers and IAS 1 Presentation of Financial Statements. The related changes have been presented as follows:

a) Statement of financial position

	December 31, 2019		
	As previously reported	Reclassifications	As reclassified
	BD '000	BD '000	BD '000
Current assets			
Trade receivables and other assets	22,106	(5,108)	16,998
Contract assets	-	5,251	5,251
Non-current assets			
Trade receivables and other assets	3,366	(2,167)	1,199
Contract assets	-	2,024	2,024

b) Statement of Profit or Loss and Other Comprehensive Income

	December 31, 2019		
	As previously reported	Reclassifications	As reclassified
	BD '000	BD '000	BD '000
Operating and administrative expenses	(21,553)	(122)	(21,675)
Provision for inventories	(122)	122	-

c) Statement of Cash Flows

	December 31, 2019		
	As previously reported	Reclassifications	As reclassified
	BD '000	BD '000	BD '000
Net change in trade receivables and other assets	358	(2,241)	(1,883)
Net change in contract assets	-	2,241	2,241

**ZAIN BAHRAIN B.S.C.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020**

31. IMPACT OF COVID-19

The outbreak of the novel Coronavirus (COVID-19) in early 2020 in most countries has caused widespread disruptions to business, with a consequential negative impact on economic activities. The Company is continually monitoring its impact, while working closely with the local regulatory authorities, to manage the potential business disruption of the COVID-19 outbreak.

In light of COVID-19, the Company has considered whether any adjustments and changes in judgments, estimates and risk management are required to be considered and reported in the financial statements. Below are the key assumptions about the future and other key sources of estimation that may have a significant risk of causing material adjustments to the financial statements:

Impairment of non-financial assets:

The Company has performed a qualitative assessment, considering the minimal impact of COVID-19 on entities operating in the telecommunication sector, and compared the actual results for the year against the budget and industry benchmarks to conclude the impairment assessment as at December 31, 2020 remains largely unchanged.

The Company has also considered any impairment indicators arising and any significant uncertainties around its property and equipment, intangible assets and right-of-use assets especially arising from any change in lease terms and concluded there is no material impact due to COVID-19.

Expected Credit Losses ("ECL") and impairment of financial assets:

The Company has applied management overlays on the existing ECL models by applying probability weightage scenarios on the relevant macroeconomic factors relative to the economic climate of the respective market in which it operates. The Company has also assessed the exposures in potentially affected sectors for any indicators of impairment and concluded there is no material impact on account of COVID-19.

Commitments and contingent liabilities:

The Company has assessed the impact of any operational disruptions, including any contractual challenges and changes in business or commercial relationships among the Company, customers and suppliers, with a view of potential increase in contingent liabilities and commitments and no issues were noted.

**ZAIN BAHRAIN B.S.C.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020**

31. IMPACT OF COVID-19 (CONTINUED)

Going concern:

The Company has performed an assessment of whether it is a going concern in the light of current economic conditions and all available information about future risks and uncertainties. The projections have been prepared covering the Company's future performance, capital and liquidity. The impact of COVID-19 may continue to evolve, but at the present time the projections show that the Company has ample resources to continue in operational existence and its going concern position remains largely unaffected and unchanged. As a result, these financial statements have been appropriately prepared on a going concern basis.

The Government of the Kingdom of Bahrain has granted a total subsidy to the Company of BD 875 thousand comprising BD 796 thousand towards staff costs and BD 79 thousand towards utilities, to lessen the impact of effect of the pandemic. These amounts have been adjusted against the respective line items in the income statement for the year (note 20).



**ZAIN BAHRAIN B.S.C.
SUPPLEMENTARY INFORMATION – UNAUDITED**

Further to the CBB letter dated 14 July 2020 (ref. OG/259/2020), Zain Bahrain B.S.C. ("Company") provides the following information relating to the financial statements as of December 31, 2020:

A. The overall impact on the financial statements

The Company's overall financial statements have not been impacted significantly due to the impact of the Covid-19 pandemic. As the Covid-19 outbreak continues to evolve, it is difficult to forecast its full extent and duration of the economic impact as of now. Management believes, based on their assessment, that the Company has sufficient liquidity available to continue to meet its financial commitments for the foreseeable future as and when they become due.

B. The impact on Income Statement

Revenues	The industry has faced serious challenges in terms of roaming revenues due to heavy travel restrictions impacting significantly the inbound and out bound roaming. This revenue stream is generally cyclical in nature and has been significantly impacted due to Covid-19. However, the composition of roaming revenue in relation to the overall revenue of the Company is not significant, hence, no material impact on the financial statements for the year ended December 31, 2020.
Expenses	The Company was agile in implementing cost optimization initiatives aimed at reducing costs and minimizing the impact of top-line pressure resulting in an overall positive variance in the operating cost. This was also supplemented by the government support provided through reimbursement of salaries of Bahrainis.
Net income	The consequential impact resulting from the above is not considered material.



ZAIN BAHRAIN B.S.C. SUPPLEMENTARY INFORMATION – UNAUDITED (CONTINUED)

C. The impact on Balance Sheet

Assets

(specify sub-categories, ex. Cash and balances with banks)

The management of the Company is closely monitoring the situation resulting from Covid-19 and its impact on the Company's operation, cash flows and financial position. Management believes, based on their assessment, the inherent value of property and equipment appearing in the financial statements as of December 31, 2020 has not been impaired.

Furthermore, taking into account the necessary adjustments relating to ECL model, the receivables and other assets are stated at the appropriate amounts and do not require any adjustment as at December 31, 2020.

Liabilities

(specify sub-categories, ex. Loans)

The Company currently does not have any borrowings.

Net equity attributable to shareholders

No material change.

Other material impact on the Balance Sheet

None other attributable to Covid-19.

D. The impact on the company's ability to continue as going concern

The Company has performed an assessment of whether it is a going concern in the light of current economic conditions and all available information about future risks and uncertainties. The projections have been prepared covering the Company's future performance, capital and liquidity. The impact of COVID-19 may continue to evolve, but at the present time the projections show that the Company has ample resources to continue in operational existence and its going concern position remains largely unaffected and unchanged. As a result, these financial statements has been appropriately prepared on a going concern basis.