



مجموعة الاتصالات الفلسطينية
PALTTEL GROUP



2021



ANNUAL
REPORT



Continuous Success &
Hard-working Team



مجموعة الاتصالات الفلسطينية
P A L T E L G R O U P

Annual Report

2021

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2021 in Brief

About the Group

Vision

"We are committed to remain the primary preference for our subscribers in the telecommunication services by adhering to our values and beliefs, following the highest standards in management practices and customer care, besides providing the best telecommunication services in Palestine in order to maintain our innovative position as a leading telecommunications Group in the region."

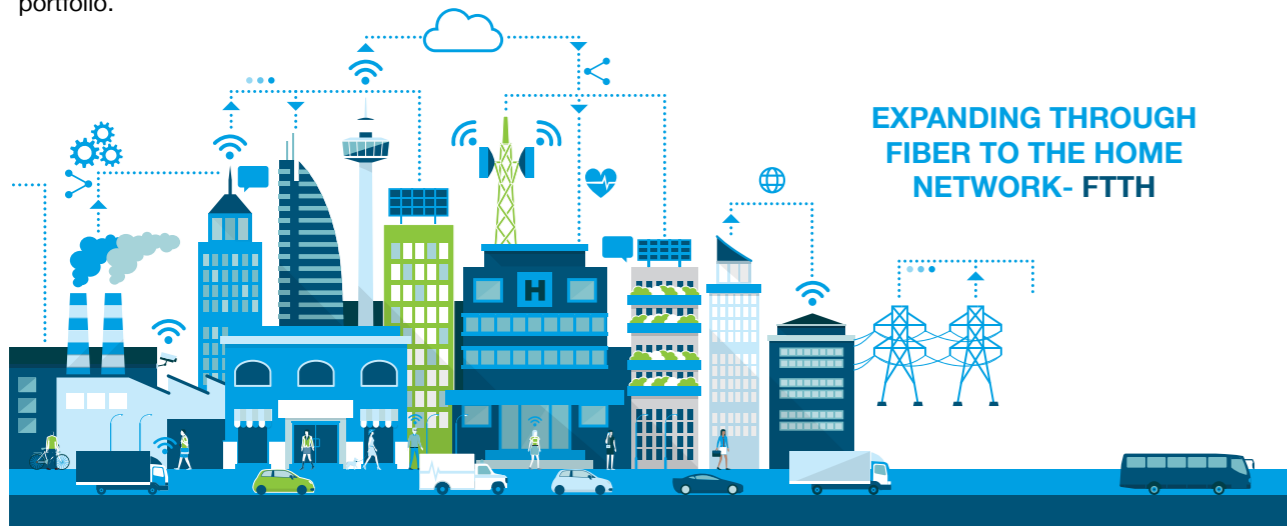
Since its inception in 1995, Paltel Group has been striving to provide top-notch communication and information Technology services through its subsidiaries, besides investing in infrastructure, developing productive capacities and bringing the latest state of the art technology in this field, in addition to investing in other sectors to enhance the financial position of the Group's shareholders. Accordingly, the Group was distinguished by achieving meaningful and stable revenues over the past two decades, and these achievements were culminated in distributing approximately 39 Million Jordanian Dinars cash dividends to its shareholders for the year 2020, one of the most difficult years in the history of Palestine and the world as a whole. Thus, Paltel Group proved that it is a solid economic edifice that is worthy of the confidence of its shareholders in various fluctuations and circumstances.

It is worth noting that the Group has distributed approximately 860 Million Jordanian Dinars as cash dividends to its shareholders since its establishment.

Despite the numerous political challenges this year that revolved around the occupation's aggression on Gaza Strip and its attempt to Judaize the Sheikh Jarrah neighborhood in Jerusalem; However, 2021 was the year of optimism and recovery, regardless of the political and economic obstacles and the unremitting presence of the Corona Pandemic in our daily lives, we continued to deal with it by taking precautionary measures and adapting to the new visual world, and working hard continuously to maintain the level of quality of the services and the expected and always anticipated financial performance; Thus, the Group companies continued to provide their services on the widest scale and of the highest quality, since Paltel is considered the pioneer in the telecommunications and information technology sector, providing telephone, internet and fiber services in Palestine besides many innovative digital services and solutions.

Jawwal is considered the first and fastest mobile operator and 3G services provider in Palestine, in which it has attracted a customer base that reached out to almost 3 million subscribers. Hadara operates in the field of internet provision, and it is worth mentioning that the operations of Hadara were combined with Paltel during the end of the year 2021 in order to provide services with the highest possible efficiency, besides, Reach call center, which provides its services to several local and regional companies, and Jericho Gate is developing one of the largest real-estate projects in the country to provide a comprehensive and integrated life in Jericho.

It is worth mentioning that it is amongst the continuous endeavors of the company's board of directors to constantly preserve the rights of shareholders to the maximum possible extent and increase the Group's value, the company's board of directors decided during the year 2021 to form a committee consisting of four members of the board of directors to study the options related to the structure of the Palestinian Telecommunications Group and the best obtainable ways to develop it and identify feasibility, including the possibility of spinning-off the Real estate assets and the investment portfolio.



Paltel Group is considered the largest and pioneer company in Palestine in terms of the market cap listed on Palestine stock Exchange with a market cap of 1,045,202,576 dollars as of 31/12/2021, this constitutes 23.7% of the total market capitalization of the stock exchange.

23.7%

1.045
Billion Dollars

The market
capitalization
for Paltel Group



Paltel Group has the largest employment capacity in the Palestinian private sector employing **2,751** direct employees

2,751

Direct Employees



Since its inception, Paltel Group contributed to the treasury of the Palestinian National Authority with an approximate of

1.86 Billion
U.S Dollars






This includes licenses, taxes, and government fees



As the Group always seeks to boost up the Palestinian society and Palestine through continuous support, Paltel Group Foundation for Community Development was established in 2008, to be an essential milestone between the Group and the Palestinian community providing development in the following fields: academic, technology, social and entrepreneurship, through providing support in all forms to ensure the permanent development of the next generation, so that all programs are independently supported and self-sufficient by the Group subsidiary companies. Paltel Group invested 100 million Jordanian dinars in social responsibility activities since 2005.

Paltel Group's Investment in Corporate Social Responsibility

100
Million Jordanian Dinars
since 2005

Paltel Group's Main Companies

	Paltel: Palestine Telecommunications company, the leader of telecommunications and information Technology Sector on Palestine.
	Jawwal: Palestine Cellular Communications Company, the first mobile operator and 3G services provider in Palestine.
	Hadara: Hadara Technology Investment Company, the largest internet service provider in Palestine.
	Reach: Reach Telecommunication Services Company, the first specialized communication center in Palestine.
	Jericho Gate: Jericho Gate for real-estate investment company is an integrated real estate project and the first of its kind and size nationwide.

	
Fikra Hub: Paltel Group Innovation Hub.	PalTel Group Foundation مؤسسة مجموعة الاتصالات للتنمية the Development Arm Paltel Group Foundation for Community development is the Group's local Non-Profit development organization.

GROUP VALUES

Transparency and Sustainability:

Applying standards of transparency, accountability and governance in all our business and projects, aiming at implementing our vision and strategy, in accordance with the best standards, so to ensure sustainability in our services and communal orientations.

Integrity and Honesty

Maintain promotion of confidence amongst ourselves, shareholders and partners by taking into account the values of integrity and honesty in order to continue strengthening our plans, moving confidently towards achieving growth so as to maintain the rights of our shareholders, as well as the rights of our employees and subscribers.

Strengthening internal capacities

Developing professional capabilities of all Group staff so as to enable them contribute into the construction process for the purpose of serving our subscribers, shareholders and the Palestinian society by investing in the youth capacities.

Quality and excellence in our services

Always striving to learn, utilizing our expertise and the global experiences, to provide quality services, innovate leading solutions based on a comprehensive view, and a clear synopsis on the technological future, with flexible capability of sustained adaptation to the Palestinian reality.

Subscriber's satisfaction

Understanding the customer needs, exerting our best endeavors to maintain their trust by focusing on the quality services, doing more to achieve excellence in meeting their needs, and responding to their technical and economic needs.

Ethics and principles

Committed to business ethics, professional assets, and deriving our principles from the ethics of our Palestinian society, being the basis of our business, and a beacon of our future tendencies.

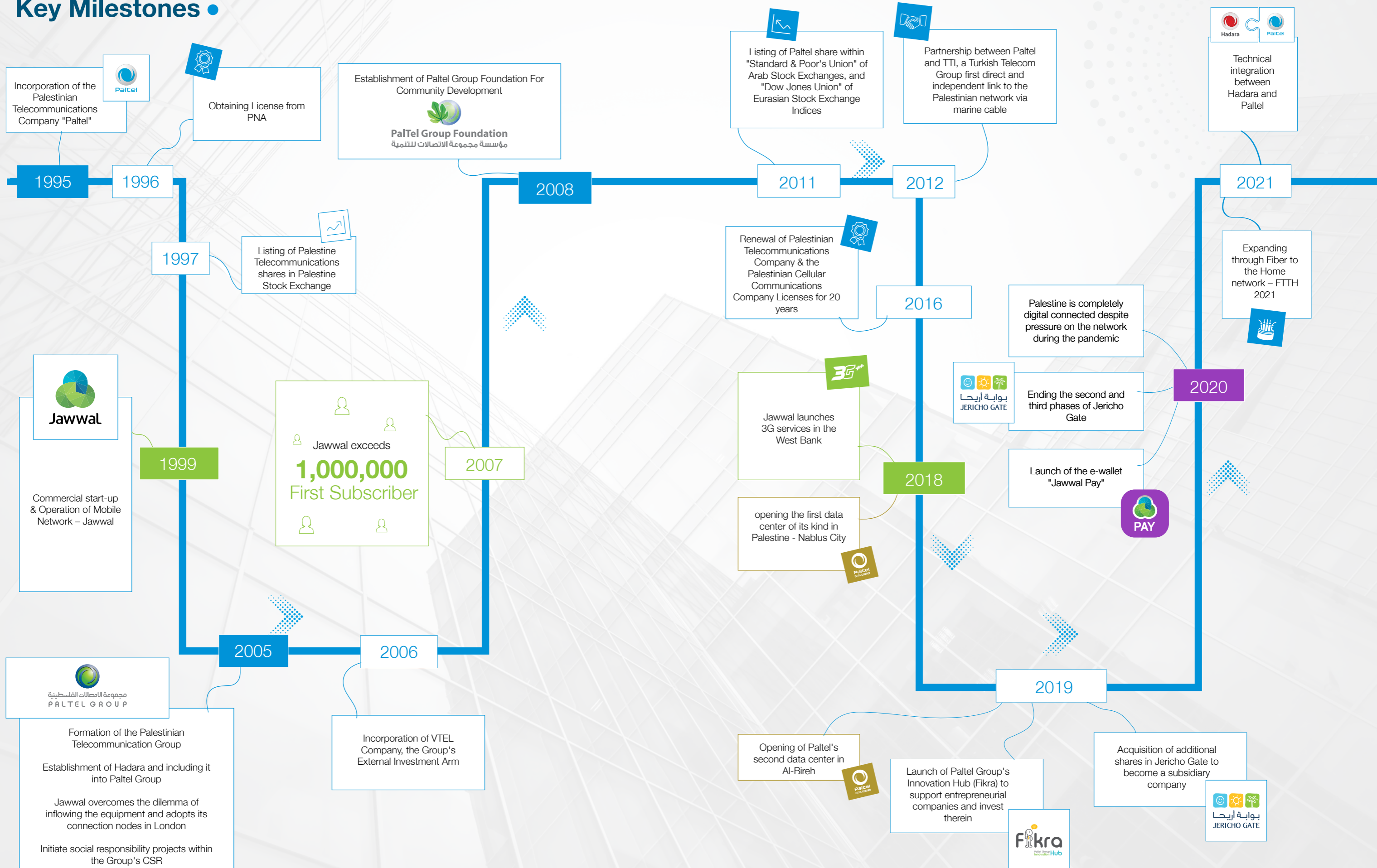
Commitment to social and national responsibility

Committed to social responsibility for sustainable development, our national responsibility to build a prosperous technological future by strengthening the ICT sector in Palestine.

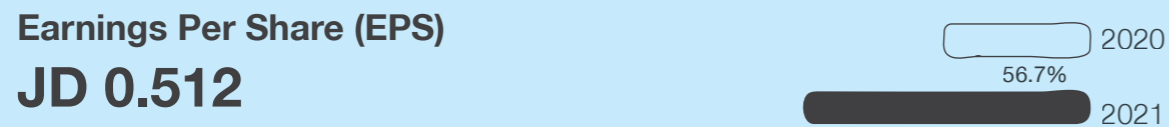
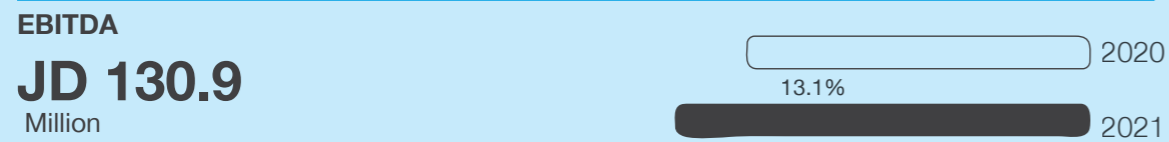
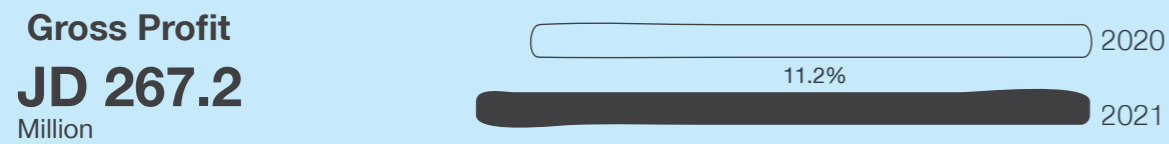
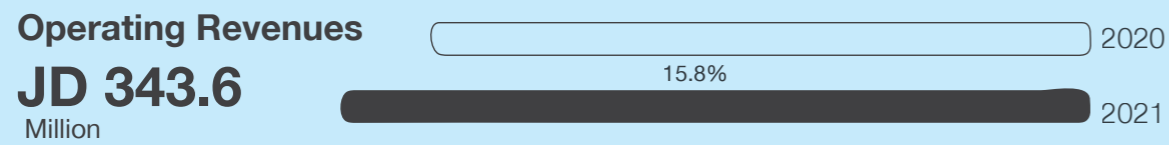
Partnership to build up Technological Future

We aspire to collaborate with every citizen and enterprise in Palestine to mutually build the technological future in Palestine

Key Milestones



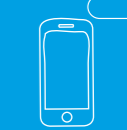
Key performance Indicators 2021



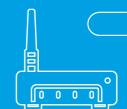
Number of fixed lines **486**
 Thousand lines



Number of mobile lines **2.981**
 Thousand lines



Super fast internet lines **405**
 Thousand lines

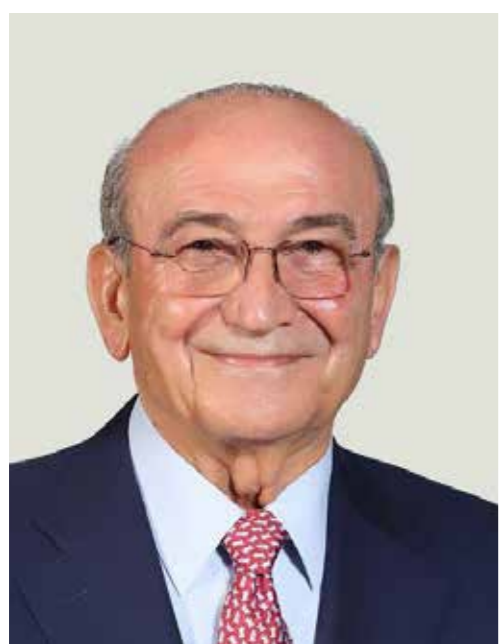


Total number of subscribers **3.872**
 Million subscribers



Growth Rate in total number of Subscribers

+0.80%
 compared to total number
 of subscribers in 2020



Chairman's Message

PP

Ladies and gentlemen, dear shareholders, we meet today on the same date every year under the canopy of Paltel Group, as we continue the path of success, excellence and creativity despite all the circumstances that the world is experiencing, and which Palestine is experiencing in particular from the continuation of the pandemic and its continuing social and economic effects; which increases our determination to innovate, confront, and transform crises into opportunities for continuity, progress and prosperity so that the Group remains at the top of the Palestinian economic pyramid. Today, we prove once again our ability to face changes, continuing to create opportunities and successes, emphasizing the process of development and construction that we started through several means, the first of which is developing and diversifying the services provided to subscribers, ongoing investment in our networks and infrastructure, digitizing services and adding everything novel that the Palestinian market and economy needs, so that the Palestinian communication Group proves its ability to ascend towards its goals steadily and in progress that is reflected on all levels.

SS

Ladies and gentlemen

Exceptional circumstances that accompanied the spread of the Corona pandemic, and the restrictions that followed it, kept the global battle with the virus open despite the vaccinations of all kinds, nevertheless, the surprises still constituted great effects and dangerous turns on the world in the midst of constant warnings of more complications. This makes us in the Group fully prepared and ready for alternative plans to ensure the endurance of work within the strategic plans and that our services and programs are not disrupted under any circumstances. Perhaps the most important thing that distinguishes us in Paltel Group is our ability to innovate alternative solutions and transform obstacles into opportunities and successes which was embodied in the performance of our companies over the past two years, at a time when the global economy suffered from major tremors due to the pandemic, Paltel Group was able to maintain its strength and investments, and this was translated into the financial statements that you have in your hands and the indications these statements bears which indicates that we have surpassed that stage.

The compass of the global economy...

Ladies and gentlemen... The global economy is still in a state of uncertainty due to the downturn that this economy has experienced during the past two years, coinciding with the circumstances of the Corona pandemic, as the economy has not witnessed such conditions for decades, whether in terms of severity or in terms of the extent of its spread. The entire production process witnessed a complete disruption; Although we witnessed a partial recovery since the middle of last year, this recovery was not with the momentum capable of moving the production cycle to its full capacity, especially with the new variables, and therefore there are still fluctuations in the international and Arab financial markets. Although this situation was reflected in the achievement of profits for private sector companies, the financial statements of Paltel Group indicate that we have surpassed this impact and were able to return the wheel of production to what it was before the pandemic, this is due

to the alternative measures and plans, and the entry of a new type of investment that is based on work and concluding it remotely, which led to the birth of special programs in this field, that strengthened the continuity of service provision.

Adhering to technology and digital development.

Within the Group's policy of diversifying investment related to the telecommunications and information technology sector, and by studying the trends of the global economy, all of which indicate that the world is turning with full force to electronic and virtual alternatives, to impose itself strongly on the business world. Therefore, we have taken a number of steps, such as increasing the absorptive capacity of the Internet by purchasing greater absorptive capacities through submarine cables, to avoid the crisis that most of the peoples of the world have suffered from, thanks to the creative ideas of our staff. We are also on the crossover of a quantum leap through the FTTH service, which will double the speed of home internet. This entails providing these sectors with server hosting services, to transfer our institutions and introduce them to the world of technology, especially after we have seen the importance of this sector in innovating solutions in light of the Corona pandemic and ensuring the continuity of its work during quarantine periods. This is in addition to Jawwal's continuous endeavor to provide our people with the best communication services, which is represented in obtaining the fourth and fifth generation and to provide financial digital solutions to all members of the Palestinian people.

We must work unremittingly in line with the acceleration of technology and its trends, by encouraging pioneering companies to go global, and encouraging students to join digital technology majors, which is the future of nations, in addition to preserving those minds and not allowing them to be abandoned or let go.

Vital projects and investments.

Today, Paltel Group announces the birth of a company specialized in real estate assets and investment owned by the shareholders of Paltel company, so that our shareholders will become the owners of two companies: Paltel which you entrusted and which will focus on telecommunications and technological and digital services, and the new company, which will operate in the field of real estate and investments, to continue working to increase the returns of our investors, as we have worked on that over the past two decades, and to strengthen the Palestinian economy, to prove to everyone that Palestine is a fertile investment land that holds many opportunities for those seeking to grow in it.

In conclusion, allow me to congratulate you on the great confidence you give to the Group's stock, and to assure you that this confidence is in its rightful place, whether in terms of the stock's strength or through the return on it, thanks to the visions, strategies, and feasibility studies that preserve the Shareholders' rights and expectations for the success of their investment.

Sincerely,
Sabih AL-Masri



CEO's Message

PE

Ladies and gentlemen, dear shareholders...

We are pleased to put in your hands the annual report for the year 2021 when we have been able to overcome many difficulties during the past two years due to the restrictions imposed by the Corona pandemic, hence that the Group endures its luminous and successful path, for excellence to be its title, even though the whole world is still suffering from the direct and indirect repercussions of "Corona" on lifestyles.

Over the past years, we have succeeded in providing all technological and communication services to its beneficiaries, and keeping pace with global developments in this regard, so that our subscribers everywhere in Palestine can obtain the service they need without interruption, efficiently and effectively. This was manifested in the circumstances of the pandemic, as the Group entities continued to work, and even its staff were creative in creating alternative plans to maintain the continuity of the service and deliver it to all its beneficiaries to the fullest.

Expanding the base of services and stabilizing prices..

The Group was able to return to its strategic plan and investment programs, and overcome the global crisis, which was reflected in the data and financial results that it achieved at the end of last year, thanks to enhancing the utilization of its infrastructure by expanding and diversifying the base of services for subscribers so the Group companies will be able to have more access to the daily lives of service beneficiaries and increase reliance on these services to become an essential component as is the case in Internet services, smart TV services, in addition to traditional services for communications at the level of individuals. Whereas, large service packages have been adopted at the level of companies and businesses, and service centers have been allocated for this purpose.

At a time when global price indices are heading towards a steady rise, Paltel Group maintained the pricing of its services, and even reinforced it with the competitive offers that continued over the past year, to achieve great satisfaction from subscribers according to the indicators of the positive measure of the Group, which

casts a positive shadow on the public's confidence in the Group.

Now, Paltel Group, and after launching Paltel 's fiber to the home services (FTTH), we will have a model infrastructure during the coming years, and the Palestinian citizen will enjoy advanced services that will have a significant impact on Palestine's progress in technology.

Opening new investment windows...

Under the directives of the Board of Directors, headed by Mr. Sabih Al-Masri, the Group took a decision to open new investment windows through the decision to launch the new real estate investment company, which will return a direct benefit to investors and shareholders, to focus its work on the real estate, land and diversified investments sector, after the great success achieved by Jericho Gate, through which it formed a civilized model for building modern cities that meet all the requirements of its residents, in addition to the investment portfolio owned by Paltel Group.

Here, it must be noted that the Jericho Gate project is proceeding according to plan, and that we were able to complete important stages, during which it attracted many investors and developers and contributed to creating many direct and indirect job opportunities.

Waiting for the launch of the fourth generation..

Ladies and gentlemen... As you all know, the Israeli occupation still eludes us by granting our Palestinian people the fourth generation frequencies, which means depriving the Palestinian market of these services, and at the same time depriving it of many advantages because the fourth and fifth generation technologies constitute a major challenge to keep pace with modern technology, and the limited frequencies and their blocking by the Israeli side, will affect many applications and their speed, given that the Gaza Strip, is almost the only place in the world that is still working on second generation technology.

Faced with this reality, we, in partnership with the government and international bodies, continue to work and advocate in order to keep this file on the table and take advantage of all opportunities to talk about the right of our people to obtain those frequencies. Therefore, we must, as well, all knock on all doors in order to obtain the best Internet services and the best technology, like all the peoples of the world, and to turn to the international community to move and release our frequencies

Social responsibility is part of the Group's strategy..

At a time when the global economy stumbled, and even became almost completely paralyzed at one stage of the pandemic's outbreak, the Palestinian Communications Group kept working on social responsibility programs, and maintained them because it is fully aware of the difficult living conditions of our people. We have supported many health centers and care institutions, in addition to providing assistance to many underprivileged families. We have also sustained educational Group grants and other humanitarian initiatives in the governorates of the West Bank and Gaza Strip.

Finally, successful institutions build their strategic plans on the policies of continuity and survival, through their pioneering projects and positioning sound administrative foundations, which do not depend on people, but on achieving goals and continuing to build on success after success. Since People, no matter how much they continue to work in a place, one day they would come and leave for another station and another place. Accordingly, allow me to conclude this message, which will be the last in my position as CEO of Paltel Group over the past twelve years, to move to a new supervisory role, and allow me to thank the Board of Directors, headed by my great brother and mentor, Mr. Sabih Al-Masri, Chairman of the Board, current members, shareholders and all parties related to the Group for their great confidence in me during the past decade. The success of our Group was a collective success with distinction and pride for each of you and Palestine and its promising economy.

Sincerely,
Ammar Aker



Our Group

- **Continuous Success & Hard-working Team**
- **Members of the Board of Directors**
- **Members of the Executive Management**

Continuous Success & Hard-working Team ●

The unremitting successes achieved by Paltel Group under all local and regional conditions, and throughout all the years of its work and since its establishment, were based mainly on the spirit of one team and the strong harmony between its board of directors, its shareholders, its executive management and the Group's family. This spirit, which was circulated by the Chairman of the Board of Directors, Mr. Sabih Al-Masri, was the lifeline in all stages of work and at various levels, so the Group raised the slogan of "Continuous Success & Hard-working Team".

In 2021, we raised the pace of work and intensified efforts, and implemented many of the plans that we set during the past years, and it was a year marked by success and full of achievements that exceeded expectations, although the pandemic did not stop and the challenges posed by the occupation still constitute an obstacle, but we formulate the obstacles to become bridges of hope and challenge.

The pace of work did not stop, rather we raised it so that the Group's staff and companies continued to work at various levels. We launched campaigns, expanded work, and increased the teams in the field, whether in sales, marketing, engineering or technicians. Thus the Group's great role was to develop the telecommunications sector, relying on our infrastructure to develop Palestine in its various sectors, to ensure maximum satisfaction of our subscribers and to maintain the usual performance towards our shareholders. Technological transformations in the world have accelerated amazingly towards digitization, therefore, it was necessary for us to direct the compass towards the new shape of the world, that is why we launched fiber to the home Network services in Paltel at high speeds, and Jawwal's team made huge up-to-the-minute plans and campaigns that started with Jawwal Plus program, Despite the fact that the frequencies obstacle remains through the failure of the fourth and fifth generations to reach Palestine. Even Gaza today, works with second-generation technologies, and despite that, we will continue to offer everything we can to subscribers to meet their expectations.

Through all the years, Paltel Group has been a good model of the national responsibility that it bears on its shoulders, and here we must turn to the year 2021, when the Group lit up many beacons of social responsibility in various programs and in various governorates in Palestine, including all Palestinians, within a distinct strategy and results that exceeded all expectations, which we will address through the pages of this report.

Today we declare that Paltel Group's family were able to make this institution a fine model of work and success to stay behind the distinctiveness of hope and the qualitative economy related to technology, as the Group was able to connect the Palestinians with the world and connect institutions including homes, schools, universities, colleges, governmental and private sector and civil work institutions in one Palestinian network.

In conclusion, we summarize the year 2021 by stating that the Group has never hesitated to continue development and investment since its establishment to adhere to the values that it has raised since the first day, which is to continue success, achieve the best and preserve the rights of shareholders, the satisfaction of subscribers and the development of Palestine and its services.

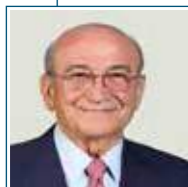


Al Ibrahimi Mosque

Members of the Board of Directors



Mr. Sabih Al-Masri – Chairman of the Board



Since the year 1966, Mr. Sabih Al-Masri is the founder and president of the Arab Catering and Trading Company (ASTRA Group), a company operating in various fields in the Kingdom of Saudi Arabia, the Hashemite Kingdom of Jordan and the UAE. The activities of the group cover lots of services such as agriculture, trade, construction and real estate, health, industry, plastics, telecommunications, hotels and banks. Currently, Mr. Al-Masri is the Chairman of the Board of Directors of the following companies: Arab Bank plc., ASTRA Industrial Group, ZARA Investment Holding Company, CICON Building Materials Company, Palestinian Telecommunication Group, in which he has joined its Board of Directors since 1999, He is also a member of the Board of Directors of Palestine Development and Investment Company (PADICO) and the Board of Trustees of Fahd Bin Sultan University. Mr. Al-Masri holds a Bachelor Degree in Chemical Engineering from the Texas University, Austin, USA.

Mr. Mughith Sukhtian – Representative of GMS Holdings



Mr. Mughith Sukhtian is a shareholder and board director at GMS Holdings, a diversified family owned holding group with a focus on life sciences, specialized contracting services and telecommunications, based in Amman, Jordan. Mr. Mughith Sukhtian's business career has focused on a diverse set of industries covering a variety of operational, financial and entrepreneurial experiences. After graduating from Rensselaer Polytechnic Institute with a Bachelor's and Master's degrees in Manufacturing Systems Engineering, he began his career in Operations Management in Saudi Arabia. He then went on to receive an MBA from Columbia University's School of Business and joined JP Morgan's investment banking division in New York. In 2003 Mr. Mughith left JP Morgan to rejoin the GMS Holdings family business platform where he led the establishment of several leading companies in the fields of logistics and telecommunications. Mr. Mughith serves on the boards of several private and public companies across MENA, as well as several non-profit institutions including the Ghiath and Nadia Sukhtian Charitable Foundation, as well as the advisory board of Columbia University's Middle East Research Center (CUMERC) and the Jordan Media Institute.

Mr. Leith Masri - Representative of the Palestine Development and Investment Co. (PADICO)



Mr. Leith Masri is a Founding Partner of Foursan Group, a leading Middle Eastern investment firm which was established in 2000, and manages private equity funds aiming to invest in the shares of fast growing companies in the Levant and North Africa. Previously, Mr. Masri was with the Blackstone Group in New York, a global private equity house specialized in alternative asset investing. Mr. Masri is the Chairman of Estarta Solutions, a pioneering firm in the MENA IT sector, and a Director of Foursan Capital Partners and Paltel Group which he joined its board of directors in 2001. Mr. Masri is an attorney admitted to the New York Bar. He holds Juris Doctorate in Law and Masters of Business Administration from Stanford University, and a Bachelors of Arts in Economics from Harvard University.

Mr. Talal Nassereddin - Representative of Birzeit Pharmaceutical Company



Mr. Talal Nassereddin is the Chairman of the Board of Directors and the General Manager of Birzeit Pharmaceutical Company. Mr. Nassereddin chairs the board of directors of Abraaj Real Estate Investments Company, Petropal Mineral Oils Company, Lotus Financial Investments and the Vice Chairman of the Board of Directors of the Palestine Islamic Bank, in addition to holding the position as a member of the Board of Directors of Paltel Group since 2004, and a member of the Board of Directors of the Palestinian Electricity Company. It is worth noting that Mr. Nassereddin was Chairman of the Board of Directors of the National Bank between the years 2005-2020, a member of the Board of Trustees of (St. Joseph Hospital) between the years 2016-2020, a member of the Board of Directors of the Palestine Investment Fund between the years 2002-2006, and he held the position of Chairman of the Committee Dispute resolution, a member of the investment and nomination committees, and he was a member of the Board of Directors of the Palestinian Monetary Authority between the years 2002-2006. Mr. Nassereddin is also the founder of the Palestinian Industries Federation and headed it until 2003; Moreover, he contributed to the establishment of the Palestinian Trade Center (Pal Trade) in 1997, and the establishment of the Palestinian Businessmen Association in 1998. Mr. Nassereddin obtained a master's degree in Chemistry from the American University of Beirut in 1974.

Mr. Basel Abdel-Nabi – Representative of Arab Bank PLC



Mr. Basel Abdel-Nabi has been the Head of Information Systems Management (EVP) at Arab Bank since 2007, and has held several administrative positions in the Bank Information Systems Department since 2002. Mr. Abdel-Nabi has held various managerial positions in the past as a Senior Manager of Anderson Business Consulting where he worked as Certified Information Systems Auditor, Business Consulting, Digital Solutions, Graphic and Technical Strategies for Banks and other sectors. Mr. Abdel-Nabi has also served as Director of the Technology and Information Systems Group at Saudi Standards and Equipment Company and the Director of the Computer Center at Pacific Medical Laboratories, California, USA. He is also a member of the Board of Directors of Arab Gulf Technology Company in the United Arab Emirates, the Palestinian Telecommunication Group, where he has joined its Board of Directors since 2008, and Arab Islamic International Bank, where he has joined its Board of Directors since 2016. Mr. Abdel-Nabi holds an MBA from Leicester University in the UK, a BSc in Engineering from CSUF University in California, USA, and completed his secondary education in Paris, France.



Mr. Zahi Khouri - Representative of Al-Maseera International Co.



Mr. Zahi Khouri is the Founder, Chairman, and CEO of the National Beverage Company (Coca-Cola/Cappy) in Palestine. Mr. Khouri holds a number of executive positions and Board Memberships of many economic institutions, including Palestine Development & Investment (PADICO Holding), Jerusalem Development and Investment Co (Jedico), Al-Quds for Tourist Investment (Jacir Palace Hotel Bethlehem). Moreover, Mr. Khouri was an Executive Board Member of the Olayan Group, and CEO of Olayan Saudi Holding Co. in Saudi-Arabia and United States of America for more than 20 years. Mr. Khouri was the Chairman of the Executive Committee of the Palestine Telecommunications Company – Paltel (2001-2004) and the Chairman of Jawwal Co. Board of Directors (2001-2005). Mr. Khouri is an active member in many civic local and international organizations, as he heads the Board of Directors of Tatweer Center, and Chairman of the Board of Trustees of Dar Al Kalima – Bethlehem. He is a Board member of Rasmala Holding Co. for Investment in Dubai and the founder of the Innovation Fund, the first of its kinds in Palestine. Mr. Khouri received several awards, including: "Business for Peace Award" in 2015 in Oslo - Norway, and "Cavaliere" medal from the Italian Republic. Mr. Khouri holds a Bachelor's degree in Engineering from Technische Hochschule Stuttgart University in Germany in 1962, and later obtained a Master's degree in Business Administration from the European Institute of Business Administration (INSEAD). He completed his high school in Beirut, Lebanon).

Mr. Yazeed Al-Mufti – Representative of Cairo Amman Bank



Mr. Yazeed El-Mufti has extensive experience in the banking sector, where he has held senior positions in several banks, including the general manager of Cairo Amman Bank from 1989 to October 2004. He has also served as Vice President and Deputy General Manager of Citibank in Amman - Jordan for 12 years. Mr. Al Mufti is currently the Chairman of the Board of Directors of Banque du Caire Amman since October 2012 and Chairman of Safa Bank. He is also a member of the boards of several financial and investment companies including ZARA Investment Holding, Palestine Development and Investment Company (PADICO). Mr. El-Mufti holds a Bachelor degree in Business Administration from the American University of Beirut in 1976.

Mr. Basem Abdel-Haleem – Representative of Aswaq Investment Company (Palestine Investment Fund Company)



Mr. Bassem has over 20 years of experience in the fields of investment, finance and private sector development, which he has gained through his work with a number of international and local investment, financial and development institutions. Mr. Al-Halim is the CEO of Palestine Power Generation Company and has been a member of the Board of Directors of the Palestinian Telecommunication Group since 2012. Mr. Abdul Halim holds a Master degree in Finance and Management from Kranfeld University in the UK, an MBA from Maastricht in the Netherlands, and a BSc in Industrial Engineering from the University of Jordan.

Mr. Fuad Najab - Representative of Palestine Development and Investment Company Ltd. (PADICO)



Mr. Fuad Najab is a businessman and executive manager with experience in developing successful business strategies, an expert in negotiations and holds a successful record of working in several local and international companies and investment funds. Mr Najab is currently the CEO of Palestine Development and Investment Company Limited (PADICO). Prior to assuming his current position, Mr Najab held the position of the Chairman and Acting CEO of Nakheel Palestine Agricultural Investment Company LLC as a managing partner. Mr. Najab held senior positions in various companies, including Siraj Investment Fund Management Company as an investment portfolio manager, as well as in the National Beverage Company, which has the privilege of bottling and marketing beverages of Coca-Cola International Company as a marketing and sales manager, and then as a commercial development manager. He played a key role in the success of the mentioned companies and their affiliates and subsidiaries, where he worked on developing different policies and work strategies in the operational, commercial and investment aspects. He holds a BA in Economics from Birzeit University in 1998 and an MBA from Northwestern University in Illinois in 2012.

Mr. Abdullah Sabat - Representative of Palestine Development and Investment Company Ltd. (PADICO)



Mr. Abdullah Sabat is the General Manager of Siraj Investment Funds Management Company (SIRAJ), which is the first private investment fund in Palestine, where the assets managed by Siraj amount to \$300 million invested in 20 companies in different sectors including: the financial sector, agriculture, real estate services, information technology. His experience extends to more than 18 years in accounting, auditing, investment, investor relations, in addition to structuring deals and financial analysis. Mr. Sabat is a member of a number of boards of directors for private and public companies, chairs the board of directors of the leading financial leasing company in Palestine (Pal lease), and vice-chairman of the Palestine Exchange Board of Directors. Prior to joining Siraj, he held the position of Audit Manager at the global audit firm Ernst & Young. He was responsible for auditing a number of listed companies, investment funds and private companies. Mr. Sabat holds an MBA with distinction in Finance and Accounting from the University of Liverpool, UK, and a BA in Accounting from Birzeit University, Palestine. He is also a Certified Public Accountant (CPA) certified by the State of New Mexico, USA, and a Certified Internal Auditor (CIA) by the Institute of Internal Auditors (IIA). He is a member of the American Institute of Certified Public Accountants (AICPA) and the Institute of Internal Auditors.

Mr. Ammar Aker - Representative of the Arab Supply and Trading Co. (ASTRA)



Mr. Ammar Aker is CEO and board member of Palestine Telecommunications (Paltel). He was the CEO of Palestine Cellular Communications Company (Jawwal) and the Chairman of the Board of Directors of VTEL Middle East and Africa (MEA). He is also a board member of PADICO Holding and on the board of trustees for An-Najah National University. Mr. Aker is an active board member of many international, regional and local initiatives, such as Palestine for a New Beginning (PNB); the Palestine International Award for Excellence and Creativity; and the Amideast Advisory Board in Palestine. He is also an active member of the Young Presidents' Organization (YPO) Palestine Branch, the Palestinian Businessmen Association (PBA), and Mahmoud Darwish Foundation. Mr. Aker holds a Bachelor of Science degree in accounting from Edinboro University of Pennsylvania and a Master of Science degree in accounting from Kent State University, Ohio.

Mr. Ammar Aker was appointed as vice chairman of the board on 12/12/2021

Executive Management Members

Paltel Group



● Ammar Aker*	Chief Executive Manager
● Abdunasser Altibi*	Chief Financial Officer
● Kamal Al-Ratrout	Chief Technical Officer
● Basel Amer	Chief Internal Auditor
● Hatem Al-Natsheh	Regulatory Affairs Director
● Fuad Zarour*	Board of Directors Secretary

Paltel Group Foundation



● Samah Abu Oun Hamad	General Manager
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Palestine Telecommunications Company (PALTEL)



● Maen Melhem*	General Manager
● Khalil Abu Salim	Gaza Regional Manager
● Khaled Al-Sayeh	Strategic & Development Director
● Mahmoud Al-Jallad	Customer Care Director
● Loai Abu Shkaidem	Sales Director
● Zahi Kan'an	Financial Director
● Ibrahim Kharman	Marketing Director
● Sulaiman Abu Hijleh	Administration & Human Resources Director
● Nizar Shana'a	Information Technology Director
● Jamal Al-Tawil	Core Operations and Development Director

Mr. Ammar Aker was appointed as the vice chairman of the Board on 12/12/2021, and to remain in his position as the CEO until the end of March 2022.
 Mr. Abdunasser Altibi was appointed as the Chief Financial Officer on 03/11/2021 following the resignation of Mr. Salameh Khalil on 30/04/2021.
 Mr. Fuad Zarour was appointed as the Board Of Directors Secretary on 03/05/2021 following the resignation of Mr. Khalil Hamad on 30/04/2021.
 Mr. Maen Melhem was appointed as CEO of Paltel on 09/02/2022.
 Mr. Abdulmajeed Melhem was appointed as CEO of Jawwal on 09/02/2022.

Palestine Cellular Communication Company (Jawwal)



● AbdulMajeed Melhem*	General Manager
● Omar Shamaly	Gaza Regional Director
● Malak Ziadni	Technology Director
● Ala Hijazi	Sales Director
● Mamoon Fares	Customer Care Director
● Hatem Turabi	Financial Director
● Shadi Abuelhawa	HR & Supply Chain Director
● Iyas Qasas	Marketing Director

Hadara Technology Investment Company



● Rami Quttaineh	General Manager
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Reach Communication Services Company



● Hisham Zaid	General Manager
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Jericho Gate for Real Estate Investment Company



● Waleed Fteiha	General Manager
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External Auditors

Ernst & Young- Middle East

Legal Counselor

Al- Zubi Law Firm



ADMINISTRATIVE & FINANCIAL REPORT

- Business sectors
- Competitive Analysis
- ICT sector in Palestine
- Financial & Operating Results
- Paltel Group Family
- Paltel Group Innovation Hub (Fikra)

Business sectors

Palestine Telecommunications Company "Paltel"



Vision

Leading Palestine towards the world of communication and digitization by providing the latest global technologies and high speeds and accompanying its subscribers as the best partner for their digital life



Scope of Business

Paltel is a leading Palestinian company in the field of ICT solutions, fixed broadband, cloud computing, managed services, and security services for the government, corporates, commercial and individual sectors. We are helping Palestine to be more digital and more integrated.

Paltel's investment in the Fiber to the Home Network (FTTH)

Paltel's Key achievements for the year 2021

To keep pace with the development of telecommunications services over the past two decades; Paltel has invested in its network to cover the lands of Palestine and raise the internet speed for its subscribers, and recently obtained the approval of the Ministry of Communications and Information Technology to provide internet services for the home category using fiber-optic technologies.

Paltel directly started building and implementing fiber-optic networks projects to reach all buildings and residential real estate within a solid work plan that provides subscribers with high-quality Internet speeds at competitive prices, as it is planned that the coverage rate will reach 60% during the first three years.

Based on its belief that this qualitative leap and revolution in the field of broadband and optical fibers requires qualifications for the level of technical and professional work of electrical engineers and technicians in Palestine; Paltel, in partnership with the Ministry of Communications and the Bar of the Engineers, organized awareness workshops that had a significant impact on qualifying a Group of professionals and technicians, as they were contracted to be the qualified technical arm during the project implementation processes.

Launching new services for the business sector

Paltel is interested in providing quality services that meet the needs of all companies and institutions operating in the public and private sectors, the most important of which are:

- Integrated technology solutions services
- Data mining services
- Control Center Services
- Information Security Center Services
- Social media platform management services



Paltel data center in Al-Bireh receives new Tier III certification from Uptime Institute

After it succeeded in establishing data centers according to the highest international standards rated as the latest in the region, Paltel data center in Al-Bireh received a new Tier III certification from the "Uptime Institute" specialized in studying and evaluating global data centers after the center proved its success in complying with the Global standards of data centers in terms of design and construction because of the distinctive and diverse services it provides.



Increasing the work efficiency of the company's employees by launching the "Modern Workplace" model

Paltel succeeded in managing the work experience of its employees by launching and implementing the modern work environment model, which contributes to the digitization of work and the creation of a functional environment based on technological solutions and cloud technologies to access employees data using any device, anytime and anywhere, while maintaining the confidentiality and security of information. In addition to obtaining a certificate approved by Microsoft Corporation Global as a gold partner "Microsoft Gold Partner".



Challenges in 2021

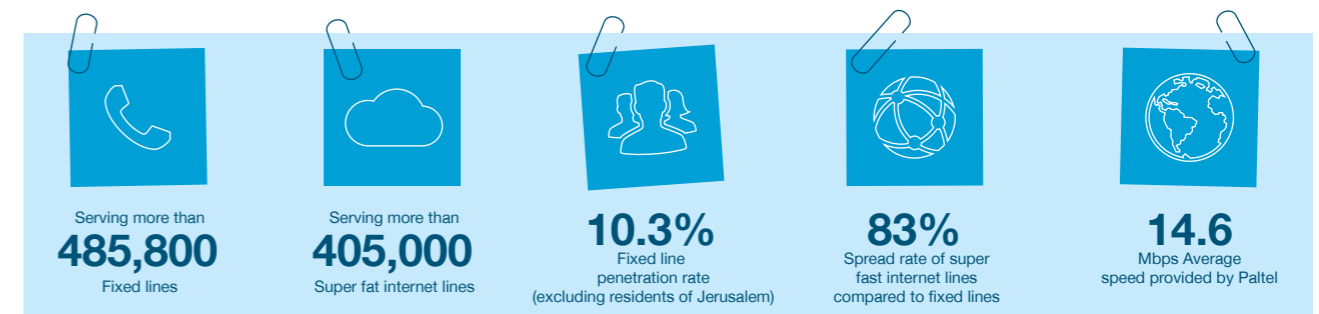
Despite the challenges facing Paltel, it always works towards transforming these challenges into opportunities by continuing its investment in network expansion projects and providing the latest technological and digital solutions, which confirms its commitment to its responsibility towards the various sectors that depend on Internet services. Here, it should be noted that the most severe challenges that Paltel faced during the year 2021 were the continuation of illegal competition by local ISPs and the reselling of Wi-Fi in the West Bank and Gaza Strip, in addition to the difficulty of expanding the network and serving subscribers in Gaza Strip as a result of the restrictions imposed by the occupation on the entry of materials and after the damage that occurred on the infrastructure of the telecommunications company after the recent aggression on Gaza Strip.

Competitive situation

Since its establishment, Paltel has been keen to provide the Palestinian citizen with an integrated service from a single source and a single bill, but the access line model was an obstacle to this step. Today, after obtaining an official approval from the Ministry of Communications and Information Technology to provide an Internet service with optical fiber technology, it is now able to provide an integrated service, which will save time and effort on the subscriber and will also contribute to raising the speed rates in Palestine to become very close to the rest of the neighboring countries, which were delayed as a result of not taking this decision. And despite all the difficulties, Paltel persisted in providing its subscribers with the best services and maintained its growth, but also succeeded in creating new achievements and building a milestone in the telecommunications sector, digital services and innovative technology in Palestine.

Future Outlook

- Increasing the spread of telecommunication services, in particular fixed broadband via fiber-optic technology, through continuous investment in infrastructure and network projects, and raising the rate of Internet speeds to keep pace with the speed rates in the rest of the neighboring countries.
- Expansion and spread locally and regionally to provide connectivity and communication services and integrated technological solutions to meet the needs of companies, institutions and regional operators.
- Leading the digital transformation process and bridging the digital divide through innovation, design and provision of digital applications necessary for remote business management in line with the requirements of the individual and corporate sector.



Business sector

Palestine Cellular Communication Company "Jawwal"



Vision

Jawwal seeks to keep pace with all that is new in the world of information and communication technology, and to have the greatest role in the communication of subscribers and conducting their business at all times and places.



Scope of Business

Jawwal offers the most distinguished cellular communication services by keeping pace with the latest new technological developments, contributing to advancing progress towards global priorities and enriching the lives of its individual and corporate subscribers by engaging in modern technical experiences that meet their needs and facilitate their work.

Key achievements in 2021

With the advancement of digital technology at a very rapid pace in our lives, the competitive mode of Jawwal provided its services through the best technologies that ensure the completion of the work of its subscribers safely, quickly and easily, as it provided an unprecedented innovative experience for prepaid subscribers through the launch of the "PLUS" digital program, the first of its kind in Palestine, which enables new subscribers to request a new number through an integrated digital process, which begins with choosing the number through the mechanism of digitally verifying the identity of the subscriber, then forming program packages of minutes, SMS's and the Internet according to their needs, and facilitating payment methods to be via Jawwal Pay e-wallet or other bank cards, and it ends with receiving the eSIM on the subscriber's e-mail. This mechanism presented a quantum leap in the provision of services in Palestine. The Program subscribers can also transfer GB's to minutes or vice versa, or get their value back as a credit to the main balance. The launch of the program coincided with a commercial campaign under the slogan "With Plus Rejoice, Shake Your Mobile and Win," which allows all program subscribers to get instant gifts "cash prizes, smart devices and free credit" upon subscribing and moving the mobile. Jawwal continued to develop and update the "Hisabi" application, which is considered one of the most uploaded service applications in Palestine, as it is used by more than half a million subscribers, since it makes it easier for them to complete their services with ease, speed and safety. The Fast Login feature, the first of its kind in Palestine, was added to easily log into the application without having to remember the password or username. And the Jawwal Bot service was launched through the WhatsApp application, so that the subscriber can activate services and packages by him/herself and know his consumption, in addition to accessing the support center.

In order to provide the latest modern digital products of interest to its subscribers, and in line with the rapid growth of global trade, Jawwal has developed the "E-Store" on its website, which allows subscribers to purchase services and products with flexibility

through a simple and easy interface, since the store contains more than 150 international brands of mobile devices, accessories, laptops, games, entertainment devices, and others. And since the launch of the store, thousands of products have been sold through it, with free delivery service provided. The store also included a new service, "Your SIM on Demand", which enables the subscriber to request a SIM with a new number, or change his current subscription plan through the website with simple steps. For the first time in Palestine, and in an effort to provide everything new in the corporate sector and facilitate their services, Jawwal offers the latest technologies in the digital world, such as the eKYC service, which permits the ability to digitally identify the subscriber's identity and compare it with a personal video that the subscriber shoots, to provide secure solutions that guarantee accuracy in data and facilitate Electronic transactions. And in cooperation with ERPMAX, it provided a "Point of Sale Management" system, which allows monitoring and managing all sales and purchases and controlling revenues from one place. Jawwal Pay for electronic payment services was ranked the first in Palestine in terms of the number of effective wallets, as it helps individual subscribers and companies to complete financial transactions with ease, security and without cash, including depositing, withdrawing, transferring money without a bank account, requesting funds, charging the balance, and paying invoices, online shopping, obtaining various electronic cards and issuing prepaid MasterCard cards, in addition to the possibility of transferring funds from the bank account to the electronic wallet. Several campaigns have also been launched to educate subscribers about e-wallets in cooperation with the Palestinian Monetary Authority.



Campaigns and Social Responsibility

In order to distinguish citizens in Gaza Strip, Jawwal has updated the postpaid and Mix Smart programs and launched a new campaign under the title "More minutes and Internet with discounts and a lower price", which offers discounts on the subscription cost with free additional minutes and SMS's. Prepaid subscribers were also given special offers to double the value of bundles and were given free minutes and credit on all networks as part of the "Exceptional Offers" campaign. And in order to support its subscribers during the war on the Gaza Strip, it offered millions of free minutes to stay in touch with their families and reassure their loved ones.

As part of its keenness to provide its services to all Groups in the West Bank, Jawwal launched dozens of commercial campaigns, including a campaign for prepaid programs and Mix Smart++ under the slogan "Join Smart++ and you don't have to worry, we give you more minutes and GB's," giving new subscribers (individuals and companies) a 6 months' Free bundle including extra minutes and internet packages.

When the high school results were announced by the Ministry of Education, Jawwal launched, as its annual habit, a campaign under the slogan "With your success we congratulate you, surprises and gifts, we give you" in appreciation of our students, and it was also welcoming new students at the Palestinian universities.

As part of Jawwal's sponsorship of sports, the sponsorship agreement for sports federations in the West Bank, Gaza Strip and Jerusalem was renewed. In addition to supporting our Palestinian National Football team in the Arab Cup under the organization of the International Football Association. And in line with our team's participation, the campaign "Post your travel moments with Unlimited Net in Qatar" was launched.

In Ramadan, a campaign was launched under the slogan "In Ramadan, beginnings bring hope, persistence and life" in cooperation with the Palestinian artist Mohammad Assaf, in addition to launching a huge prizes campaign for subscribers and winning without drawings under the slogan "Ramadan, be ready for the whole month with prizes." As part of its sponsorship to Mohammed Assaf's Album "Stories about Palestine", the video views reached more than 15 million views on social media channels.

Jawwal adopted new e-marketing strategies that increased the number of visits to its website by 70% compared to last year, as the number of visits reached more than 10 million during the year, and the number of video views reached more than 70 million views. Jawwal is always present on all Social media platforms in order to be close to its subscribers, as it was the first Palestinian company on the Clubhouse platform.

Challenges in 2021

- The war on Gaza Strip, in addition to the obstacles imposed by the occupation by not allowing the launch of the third generation services in the Strip, which led to the separation of the West Bank market from the Gaza Strip market.
- Impeding the prosperity of the national economy, and infringement on the market share of the Palestinian telecommunication companies, and the illegal expansion of Israeli telecommunication towers in the Palestinian market.

Competitive Situation

Jawwal has worked and is constantly working on investing in its network by expanding and improving it in line with the increasing need for its services, and to ensure its access to the highest quality despite all the restrictions imposed by the occupation on the Palestinian telecommunications sector, where it worked on investing in the infrastructure, systems, and equipment, and provided means that helped our engineers focus on improving service and operations and maintaining the competitive advantage of Jawwal, such as "The Deployment Automation and Site Management Utilization". It also added 52 new sites in the West Bank region, and changed the location of 40 towers, and raised the station's quality by adding 450 new cells to improve the service provided to subscribers.

Jawwal's market share of the Palestinian market including Israeli SIM cards is

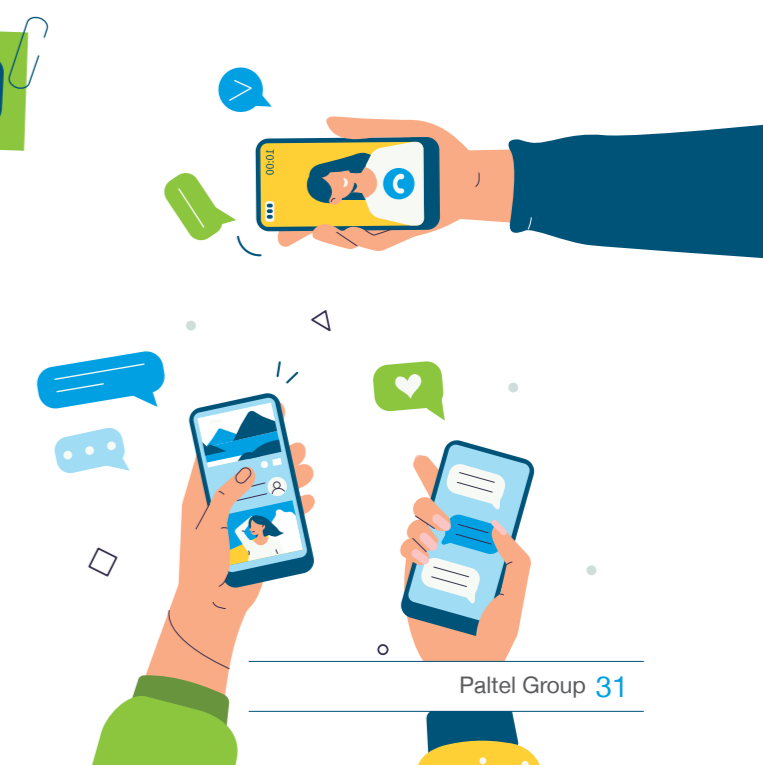
62%

Future Outlook

In Jawwal, we strive to always be the number one and the pioneer of digital transformation in Palestine, to raise our country among the ranks of advanced countries in the field of communications and information technology, by providing the latest global technologies that help our subscribers to complete their work easily and safely, and to open new horizons in the Palestinian business environment, .Progressing steadily towards an easier digital life

Almost **3** Million Subscribers

5.30 Jordanian Dinars the average monthly revenue per user



Business sector

Hadara "Technology Investment Company"



Vision

Hadara Technology Investment Company is aspired to constantly implement the vision and slogan of "New World" believing that access to this world is through continuous communication with subscribers whether by providing the best internet services and technical support or creating a unique digital experience through using interactive television and interesting applications.



Scope of Business

Hadara has been the first and most widespread provider of Internet services in the Palestinian market for 16 years, and since its inception, it has been working on creating and developing the latest Internet services and products and technology, including Hadara TV, a high-speed AC SuperBox-v router, in addition to hosting services, advertising SMS's and other added services. through which it targets all segments of the Palestinian market, which includes the Palestinian family, youth and the business sector.

Key Achievements in 2021

Hadara continued directing its subscribers towards the Hadara TV product and attracting them to experience the new updates by launching a number of campaigns, the most important of which are the "Welcome Ramadan" campaign, which provided current subscribers with a special offer in the holy month of Ramadan with the aim of strengthening the family bond during the home gathering period and allowing all its current subscribers the opportunity to obtain Hadara TV for only 99 shekels, and subscription at open speeds matching the speed of the Internet line from Paltel, and "The Best Times" campaign, which provided the current and new subscribers with Hadara TV device in installments at a special price, with the possibility of subscribing to Internet packages at a price of 65 shekels only; In addition to the "Speed Max" campaign to raise the speed of all its subscribers for free and at speeds that are identical to the Internet line speed from Paltel. Hadara has also made sure that its subscribers enjoy an electronic digital experience that allows them to benefit from its services remotely with ease and safety.

During the year 2021, Hadara continued to support and assist its subscribers in light of the continuing spread of the Corona pandemic and the economic decline in the country by maintaining the stability and strength of the Internet, raising speeds for free, developing and enriching the content of the Hadara TV device and providing new applications.

In the middle of 2021, Hadara obtained official approval from the Ministry of Communications and Information Technology to extend Internet services with fiber optic technology in Ramallah and Bethlehem governorates, and began laying a main line in Birzeit and Abu Qash areas during the last quarter of 2021. Hadara combined its technical operations with Paltel to provide the citizens with the internet service from a single source and with a single bill, which saves time and effort on the final subscriber.

Challenges in 2021

The continuation of the global crisis of the coronavirus since the beginning of this year and its repercussions on the local economy in the West Bank and Gaza has been an obstacle for the company in providing and offering some services to subscribers, in addition to the high competition in the Palestinian market as a result of the entry of new Internet companies, whether licensed or unlicensed, which provide wireless internet service, knowing that the company has proven its ability to maintain its subscribers base and their satisfaction during the period.

Competitive Situation

Hadara Company provides its business permanently throughout the year and always seeks to provide better services at all levels. Hadara's market share represents about half of the total local market compared to direct competitors using the same technology. The main value of the services provided by Hadara is that it has become the essential component of all individuals and sectors, such as communication between individuals, business sectors, educational and entertainment services, and Hadara is distinguished from its competitors in the market by the strength of the network, its stability, and its wide extension in various governorates. This advantage was proven in 2021 by raising the speeds for subscribers despite the increase in network usage, besides providing the latest and best internet services and technology, where in 2021 interactive internet services were topped by the content of the new Hadara TV device, which was a simulation to the smart digital world and enhanced the subscribers' experience and succeeded in attracting new subscribers, and the SuperBox-v AC router, which provides subscribers with more powerful and stable wireless networks and allows them to control many of the Internet services through the "My Hadara" application, reaching to the efforts of the team work and its support for subscriber services at any time and any place through electronic services and the largest network of agents and distributors in various regions of the West Bank and Gaza Strip. These competitive advantages have ensured that Hadara has a leading position in the market and continues to work on its development. Over the years, Hadara has always sought to maintain its competitive advantage in the market by focusing on the needs of the target Groups and developing the technological services and products provided to them despite the increase in challenges and crises it faces locally and globally, in addition to continuing to provide the best campaigns and offers that achieve their satisfaction. The company also invested in the Internet service with Paltel, and the service was fully integrated, which would raise the quality of the service provided towards an integrated digital world, in addition to investing in the customer care and technical support team, which is an integral part of the company's vision and objectives. It is worth noting that there is an indirect competition with a system that is different from BSA, such as wireless internet (Microwave), fiber lines, third generation services, and unlicensed Israeli companies.

The company seeks to find and develop innovative technological solutions that enhance its ability to achieve its vision and strategic objectives, as the company focused on investing in its electronic services and software while upgrading the level of employees talents and developing their abilities to work remotely, by providing a variety of training courses while encouraging employees to interact With their superiors in order to obtain the necessary support and guidance towards plans to research and study the market thoroughly.

Future Outlook

Investing in developing visual services, interactive TV content, and web hosting services.

Increase in numbers of Hadara TV Subscribers

+7%

Business sectors

Reach Communication Services Company



Vision

To remain the leading provider of communication and customer care services at the highest standards of quality applied on local, regional, and global levels through using communication services in providing creative solutions that meet different needs.



Scope of Business

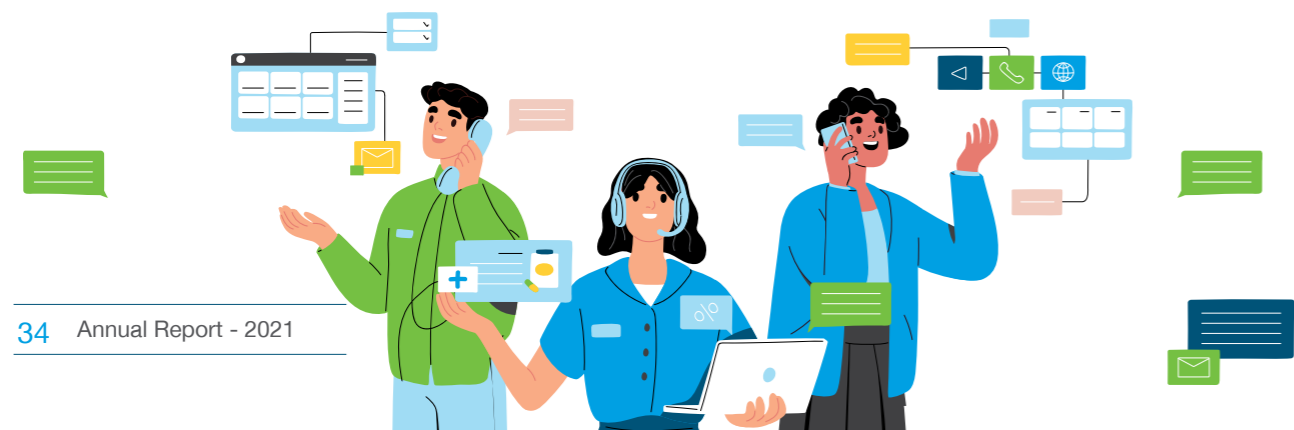
Reach is a pioneer in the services sector in terms of commercial communications through providing the highest and best quality of services to companies and many other parties, and the goals are achieved by enhancing the customer experience through the application of advanced programs and professional specialists, all of which serve to give customers the ideal experience; therefore, Reach is the first and the largest call center in Palestine specialized in providing business processing and customer support services in several languages through multiple channels

Key achievements 2021

Reach team is constantly striving to search for new local and regional companies and institutions to conclude business agreements that enhance Reach's position in the local and international market. One of the most important sectors to which Reach provides services to is the banking sector, finance companies, consulting companies, non-profit organizations (NGOs, United Nations organizations (UN) and municipalities, by providing them with unified call center services for incoming and/or outgoing calls. Reach has worked hard to add new services that enhance the customer experience related to managing and monitoring social media sites and providing market research service for companies. Reach has targeted new customers from the international and local market through its new service "Social Media Monitoring and Management" and accordingly, the company expanded its scope of work to include new sectors, including electronic payment companies and electronic wallets.

In terms of technical achievements, the company has updated the unified call center system, and worked on implementing PCI standards for banking transactions in order to expand the customer base to include financial institutions in general with the addition of services provided by the company. The company has also renovated the infrastructure to suit business requirements in addition to passing the external audit and renewing the ISO 27001 certificate. The company has also worked on building a virtual environment in order to transfer all the servers of Reach and develop services for Business Processing Outsourcing by providing sales and marketing services and automating the interactive response service, and working on developing a notification system via text messages and e-mails for external accounts and preparing and building a "Robotic Process Automation project "Automation of the robotic processes of the unified call center by adding systems such as the "Chatbot"-automated chatting- and building the virtual system "Virtual Clouding".

In terms of achievements at the administrative level, part of the training and employment was carried out from home, following



up on all the health conditions of the employees and the surrounding environment, and starting a joint project with the Ministry of Communication and Information Technology, and the Ministry of Health, which aimed to reassure the citizens and ensure safety measures, and to accommodate and open additional training areas for university students and providing job opportunities for university graduates. Accordingly, the company works on transforming the company's strategy into goals distributed among the company's departments to transform the goals in the form of performance indicators at the level of departments and employees at various functional levels. The company also aims to increase Reach's local share by expanding the local customer base and increasing the base of international and regional customers by investing in systems to increase the financial return that was carried out after making a detailed and clear study of expenses, financial return, and priorities in order to achieve the company's goals.

Challenges in 2021

Despite the health and economic instability caused by the Corona pandemic, the company was able to overcome these challenges by adhering to the health and safety measures recommended by the World Health Organization and the Palestinian Ministry of Health. The company has delivered the necessary equipment to employees and equipped the systems from home, which helped in providing services to customers and partners in general without any interruption, and providing high quality services while maintaining the security of information and systems. The Human Resources Department has also carried on job interviews and training remotely to move forward with work requirements and conditions.

Competitive situation

Reach is constantly working on expanding the scope of its services locally and globally, as it attracts customers who are not only local but also international, located in Europe, USA, the Arabian Gulf, and various countries of the world.

Reach continues to provide the highest quality of incoming and outgoing calls services through which subscribers are communicated in a professional manner, in order to meet their needs and achieve their goals, in addition to enhancing communication through non-voice services such as social networking services, instant chat and email reply. Reach also provides services of market study and research, in addition to its distinctiveness by having a solid infrastructure based on (Fiber Network) and the professional experience of the work team specialized in the field of customer care for several years.

Reach has a follow-up system that deals with customer complaints, which has been developed internally and has proven successful in practice through its application in the companies of existing customers. Reach also has strong commercial relations. The company has obtained ISO27001, which is used as a quality control system and security certification policy (Quality Assurance System and Policy Certification Integration). The company has proven its ability to work from home, through the necessary hardware and software, and to adapt to all changing conditions, whether health or economic, to meet governmental and legal requirements without interrupting high-quality services to customers.

Reach is known for its punctuality in delivering the necessary and desired results from the services provided to customers by ensuring the implementation of the required service level and performance indicators, continuous development of the services provided by Reach, maintaining the high quality level of services, targeting distinct and small sectors such as electronic payment sectors and insurance companies.

Reach also provides opportunities for cooperation and dealing with Online retailers which is considered one of the fastest growing and most developed markets at the moment.

Reach continues to bring forward new services that are compatible with the needs and requirements of the local and international market, study the services provided and the possibility of developing them, in addition to examining ways of horizontal and vertical expansion with companies, markets, current and targeted sectors, besides maintaining a high level of service and quality in line with the needs of customers. Through research and development we present new and appropriate services for customers, and through training, we develop a team that is well-versed with the knowledge and skills necessary to serve our customers.

Future Outlook

Working on providing unified call center services, business processing (BPO), and monitoring and managing social media for the local, regional and global market, especially the American and British market.

00:31

31 seconds
Average waiting time

18,750
Average number of
incoming calls during 2021

Business sectors

Jericho Gate



Vision

Jericho gate aspires to encourage developers and investors to establish integrated modern urban complexes in Palestine, and contribute to the creation of new environment and culture that stems from the market requirements and the needs and desires of its partners from developers, investors, residents and pioneers in order to live up to their aspirations.



Scope of business

The Jericho Gate project constitutes the first destination for those looking for the optimal investment in the real estate and entertainment sector. The idea of the Jericho Gate project is to provide the foundations required for the success of real estate projects of various categories, residential, commercial, touristic, recreational and cultural, by providing investment lands for development purposes in a distinctive strategic location and according to a structural plan that has been developed by specialized international companies, besides the extension of an integrated infrastructure on the latest international standards to achieve the best economic and social returns for investors and the local community at the same time.

The project implementation mechanism is through developers and investors who build residential villas, commercial, tourist, and cultural facilities under the direct supervision of engineering companies in addition to the engineering staff of Jericho Gate, to maintain standards and foundations for establishing a city with international specifications, and according to general and special conditions to preserve the public spirit in the design of the project, to highlight the project's role as a supporter of the economic and strategic and sustainable investment sectors with multiple uses.

Key achievements 2021

- Completing the works of sewage networks, drinking water, irrigation and rainwater drainage, in addition to communication networks, electricity, road lighting and sidewalks. Work is ongoing to complete the works of paving roads, landscaping works and the aesthetic view of the fifth phase.
- Completion of all infrastructure works for the second and third phases.
- Starting detailed design work for the field area to be ready for implementation by the end of the first quarter of 2022.
- Invitation to tender for the works of infrastructure networks and roads for the sixth phase and part of the fourth phase.
- Connecting and operating the drinking water network in the first phase.
- Starting new projects with non-residential and quality classifications in Jericho and the Jordan Valley.
- Contracting with Al-Jaber Investment Company to develop and build the largest water city in Palestine on an area of 150 dunums through specialized international companies to design, manufacture, supply and operate similar projects.
- The signing of the Jericho Tower agreement on an area of 12 dunums to build the highest multi-use building in Jericho Governorate, with a height of 15 floors, to contain a number of tourism, residential and recreational projects.
- Signing agreements to develop more than 520 dunums of land for the Jericho Gate project in various categories for the purpose of development.

Challenges in 2021

Maintaining the company's profits despite currency exchange rate fluctuations, as all Jericho Gate transactions are made in the US dollar currency



Maintaining the momentum of developers of different orientations and interests, especially entertainment and service projects, despite the health and economic conditions that were reflected due to the Corona pandemic.



The Jericho Gate Administration works diligently to overcome all challenges by finding appropriate proposals and alternatives for all obstacles that serve all parties to overcome all challenges.

Competitive situation

The Jericho Gate project management's attention is focused on remaining the first and optimal choice for all investors of different orientations, so that the project during the remaining period of its life is an example for all real estate development projects that have begun to appear, especially in Jericho Governorate, where the idea of the Jericho Gate project revolves around providing a homogeneous mixture of residential elements, recreational and tourist facilities.

This is in addition to the centers, shops, and spaces designated for cultural centers and universities, in addition to other projects that are consistent with the vision of the Jericho Gate project by creating an integrated and homogeneous real estate project with the aim of serving the individuals and the Palestinian economy and upgrading the real estate market to align with the latest practices and experiences in the same field. And as a first step, the gate works to provide an infrastructure according to the latest international specifications to the limits of the plot owned by the investor, represented as follows:

	Fiber network	Road networks twelve meters, sixteen meters, twenty meters and forty meters	
	Flood Protection Net	Sewerage network	
	Upper tanks and lower tanks	Sewerage network	
	Electrical and mechanical works	Irrigation water system	
	Voltage electrical work ((medium and low	Fire resistant system	

Future Outlook

The project seeks to attract qualitative and diversified strategic investments that have the greatest impact on Jericho Governorate in terms of encouraging internal and external tourism and creating various job opportunities during the project development stages and after completion, in order to achieve a qualitative transfer in various sectors of sustainable economic and social development.



Major Offers and campaigns for Paltel Group Companies

Palestine Cellular Communication Company (Jawwal)



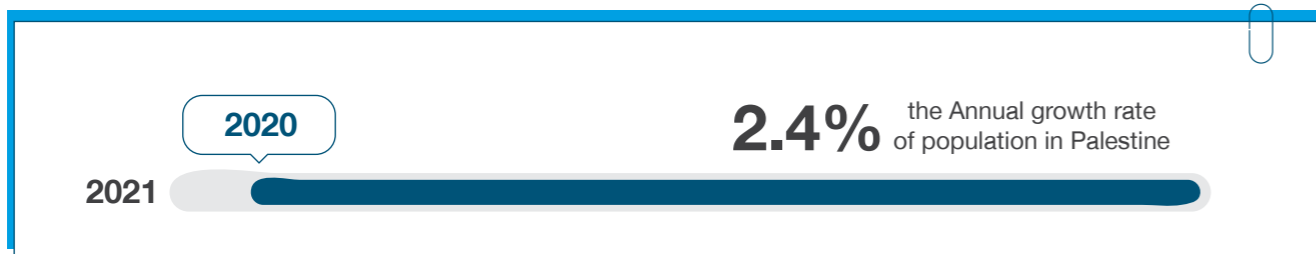
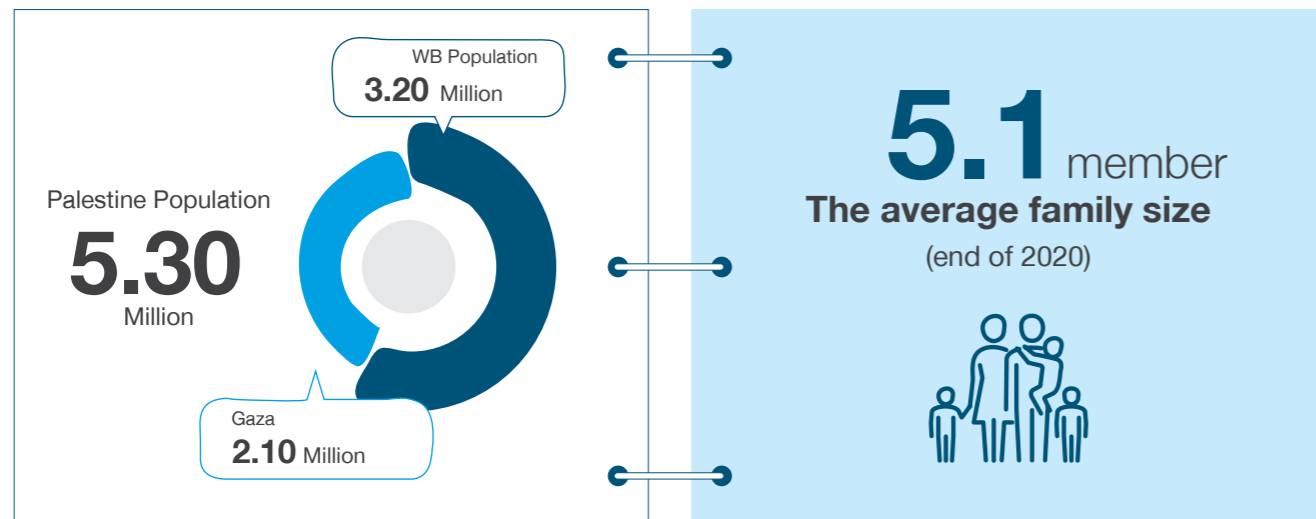
Palestinian Telecommunications Company (Paltel)



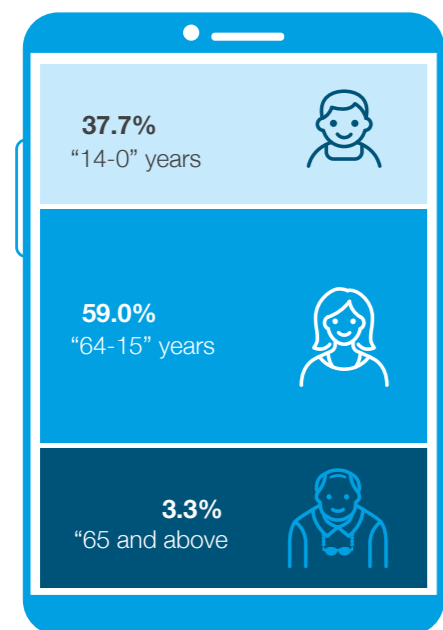
Hadara Technology Investment Company (Hadara)



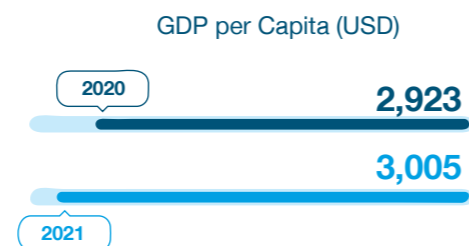
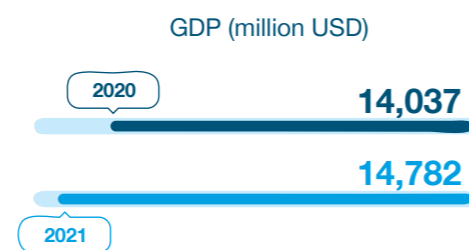
Competitive Analysis



Values of the year 2021 were estimated based on the first nine months



Values of the year 2021 were estimated based on the first nine months



ICT Sector in Palestine

- Despite the limited capabilities and the political and economic restrictions imposed by the occupation on the technology sector in Palestine, the quest for development and bringing the latest technology in the world remains the most important priority of the sector's pioneers and official bodies in it. We saw E-wallets, fiber to the home network projects, and the pursuit towards the fourth generation, all of which indicate the eligibility of the Palestinian people to use the latest technology services.

Therefore, the role of this sector is to develop the Palestinian standard of living and achieve economic independence. It is worth noting that the private sector in the communications and information technology sector and the official and supervisory bodies in it continue to participate internationally and regionally to get acquainted with the latest developments, and make every effort to bring them to Palestine and strengthen its position in this field.

Statistics issued by the Palestinian Statistics bureau and the Ministry of Communications and Information Technology showed that the number of establishments in this sector reached 938 out of 158,590 economic establishments in Palestine. The number of employees in this sector reached approximately to 8,736 out of the total employees in various Palestinian economic sectors, Forming 0.93%. knowing that the communications and information technology sector constitutes 2.4% of the Palestinian gross domestic product, as of the end of the year 2021.



Competitive factors analysis

The Ministry of Communications and Information Technology realizes the importance of establishing the characteristics of fair competition and integrity in this sector, given the importance of this measure in enhancing the sector's economic and social role and ensuring the highest levels of quality at reasonable prices for the Palestinian consumer. This measure includes telecommunications companies and Internet service providers. And despite the ministry's efforts to control the sector internally, the illegal Israeli interference in the Palestinian network and the Palestinian territories area by installing mobile network booster towers for the Israeli networks is one of the biggest challenges for the ministry and the private sector, as the occupations' cell companies offer prices that aims at destabilizing the status of Palestinian companies. It is worth noting that the competitive position of each company was reviewed separately in the business sectors section of this report.

Palestinian Information Systems Association (PITA)

The Palestinian Information Systems Association (PITA) represents more than 158 companies operating in the ICT sector, which is one of the most important emerging and startup companies in Palestine. PITA was established in Ramallah in 1999 by a group of Palestinian businessmen, who shared the vision of establishing a Non-Profit organization to deal with the interests of the ICT sector in Palestine and to highlight the positive societal impact achieved by this sector. Since then, PITA has become a major force in promoting the interests and role of the ICT sector, and the main source of information about this sector in Palestine.

Relationship with the ministry of Telecommunication and Information Technology

The Ministry of Communications and Information Technology is the main and official body representing this sector in Palestine, and accordingly, its primary role is to enable what was previously mentioned regarding the sector's role to enhance the economy and keep pace with the latest global technology to be applied locally. It is worth mentioning that given the existence of a new telecommunications law, the most prominent points of this law included the formation of an independent authority to regulate the telecommunications sector, provided that there would be an independent board of directors for the regulatory authority.

The Ministry supervises the development of the infrastructure, the quality of services that reach the Palestinian subscriber, and matters related to fair competition to protect the Palestinian consumer from any unhealthy repercussions. The Ministry plays its role as a governmental system to follow up the application of modern technology in all government facilities and to develop its technological applications to enhance its efficiency.



The Group deals extensively with the ministry to accomplish several matters regarding infrastructure and digital expansion issues, especially expansion through the home fiber network and matters related to obtaining the fourth generation and the necessary political repercussions with all parties. Also, the Group's role is essential in cooperation with the ministry regarding its operations being the largest company in this sector and its duty to initiate various projects to encourage all companies and members in this sector to do their duty towards the general technological environment in the country.



Research and Development

Paltel Group is carrying out studies about digital products that can be applied and provided to subscribers, bearing in mind that there are many services that have been applied globally, but the occupation puts an obstacle on their existence; Accordingly, Paltel conducts studies regarding the fiber to the homes network, data centers and digital services for both individuals and companies. Jawwal is researching everything related to digital financial portfolios, fourth generation services, and electronic stores. On the other hand, Hadara is developing entertainment content and investing in emerging companies, in addition to the idea incubator "Fikra" that invests and enhances the presence of pioneering ideas in Palestine to create modern digital solutions at the global and regional levels.

International Quality Standards

The quality of the Group's companies' products has reached its highest levels, and it is still maintaining its development. Paltel lines are now comparable to their regional and Israeli counterparts, despite the limited equipment allowed to be brought in due to the political situation. The Group continues its endeavors to bring modern solutions and provide its subscribers with it and give space for competitors in the sector to expand its leading role in the field of communications and technology. The Group also represents Palestine regionally and globally with regard to its field of work as it has the largest infrastructure and the largest subscribers base.

It is worth noting that Jawwal still holds the ISO 14001 quality standard and is still a pioneer in the cellular communications sector for about 3 million Palestinian subscribers, and Reach is still committed to applying the necessary standards to maintain the quality standard of ISO 27001, which aims to control quality and security policies (Certification Integration Quality Assurance System and Policy).

Intellectual property and Patent Rights

Since the Group companies are the pioneers in their fields and since they have provided their services to their subscribers over many years, their logos and trademarks have become a quality standard and a symbol of the Palestinian telecommunications sector symbols. Therefore, the Group companies maintain the property rights of these trademarks in order to protect the quality of the service that the Palestinian consumer obtains, and in order to avoid any fraud or forgery and to ensure the highest credibility between the company, its subscribers and other related parties.

- Distinguishing the services, advertisements and logos provided by the Group companies to protect the Palestinian consumer and ensure non-counterfeiting and impersonation.
- Commitment to the Palestinian trademark laws, which impose brand distinction and non-violation of public morals and regulations.
- The Group registers each of its current and potential products, as these trademarks are to be used by the subscribers of the Group companies who have placed their trust in these services during the past two decades despite the attempts of the occupation to hack these services
- Ensuring the preservation of the trademarks of the Group's subsidiaries at the local and international levels due to their national and economic status in Palestine and their representation in many countries.

Branches and Showrooms of Paltel Group Companies

	Number of showrooms 18 \ 8	Main and Sub dealers 432	Points of sale 2195
	Number of showrooms 14 \ 6	Main and Sub dealers 12	Sub dealer 512
	Number of showrooms 6 \ 2	Sub dealers 410	
	Two branches		
	One branch		

Sustainability

Paltel Group aims at achieving sustainable development for its productivity and provide the necessary resources and possibilities that would achieve the Group financial and operational objectives, through the following:

- Determine the objectives and desired results by adopting the concept of sustainability, which is summarized in enhancing the company's competitiveness, increasing profit margins, working on expansion and entering new markets to take advantage of the available investment and operational opportunities.
- Identify the parties that affect and are affected by the company's activity, involve them in the decision-making process and provide the necessary information that enables these parties to know and define their expectations regarding the financial performance and potential opportunities that the Group may be able to achieve in the future.
- Transforming the Group's vision and goals into an action plan that the management adopts and consolidate with employees, suppliers and shareholders.
- Allocate part of the annual budget to develop in the Group's staff and its companies, which ensures the creation of an internal environment that embraces the concept of sustainability and implement it in the various stages of production and service provision.

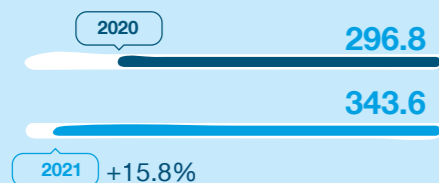
Financial and Operational Outcomes

Financial Indicators

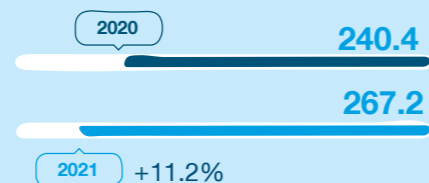
The year 2021 resulted in achieving distinct profits and returns for shareholders, as the Group achieved a net profit attributable to shareholders of the parent company by 67.4 million dinars, compared to 43.0 million dinars in 2020, and this indicates the Group's ability to maintain its subscriber base and provide the best services to them, in addition to the distinguished performance of the private investment portfolio. In the Group, the earnings per share amounted to 0.512 dinars during the year 2021, compared to 0.327 dinars in the year 2020.

The Group's revenues increased by 15.8% compared to the year 2020 to reach 343.6 million dinars during the year 2021, knowing that the positive impact of the currency contributed to the increase in revenues, and despite the increase in revenues, the Group companies still face the illegal presence of Israeli operators in the West Bank. In addition to the local competition for the services provided. As for the key financial indicators, the percentage of net income attributable to the shareholders of the parent company increased to 19.6%, while the percentage of gross profit decreased to 77.8%, EBITDA percentage decreased to 38.1%, and the operating income percentage increased to 2%.

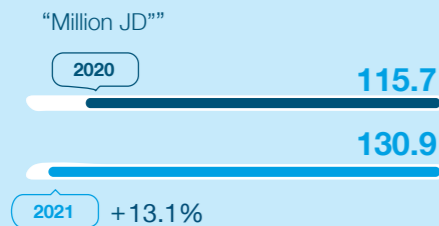
Operating Revenues "Million JD"



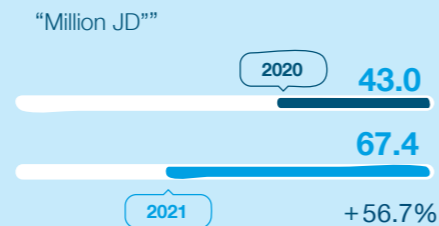
Gross Profit "Million JD"



Earnings before interest, taxes, depreciation and amortization (EBITDA) "Million JD"



Net profit attributable to parent company shareholders "Million JD"



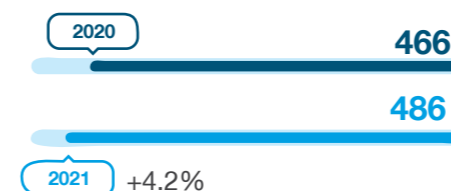
Operational Indicators:

As for the subscriber base and the total number of subscribers for the Group companies, it increased by 0.8% compared to the end of the year 2020, to reach 3.872 million subscribers. This raise was the result of the increase in the number of fixed line and internet subscribers.

The average monthly revenue per subscriber in the wireless communications sector increased by 14.5% to reach 5.30 Jordanian dinars, while the monthly revenue per subscriber in the wired communications sector decreased by 2.8% to reach 5.81 Jordanian dinars.

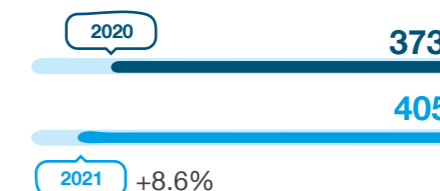
Number of fixed lines

in thousands



Number of High Speed Internet lines

in thousands



Number of Cellular Lines (in millions)



Debts

As for the Group debts, financial commitments, and facilities granted, the balance of the overdraft account utilized by the Group on December 31, 2021 amounted to \$6.3 million (equivalent to 4.5 million Jordanian dinars), out of the credit facilities ceiling of \$110 million (equivalent to 78.0 million Jordanian dinars). During the year, the Group signed a long-term loan agreement with a regional bank in the amount of \$20 million (equivalent to 14.18 million Jordanian dinars) and a long-term loan agreement with a regional bank in the amount of 75 million shekels (equivalent to 16.34 million Jordanian dinars), in addition to a long-term loan with a local bank in the amount of 100 million shekels (equivalent to 21.79 million dinars).

While the total credit facilities and the current ceiling of long-term loans amounted to 52.6 million Jordanian dinars as of December 31, 2021.



Financial Indicators

Paltel Group always seeks to apply the criteria of financial analysis and performance evaluation by using financial ratios and forecasting future performance to study the performance of the Group and its subsidiaries in order to maintain a solid financial position. It provides quarterly analytical financial reports to follow up on the financial position through performance indicators, in order to achieve sustainable profitability and maintain the efficiency of the Group's financial position.

The required analysis are prepared based on multiple studied criteria and are based on the approved analysis criteria. These analysis are carried out at the financial and operational levels, and compared with other similar companies in the region, in order to ensure that the required levels in the ICT sector are maintained.

Profitability Ratios	2021	2020
EBITDA Margin	38.1%	39.0%
Operating profit Margin	24.0%	21.7%
Net Profit Margin	19.6%	14.5%
Return on Average Assets (ROaA) ¹	11.1%	7.3%
Return on Average Equity (ROaE) ²	14.5%	8.1%

Liquidity Ratios	2021	2020
Current Ratio (times)	1.13	0.78
Quick Ratio (times)	1.01	0.68
Cash Flow from Operations to interest Expense (times)	20.9	11.7
Cash Flow from Operations to CAPEX (times) ³	4.4	3.3

Financial Leverage Ratios	2021	2020
Total Liabilities to Total Assets	41.2%	45.0%
Total Liabilities to Total Equity ⁴	73.0%	85.5%
Interest Bearing Debt to Total Assets	14.2%	19.7%
Interest Bearing Debt to Total Equity	25.1%	37.5%
Total Long-term Debt to Total Equity and Long term Debt	12.6%	14.2%

¹ The return on Average Equity was calculated using the net profit excluding other expenses and revenues.

² The return on Average Assets was calculated using operating profit plus the results of investment activities, and the Group's share of the associate's results.

³ Capital expenditures do not include investment in intangible Assets

⁴ Owner's equity does not include the ownership rights of non-controlling interests.

Investments

Paltel Group invests in securities listed in the local and regional markets in order to maintain high liquidity investments. Its investments are divided and classified as follows:

(Investment classification (Thousand JD	Local	Regional	Total
Fair value through profit and loss -FVTPL	7,191	17,751	24,942
Fair value through other comprehensive income -FVTOCI	37,900	107,036	144,936
Total	45,091	124,787	169,878

Investment Policy

The Group seeks to continuously prepare and update its studies of the public investment environment and its private investment portfolio, in order to maintain an equal portfolio formed of shares in locally and regionally listed companies and shares in private stock companies. These investments are characterized by stability in the face of political and economic fluctuations, which are distributed over the banking sector, real estate and investment companies. This is in addition to the Group's investment in the telecommunications sector and its infrastructure, which is the source of the basic revenues and profits for the Group.

The Group's investments are distributed over the aforementioned sectors in the form of an investment in the Jericho Gate Company, which is a subsidiary company, and the Group's share in the Arab Bank with an ownership percentage of 3.1% of the bank's capital, in addition to its investment in Cairo Amman Bank, the National Bank, PADICO and others. The financial assets in fair value presented in the income and comprehensive income statement have reached 169.9 million dinars at the end of 2021, compared to 133.6 million dinars at the end of 2020.

It is worth mentioning that the Group's board of directors decided during the year to spin-off the real estate assets and investment portfolio from the Group by establishing a new company that will be owned by the shareholders of Paltel company, so that the focus is on communications and investment operations, each separately. Knowing that the spin-off of assets is expected to show additional value to shareholders, which would increase the cash and capital returns on their investments.



Contribution to other activities and companies

The Group invests in vital sectors that enjoy stability and high liquidity. These investments are distributed in leading Palestinian and Jordanian companies, the most important of which are:

Country	Company	Number of shares		Percentage of ownership		Market value (JD)	
		2020	2021	2020	2021	2020	2021
Jordan	Arab Bank	82,399,992	97,799,990	3.1%	3.1%	19,999,998	19,999,998
Jordan	Cairo Amman Bank	11,725,370	15,522,158	5.9%	5.9%	11,167,020	11,167,020
Palestine	PADICO	23,381,449	37,470,271	16.9%	16.9%	42,279,573	42,279,573
Palestine	The National Bank (TNB)	14,032,706	17,099,456	14.3%	14.3%	13,107,451	15,073,568

- The number of shares owned by Paltel Group in the National Bank increased, while the ownership percentage stabilized as a result of the secondary public subscription that the bank offered during the year 2021.
- The Board of Directors decided to sell the (42,279,573) shares owned by the Palestinian Telecommunications Company in Palestine Development and Investment Company (PADICO).
- Paltel Group invests in unlisted companies in the financial markets, such as VTEL with a percentage of 26.9%, which is the Group's external investment arm in the telecommunications sector in the region.

Paltel Group's Operations and activities outside Palestine

In addition to the various financial and operational investments made by the Group locally, the company's operations also extend outside Palestine, mainly through VTEL, which is the Group's investment arm in the telecommunications sector in the region.

Management's assessment of the financial position

The Group's management is constantly conducting studies on its financial performance, comparing it with its regional counterparts and with its performance in previous years, and preparing future studies on the expected situation, taking into account the political, economic and operational factors, the company's competitive position and potential challenges. The Group maintained its borrowing ratios during the year 2021, where the borrowing ratios from the total assets amounted to about 14.2%, and the Group's strength has stabilized through its financial position with the total assets reaching to 867.9 million dinars at the end of 2021 compared to 816.1 million dinars at the end of the year 2020.

In terms of the working capital, it reached 28.2 million Jordanian dinars by the end of 2021, compared to -53.7 million dinars in the year 2020, and the liquidity ratio (current assets over current liabilities) reached 1.13 times compared to 0.78 times in 2020, and this demonstrates the Group's sufficient ability to fulfill its short and long-term obligations, knowing that the Group is seeking continuously to improve these ratios on a permanent basis from what it has succeeded in recently.

In addition to that, the Group enjoys a robust financial ability, efficiency and liquidity compared to its counterparts in the telecommunications sector and other companies in the Palestinian private sector. Paltel Group is distinguished by achieving high cash returns on its shares, which made it one of the best returns for telecommunications companies in the region and other listed companies in Palestine.

The total cash balance of the Group at the end of the year 2021 reached 94.8 million dinars, compared to 46.6 million dinars in the year 2020, knowing that the Group continued to develop the infrastructure and invest in many opportunities available during the year, including the secondary subscription of the National Bank and "Jawwal Pay" company, in addition to distributing approximately 39.5 million dinars on its shareholders during the year, and a commitment to support the Palestinian people through its various programs.

The short-term credit facilities reached 6.1% of the total assets, and long-term credit facilities reached 8.1% of the total assets at the end of 2021. It is worth mentioning that these ratios are acceptable as general indicators of the telecommunication companies operating in the region. Therefore, the Group enjoys full eligibility to borrow and a financial position that helps it to repay and fulfill all its obligations.

Risks

The risks that the Group may be exposed to revolve around its operational and investment operations. Accordingly, financial analyses are carried out besides daily, weekly, monthly, periodic and annual reports are prepared on the performance of the investment portfolio, as well as a review of weaknesses and strengths. Knowing that the nature of the companies in the portfolio enjoys moderate risks and solid positions in the face of multiple fluctuations.

From an operational point of view, the risks revolve around the services that the Group provides to its subscribers through its subsidiaries, such as the presence of Israeli piracy in the Palestinian territories, the existence of illegal support networks, placing restrictions on the import of equipment from abroad and preventing the entry of equipment to the Gaza strip, beside other restrictions that the occupation places on a daily basis as part of its agenda to downsize the Palestinian economy and limit raising the living standard for the Palestinian people as a whole. However, the companies, by extending their services across the country and the distinguished levels of quality they provide to their subscribers, have mitigated and lessened these risks. It is also worth noting that one of the risks to which the company's operations are exposed is the fluctuation of currency exchange rates. However, forward currency contracts are concluded with banks on a permanent basis to hedge against these risks in order to maintain the levels of revenues and to overcome these fluctuations.

It is worth mentioning that all departments in all companies follow up on their operations and set the plans to face competitive and economic challenges, besides developing and implementing practical plans to face various matters that may arise. The experience of the staff in this field has increased later to overcome the challenge of the Corona pandemic, knowing that it was not taken into account. Accordingly, there are now possible plans and broader aspirations, with more scenarios being developed for the risks that may arise, and therefore the Group is today stronger than ever before in facing the different forms of potential risks.



The Group Overcame Obstacles And Proved Its Ability To Adapt To Various Circumstances



● Paltel Group Family

HR Achievements during 2021

For the second year in a row, the Corona pandemic imposed its restrictions on the human resources departments in the Palestinian Telecommunications Group, as the year 2021 posed an additional challenge to the human resources management in the Group and its companies due to the continuing impact of this pandemic and its extension on the year 2021. However, we at the HR department joined the year 2021 equipped with plans and ready for all possibilities with absolute positivity, despite the continuation of the decisions of home quarantine and social distancing and the commitment to the required prevention stipulated by the Palestinian government, the Ministry of Health, the World Health Organization and the Group's emergency plan. Thus the Human Resources Department continued to organize remote work, and to manage employees in a new way and provide tools and means to facilitate the flexibility of remote work in companies, and to ensure that all employees have the ability to adapt, commit and achieve, in order to maintain the safety of employees and to ensure the continuity of service provision to customers and to ensure sustainability, This is because remote work until the middle of the year 2021 was a security and preventive requirement, and at times it was mandatory due to the outbreak of the pandemic. The human resources department in the Group and its companies continued and accumulated their achievements and succeeded and excelled in managing this crisis with high professionalism, which ensured the achievement of high efficiency and effectiveness of the companies' performance. Among the most important of these achievements is the development of work mechanisms in human resources in line with the requirements of dealing in light of this crisis, as represented by the following:

- Continuing to work remotely in light of the Corona crisis.

The continuation of the Corona crisis during the year was a motivation to develop the human resources work mechanisms of the Group and its companies, as the work mechanisms became more flexible to keep pace with these conditions, and the emergency plan that was prepared at the Group level to deal with the circumstances continued, by preparing the infrastructure, systems and tools that enable its employees to carry out their job duties and facilitate their work remotely. Effective communication between work teams was maintained through periodic meetings using visual platforms, and continuous events were organized on the internal staff page to maintain employees motivation and keep them informed of work requirements and raising awareness regarding the preventive measures followed in companies.

- The prevention and safety measures against the Corona virus were followed to ensure the safety of our employees, and this was represented by providing the vaccine to all employees of the Group companies in coordination with the Ministry of Health, and completing the vaccination of all staff members according to the protocol followed and circulating all instructions and preventive measures of the coronavirus. In addition to continuing to work on mechanisms to follow up on employees infected with the virus and those in contact with them.
- Upholding the internal structure and enhancing employees affiliation with the company through internal communication tools and social media platforms.
- Paltel received the gold award through their participation in the International Customer Awards competition for the year 2021, for the employees' experience in the Corona crisis and the way they managed it.
- Enhancing and emphasizing the concept of lean management in corporate operations with the aim of creativity in serving our subscribers and providing high quality service in light of the challenges imposed by the pandemic.
- Cooperating with various medical authorities in order to promote and spread the health culture among the employees in the Group companies, the most important of which was the methods of preventing the Corona virus and conducting various medical examinations.
- Establishing a health clinic at Jawwal through which the health conditions of the employees are monitored according to the directions of the company's medical advisor.
- Launching the Fikra Challenge Program through the Group's Innovation Center "Fikra", with the aim of motivating employees in various companies to launch their creative ideas to develop and accomplish business more effectively.
- Attracting entrepreneurs and people with experiences and creative ideas, benefiting from them and their pioneering ideas, and adding them to the Fikra Center.
- Continuous update of the various electronic HR systems in the Group companies, which enhances and facilitates the internal communication process between employees in light of the challenges imposed by the Corona pandemic.
- Providing the largest number of opportunities to train university students to give them the opportunity to see the job practical side and facilitate their entry into the labor market, which sometimes is a pre requisite for their graduation.
- Adopting and implementing information security policies and implementing awareness and education programs for employees regarding company data protection procedures.

Qualification and training programs in 2021

We are proud that the Group and its companies continue to embrace university graduates and qualify them and increase constructive cooperation to create job opportunities for new university graduates. Therefore, both Jawwal and Paltel have continued to accommodate new graduates within their training programs, such as "Go Professional" at Jawwal and "Step" at Paltel, as well as more programs for new graduates at Reach Company. These programs seek to enhance the graduates' skills and develop their capabilities through practical experience in a real work environment, through a long, solid and specialized team of corporate employees to transfer their scientific and practical experiences to university students.

Hence, Paltel Group was distinguished as a well-established economic institution concerned with the educational sector and youth, and from this point of view, the cooperation agreement with Al-Quds University was renewed within the bilateral education program through Jawwal. This program is based on the principle of integrating practical experience with academic achievement during the student's years of study, to ensure qualifying students with the necessary experience when starting their working journey.

Key Applicable policies of HR in Paltel Group

Paltel Group applies clear, accurate and precise policies to create obvious and transparent monitoring systems that regulate the employee- subsidiary relationship. These key policies are:

Recruitment Policy

The process of attracting and capturing qualified human competencies is the most important task of HR departments. Thanks to the skills and experiences that these staff members add, the company can stay strong and continue its growth without obstacles. Accordingly, Paltel Group and its subsidiaries sought to implement a solid recruitment policy that aims at investing in the human staff, which is the main essential pillar to successful operations. Therefore, the Group seeks to attract and capture the best qualified personnel to provide the best services to its subscribers, depending on the standards of transparency and quality and clear foundations in the procedures for appointments, interviews and recruitment. Based on that, the applications of candidates submitted on the websites of the companies are studied according to the above professional foundations, to keep the Group companies a platform to give opportunities to all Groups and for those whose qualifications match the requirements of the job vacancy. The interviewing committee selects the most suitable candidates based on the recommendations issued by the committee, and thus the employee is selected based on his scientific and practical qualifications, behaviors and technical knowledge to get the job as the most qualified candidate.

Training Policy

Given the importance of training and development and its role in empowering the employee and enhancing his/her performance and increasing his/her productivity, Paltel Group always strive to provide its employees with qualitative training aimed at refining and developing their technical skills, and for the employee to be fully aware of recent developments in his field of work. Priority is also given to courses for behavioral competencies and the nomination of employees to participate in global and regional conferences in the field of information technology and others.

with the continuing impact of the Corona crisis on various aspects of life in 2021 and the consequent travel and movement restrictions, which affected the organization of the training programs, the Paltel Group and its companies continued to search for solutions to maintain the training system and the continuation of training and development processes for employees while ensuring the effectiveness of training plans and achieving their objectives in accordance with the approved training plan within the budget prepared for that. Therefore, the transition to virtual training was made in light of the Corona crisis, which allows the trainee to attend interactive training programs without the need to move to the training halls within the policies of adhering to health standards through the approved platforms for this, which also contributed to reducing the logistical costs of training and costs related to transportation and travel expenses and accommodation. Added to that, the possibility of holding various training meetings with a large base of trainers and consultants inside and outside of Palestine.

The Group and its companies give priority to the training of university students, and continued this approach by providing training opportunities for students, to give them the opportunity to expand horizons, increase their professional and technical expertise and understand the practical aspect in a broader manner to facilitate their entry into the labor market.

Incentives Policy

The incentive system in Paltel Group and its subsidiaries aims to appreciate the efforts of employees, raise their spirit of institutional loyalty, encourage teamwork, encourage and motivate employees to raise the level of performance, and create an atmosphere of fair competition amongst them. In light of the continuation of the Corona crisis in the year 2021 and its consequences that cast a shadow on the wheel of the economy, the Group carried on with motivating its employees by continuing to apply advanced and fair systems of bonuses and rewards that are related to the personal and job performance of each of them.

These incentives and rewards have been included in the framework of special systems and policies, such as the Provident Fund, the Social Solidarity Fund, the health insurance for the employee and his family, the Medical Care Fund, the Social Welfare Fund, granting universities colleges for the children of employees, the graduate studies policy, the bachelor's degree policy and professional certificates, in order to motivate employees to enroll in universities; Other than providing benefits and annual bonuses to employees to enhance affiliation and loyalty towards the company.

Paltel's HR department Future plan for the year 2022

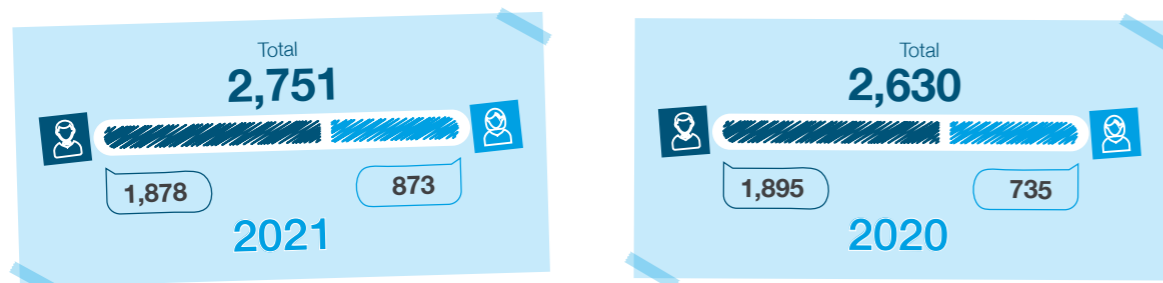
- Employee's health is our priority. Promoting medical examination programs that preserve the health of the employee.
- Orientation towards digital transformation in all transactions related to employees.
- Enhancing the concept of artificial intelligence among employees through special programs.
- Follow-up and development of the remote work mechanism and review the necessary needs for this in case of any emergency.
- Enhancing creativity and innovation programs that would launch creative ideas among employees.
- Transferring to e-training in topics related to competencies and skills and focusing on qualitative and specialized training in various fields.
- Continuing to automate procedures and mechanisms and developing systems and programs that would reduce the time and effort required to complete the work.
- Enhancing the spirit of loyalty and belonging of the employees in the company at all their functional levels.
- Organizing activities to encourage creativity and innovation among employees.
- Upgrading health insurance services and systems for employees.
- Develop and plan a career path strategy for employees.
- Work on updating departmental structures in line with the company's objectives.
- Increasing the base of training opportunities for students, and developing means of cooperation besides enhancing communication with universities and educational centers.
- Designing and implementing plans to build talents, and job competencies in the company to qualify a staff of employees who are able to lead the company and develop its businesses.

Number of Staff at Paltel Group and its subsidiaries (2020-2021)

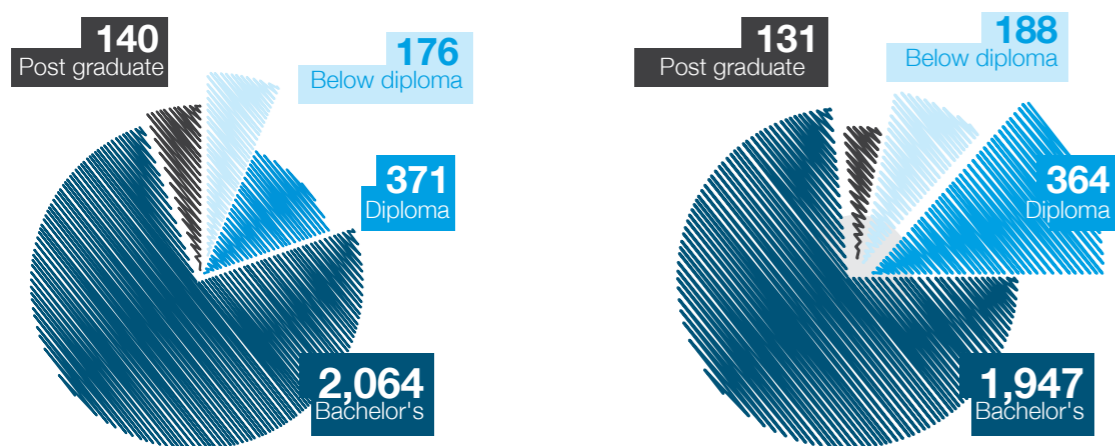


* Most of Hadara's employees were transferred to Paltel due to the technical combination between the two companies.

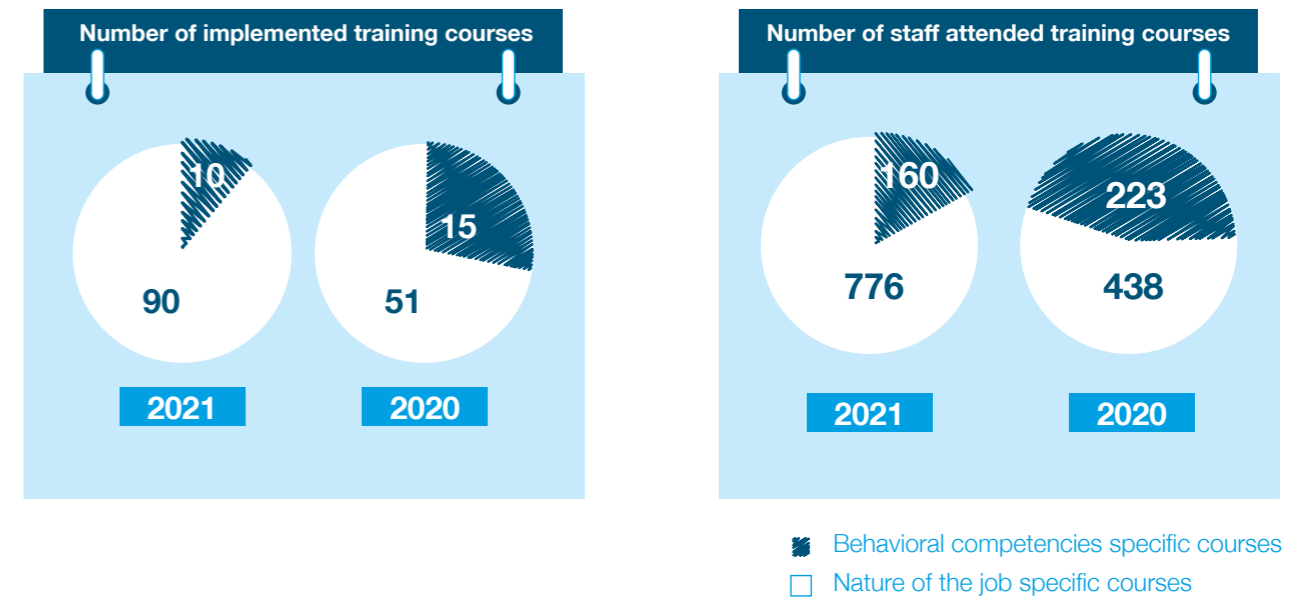
Classification of Paltel Group and its subsidiaries by gender (2020-2021)



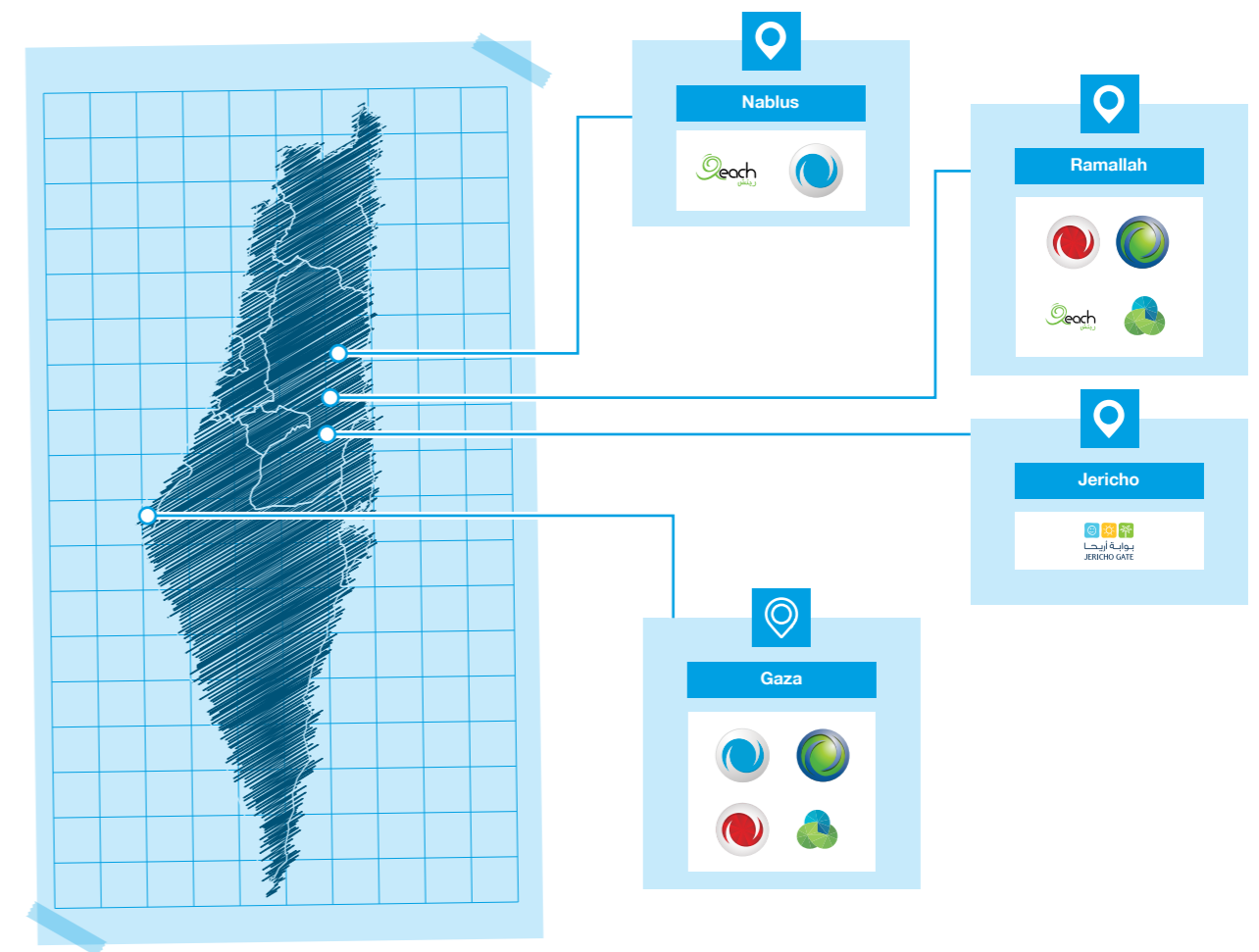
Classification of Paltel Group and its subsidiaries by education (2020-2021)



Summary of Training Courses (2020-2021)



Addresses of main branches of Paltel Group and its Subsidiaries



Paltel Group Innovation Hub "FIKRA"



Paltel Group Innovation Hub "Fikra" is the desired place for entrepreneurs, and talented professionals who are ready to advance and promote the technology sector and entrepreneurship in Palestine.

Our mission is to lead the transformation process and promotion of entrepreneurial culture to empower entrepreneurs and free lancers to experience, develop and spread their ideas and initial products.

The Hub has opened its doors to start-ups and their ideas to provide them with a space for joint work equipped with the up-to-date technologies, and empowered them by providing mentorship and training sessions, and linking them to a wide network of experts in all fields. In addition to providing financial support in return for a share in the start-up, as it is the first private sector investment fund in Palestine.



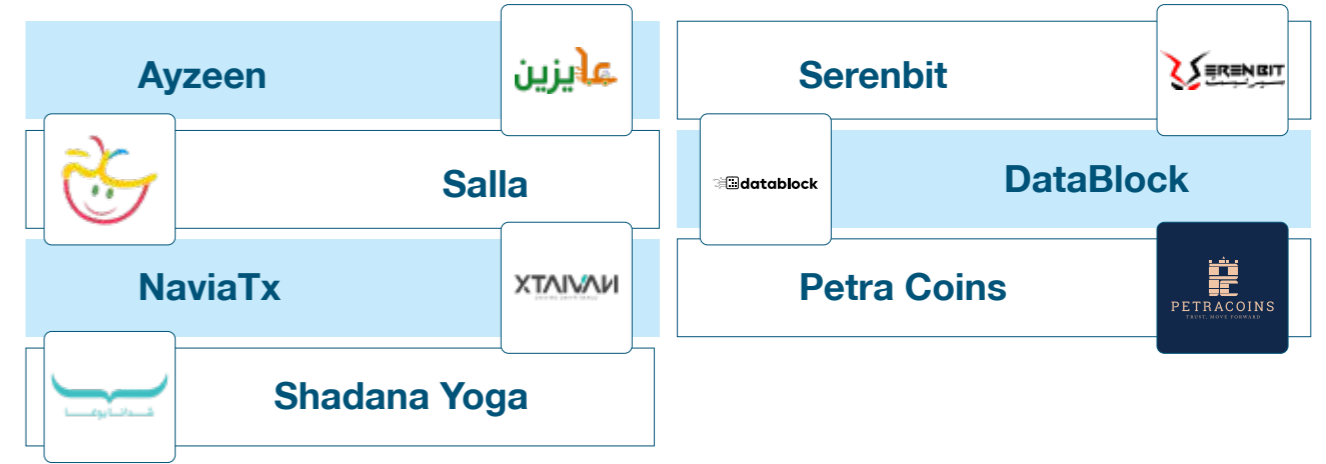
Vision & mission

Our vision is to create a thriving and collaborative community within the co-working space, comprising members who believe in joint knowledge, productivity, and positive social and economic impact. Thus, our mission is to provide entrepreneurs with the opportunity to explore their interests and offering them the knowledge, skills, infrastructure and funding needed to successfully implement their ideas. Fikra's co-working space is not just a platform for developing a positive impact in people's lives; it can also have a positive impact on a broader global scale, which is why we aim to become a leading center for creativity and innovation in the region.



Co-working Space program

Through this program, more than 12 startups were hosted this year in the co-working space, which included the following companies:



Services offered to co-working space members include:

Networking with potential clients and donor programs	Shared office space with high speed internet
Media coverage on Paltel Group companies' pages	Guidance: Business and Investment Model
Support and services from the Paltel Group companies	



Fikra Talks Program:

Through this program, high-quality dialogue sessions were hosted and held, besides communicating with local and regional stakeholders in the Entrepreneurship and Innovation ecosystem which aims to support entrepreneurs:

IPSD Co- Investment Grants Program with the World Bank IPSD Project, with Mr. Khaled Abu Al-Khair

Wamda: Realities of MENA Investments with Wamda. with Professor Saeed Al-Asaad

Co-Investment Grants Program



Realities of MENA Investments with Wamda



Startups MENA 500 with Amal Dukhan

How to Pitch to Investors with Sage & Global Innovation Catalyst



Many activities have also been carried out with local and regional partners

Agriculture Technology Hackathon with Flow accelerator	Arab Block chain Week with Al Barza Company
Training on data science bootcamp with Al-Quds Institute for Technology	Companies offer with the Palestinian diaspora with GrowHome for the purpose of investment
Virtual and Augmented Reality Training Program	Develop the Fintech Sandbox Program with the Palestinian Monetary Authority
Tracking Agribusiness Using DLT with Incube Company	3D printing workshop with the Palestinian Energy Incubator

The following companies have also been linked and networked with the Group companies, some of which are now in the stage of testing the possibility of partnership:

A platform for professional vocational training. Networking initiated between them and Jawwal		Empowering people with flexible and cost-effective fitness way, to manage a healthier lifestyle	
An interactive tool that helps companies acquire and retain more customers through incentives and loyalty programs		Userpilot helps corporate product teams increase user adoption through powerful, event-driven product experiences and un coded aggregate information.	
It offers smart management for smart cities. Designed to provide a simplified user experience, it gives you access to almost all key capabilities, without the need for prior technical experience.		An online platform to make it easier to find and book home services, and also evaluate cleaning, maintenance and other home care services	



"Fikra Challenge" Initiative

The "Fikra challenge" is concerned with promoting entrepreneurship within Paltel Group companies. This program included several elements, including the involvement of the executive management in launching the challenge and encouraging company employees to present their ideas and participate. Arbitration and guidance teams were formed within Paltel Group companies.

Then, the inspiration stage was implemented by hosting Ms. Maya Moukbel, the Director of Innovation at Ericsson, followed by a workshop on Design Thinking that was held by Mr. Ammar Nada and a seminar with the entrepreneur Ahmed Al Ramahi.

 Ahmad Ramahi CEO and Founder of WeDeliver Wed. September 1 st 10:00 AM	 Maya Moukbel Head of Innovation Ericsson Middle East and Africa Wed. September 8 th 01:00 PM	 Ammar Nada Strategy and Analytics senior consultant with Deloitte Thursday, Sep 16 th 02:00 PM
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82 idea requests were received on the application of the "Fikra Challenge" via the platform, and 12 ideas were selected by the jury to continue the stage of capacity building by preparing the business model for the idea. Consequently, it will be presented to the final committee consisting of the executive management next year.

 82 Fikra Applications on "Fikra Challenge App"	 12 Ideas were chosen by the jury
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The final presentation and winners of the Fikra challenge will be fulfilled in (2022)

Networking and interaction with the services and products of the start-ups and Paltel Group companies.

Launching the virtual Jawwal exhibition in cooperation between Jawwal and the start-up " Immesense" hosted at Fikra Hub

The first 3D virtual exhibition was launched using virtual reality glasses that aims to display the programs, offers and mobile devices that Jawwal provides in Palestine to its customers through its exhibitions. The user can choose the smart device he wants by choosing the manufacturer of the device, then preview it using hands in the virtual world. In order for the user to purchase the device, he/she must choose the installment period that suits him and the billing program he wants, and then enter his mobile number so that the sales department can follow up on his request.



Fikra seed fund program was launched

51 applications were submitted to the program, and then a shortlist of 13 startups were invited to present their ideas to Paltel Investment Committee.

Shabbikni	Deelzat
Jaru	CrowdPoll
JeelCode	



Investment Fund Companies

weDeliver continues to make progress by adding a software team in Gaza, developing operations and company registration, and increasing sales to 2,900 deliveries per day in Saudi Arabia. It is worth noting that the amount of \$2.5 million was secured from several local investors as an investment.



Kitab Sawti, which is considered one of the largest platforms for arabic Audio books in the world, and which was acquired by Storytel International, has also been completed.



GOVERNANCE

- **Compliance with Corporate Governance**
- **Legal Disclosures**
- **Board of Directors**
- **Internal Monitoring & Audit Systems**
- **Investors & Paltel Stock**

Compliance with Corporate Governance •

PP

Paltel Group strives to excel at all levels of the Palestinian private sector, and therefore the Group considers compliance with the rules of governance as one of the most essential foundations for upgrading the Palestinian business sector to attract foreign investments and gain the confidence of local investors. Accordingly, the Group relies on the memorandum of association and articles of association, bylaws, legislations, internal policies, legal and supervisory directives, and accounting standards in order to prepare its financial statements and disclosures about all matters related to the company's financial, legal and strategic business, and publish it on newspapers, social media, annual general assembly meetings, and in any other form that the Group deems effective to communicate information to the public of shareholders and related parties.

PP



Palestine Capital Market Authority

Palestine Capital Market Authority was established pursuant to Article (2) of the capital market Authority Law No. (13) of 2004 to regulate, supervise and control performance of securities, insurance, mortgage, and financial leasing sectors, and in order to obtain the corporate personality, financial and administrative independence and legal capacity to carry out the supervisory work on the sectors mentioned. PCMA aims to regulate these sectors and ensure that their practices are in compliance with the applicable transparency standards, while ensuring their commitment to permanently develop their procedures in accordance with the highest levels of international practices and standards of credibility and integrity. The authority carries out these responsibilities by setting forth legislations and work systems, and publishing circulations to the companies and stakeholders so as to protect and ensure their sustainability and stability whilst protecting dealers as well given their economic and social significance thereof. The Authority monitors initial and secondary public offerings of listed companies as a part mandate aiming to regulate the securities sector. The Authority's work with regard to the securities sector revolves around controlling and supervising the issuance of securities, disclosures, licenses, and determining trading commissions, in addition to public or secondary subscription, listing, capital increase, and others, while ensuring the organization of the work of Palestine Exchange and the companies listed therein.



Palestine Stock Exchange

Palestine Exchange operates under the supervision of the Palestinian Capital Market Authority, and aims to regulate the investment environment in securities Exchange in Palestine, and to provide a complete integrated platform for all local, Arab and foreign investors, through a safe and accurate trading environment and within the levels of global efficiency. The Palestine Exchange was established as a private joint stock company In 1995, the first trading deal was held in 1997, and Palestine Exchange was listed as a public shareholding company in 2010 so that the results of its work became available to everyone as a kind of transparency and information availability to those who are interested.



Compliance with Disclosures

The Group implements all regulatory directives and applies the applicable disclosure system according to the rules in order to ensure the security of the investment environment in the Palestinian financial market, and to uphold the confidence of its shareholder base, which is distributed among many individuals and local and foreign companies. Compliance with these Disclosures includes the financial statements, material and non-material matters that revolve around the company's performance and current and future changes in it.

Main legal actions or cases that the company becomes part thereof

The company has no material cases filed against it as of 31/12/2021. It should be noted that there has been multiple cases filed by and against the company, but with no intrinsic financial value.

Controlling the company

There is no specific entity that owns the majority of securities of the Palestinian Telecommunications Company, or has a majority of the voting rights, or has the ability to appoint directors representing a majority in the meetings of the Board of Directors, taking into consideration the contribution of Palestine development & investment company (PADICO) and Palestine Investment Fund (PIF) as referred to in the item clarifying the shareholders whose contribution exceeds 5% of the listed shares.

Kinship on intermarriage relations between the board of directors and executive management

There is no kinship or affinity relationship between members of the Board of Directors and staff of Executive Management.

Related parties who are the Group's debtor or beneficiary from any guarantee worth more than five thousand JOD as of the beginning of 2021

There are transactions with related parties that are detailed in the audited financial statements in note No. 34

Contracts and deals of related parties

Paltel Group has not undertaken any projects, contracts or commitments beyond the year 2021 in the sense meant above. Taking into account the technical and operational nature of the relationships between the Group companies and associates, which have been disclosed through the audited financial statements.

Relatives possession of Board of Directors and Executive Management

The Group is keen to disclose any transaction made through the investor relations department as well as brokerage companies that manage trading and transaction processes, in compliance with the applicable disclosure law.

Bankruptcy of any member of the board or Executive management

No current board member or any of the executive management employees, has been declared bankrupt, and no lawsuit or judgment has been issued to convict any of them, including any decision to prevent any of them from carrying out administrative work or from practicing certain activities during the past five years.

Salaries and benefits of the Board of Directors and Executive Management

The salaries and benefits of the senior management for the year 2021 amounted to a total of 1.71 million Jordanian dinars as short-term benefits and 204 thousand Jordanian dinars as long-term benefits, in addition to an amount of 420 thousand Jordanian dinars as benefits to the company's board of directors.

Employment Contracts for members of the Board and Executive management

There are no business contracts concluded between the Group and the members of the Board of Directors. As for the executive management, the employment contracts of the executive directors are for an unlimited period, Nor does it provide for any exemption or limitation of liability, bearing in mind that the Group's CEO is a current member of the Board of Directors.

Leadership positions currently occupied by members of the executive management of any other company listed on the Palestine stock exchange

Name of the executive management member	Position	Workplace	Listed companies
Ammar Aker	Chief Executive Officer	Paltel Group	Palestine Telecommunications Company (Paltel) Palestine development & investment company (PADICO)
Maen Melhem	General Manager	Paltel	The National Bank (TNB) Golden Wheat Mills Co. (GMC)
Abdulmajeed Melhem	General Manager	Jawwal	Palestine Industrial Investment Co. (PIIC)
Hisham Zaid	General Manager	Reach	The National Bank (TNB)

The Board of Directors

Roles and Duties of the Board

The tasks of the Board of Directors revolve around increasing the value of the company, maintaining its solid financial performance, and achieving sustainable profitability and financial returns for its shareholders, by setting action plans to provide subscribers with the highest level of communication services and enabling shareholders' investment through diversified investments locally and regionally. Besides technological and geographical expansion of operations and investment portfolio. All of these strategies serve the interest of the shareholder, as the board of directors is the representative body of the shareholders and works in their interest within the governance system and within the highest levels of transparency. The context of the work of the Board of Directors is embodied, for example, but not limited to:

- Identifying the mission of the Group and its subsidiaries, and developing strategies and laws that work to achieve and implement the objectives and results in their various forms, thus contributing to serving the local community and providing rewarding returns to shareholders and other stakeholders. The Board of Directors is also responsible to periodically review this mission and objectives to ensure their effectiveness, suitability and credibility.
- Defining the tasks and authorities of the executive management, following up and evaluating its performance in achieving the financial and operational goals of the Group, and verifying the extent to which the policies, plans and strategies set are implemented.
- Approving the incentives system, bonuses, and benefits to members of the Board of Directors, executive management and employees of the Group's companies.
- Providing the necessary resources and setting realistic goals that can be achieved, in order to strengthen the executive management's ability to perform its tasks and achieve the desired results.
- Studying and evaluating the surrounding business environment, and searching for investment opportunities and projects that would benefit the Group and its shareholders.
- Reviewing and approving the financial statements and reports, in addition to approving the estimated budget and business results achieved during the fiscal year.
- Reviewing transactions with related parties and major deals, and ensuring their compliance with standards of integrity and independence.
- In addition to carrying out many other tasks that ensure transparency and fairness for all parties that deal with the Group and its subsidiaries.

Membership of the Board of Directors

The board of directors of Paltel is formed of eleven members, in line with the company's memorandum of association and bylaws, which stipulates that the number of members of the board shall not be less than five members and not more than eleven, to achieve consistency between the composition of the capital and the members of the board to reach the required decisions in the most efficient ways. The bylaws also stipulate that each member shall not own less than 30,000 shares as part of the governance policies, and in the event of a decrease in shareholding, membership is automatically fall. The board of directors of Paltel Group has extensive experience in their fields, especially communications and investment. The board also closely observe the Group's strategic plans and gives the required time and effort in this regard.

Board of Directors Committees

Given the key role played by the Board of Directors in following up on all details related to the Group, and in accordance with the application of the highest governance policies, several committees are established from the Board of Directors aiming at representing the Board of Directors and taking decisions within certain powers as well as closely reviewing and analyzing specific projects and topics within the affairs related to the work of the Committee. It is worth noting that the main committees emanating from the Board of Directors are namely the Investment Committee and the Internal Audit Committee, due to their significant role therein. The Investment Committee monitors the investment portfolio in securities and future expansion plans and maintains the financial strength of the Group. on the other hand, the Internal Audit Committee reviews the extent to which the Group subsidiaries comply with the internal controls and the standards of governance, and to follow the optimal procedures for transparency, accuracy of work, integrity, and compliance with laws and regulations. It is worth mentioning that the Board of Directors has decided to form a special committee during the year 2021 to study the options related to separating the real estate assets and the investment portfolio from the Group, by establishing a new company owned by the shareholders of the Paltel company. This decision comes in line with the strategic directions of the Board of Directors to create an added value contribution to the Group's shareholders and maximizing their returns. The committees consist of the following members:

Investment Committee

Members of the Committee

Mr. Mughith Sakhtian – Chairman

Mr. Leith Almasri

Mr. Basim Abdulhalim

Mr. Abdallah Sabat

Mr. Zahi Khouri

Mr. Ammar Aker

Duties and Tasks:

- Preparing the Group's investment strategy, monitoring it and following up on its implementation.
- Submitting recommendations to the board of Directors regarding investment opportunities.
- Setting up appropriate investment policies.
- Submitting reports regarding the Group's investments to the Board of Directors and the General Assembly.

Internal Audit Committee

Members of the Committee

Mr. Talal Nasereddin – Chairman

Mr. Yazid Al-Mufti

Mr. Fuad Al-Najjab

Duties and Tasks:

- Act as a liaison between the Group's internal audit department and the Board of Directors.
- Overseeing the implementation of policies, accounting and operational standards
- Guarantee risk reduction related to revenues. Monitoring the Group's internal audit process within the approved criteria
- Preserving the independence and objectivity of the Group's internal audit.
- Reviewing the reports issued by the external Auditor.

Spin-off Committee

Members of the Committee

Mr. Mughith Sukhtian

Mr. Basim Abdulhalim

Mr. Talal Nasereddin

Mr. Abdallah Sabat

Duties and Tasks:

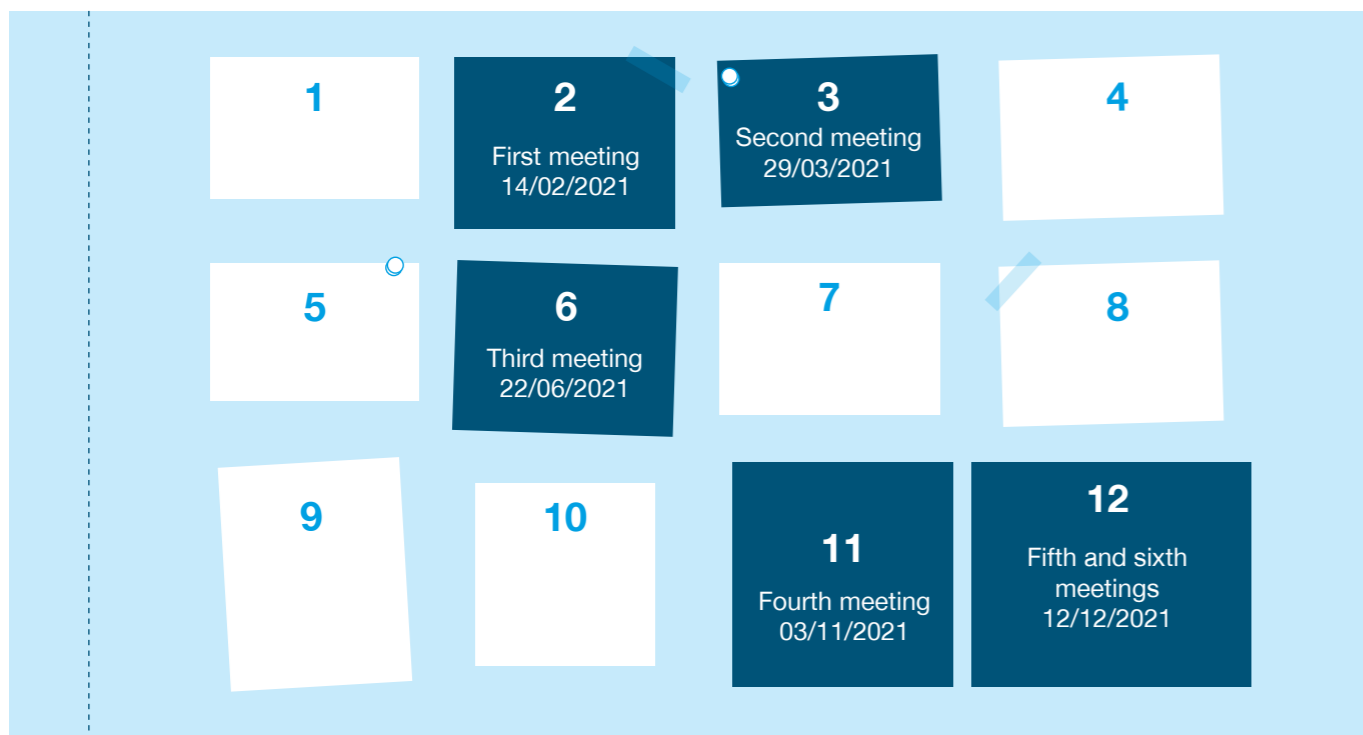
- Study options related to the separation of real estate assets and the investment portfolio.
- Follow up with the legal advisor for the study.
- Follow up with the tax advisor for the study.
- Follow up the achievements in relation to the matters related to the supervisory authorities and related parties.

Meetings of the Board of Directors

Board meetings are held periodically every year based on the approved governance practices, and at the request of the Chairman of the Board of Directors or at least a quarter of the Board. Accordingly, six meetings are held each year at the place determined by the Chairman of the Board of Directors, in order to follow up on all matters related to operations, investments, financial performance, developing and reviewing strategic plans and discussing all matters related to the company.

As part of its commitment to the laws and regulatory guidelines, the Group discloses the agenda and decisions of the meetings during the legal period and discloses to the public of shareholders and related parties through the stock exchange website all the basic matters that are discussed in the meetings.

No emergency meeting were held during the year 2021 due to the absence of any exceptional circumstances during the year.



Ordinary General Assembly Meeting

Shareholders are invited to the general assembly meeting, which is held once every year, in order to discuss all matters related to the company and answer their inquiries regarding the company, its operations, financial performance and strategic plans. The location and date of the meeting is disclosed during the legal period, through the website of the stock exchange, local and Jordanian newspapers, and audio and written SMS's, in order to ensure that the invitation reaches all shareholders.

Since the Group is a model for adhering to regulatory standards and guidelines, and always taking additional steps to enhance the investment environment in the Palestinian financial market, it sought during this year which was an extension of the unusual 2020 to adapt to the developments and changes in the business world. Therefore, it had to set a balance between adhering to the health guidelines that stipulate limiting gatherings and at the same time giving investors the opportunity to attend the general assembly meeting. Thus, the company contracted with Lumi International, which is the pioneer in the management of general assembly meetings in the world, and accordingly the shareholders attended the meeting from their computers and mobile devices by registering with the Investor Relations Department and obtaining a password to enter the digital meeting platform. Coordination was made with the companies' controller and the regulatory authorities to arrange this issue and adopt the legal quorum efficiently and with high accuracy. The shareholders voted on the resolutions of the meetings, which included the election of a new board of directors for the company for a period of four years and the approval of the Board of Directors' recommendation to distribute 30 piasters as cash dividends for each share (30% of The nominal value per share) with a total value of approximately 39.5 million Jordanian dinars, achieving a return on the share of 7.5%, which is one of the highest rates in the region at a time when the cash returns were non-existent for regional and global stocks as a result of the economic impact resulting from the Corona pandemic. Accordingly, the Group achieved a new achievement at the level of listed companies and the Palestinian and regional investor relations community.



Extraordinary General Assembly Meeting

Paltel Group did not hold any extraordinary general assembly meeting during the year 2021.

Elections of the members of the Board of Directors

In accordance with Paltel Group's bylaws, the board of Directors shall be elected once every four years, and this is done through a secret vote by the shareholders. During the 2021 meeting, the shareholders elected new members of the board of directors for the period 2021-2025 through the electronic platform provided by "Lumi" Company. It is worth noting that a member of the board of directors in Paltel is required to own at least thirty thousand shares of the company's shares, not to be under the age of twenty-one, and not to hold a public position.

Evaluation of the Board of Directors' Performance

The Board members' evaluation revolves around their ability to achieve the desired returns for shareholders and achieve the pre-determined plans, in addition to the sustainability of the company as it is the largest economic edifice. The experience of the members of the board is distributed around the main areas of work, which include communications and investment, in addition to their extensive experience in the economy and the management of business and money and business in an efficient, accurate and careful manner. Accordingly, the evaluation process enables the enhancement of the board's role to advance the company.

The annual general assembly meeting is the basic evaluation platform for the board of directors and the Executive Management through reviewing the performance and discussing the most important matters that the company has passed through and carried out over the past year, and this is done in the presence of the public of shareholders, representatives of the Capital Market Authority, the Palestine Exchange, the external auditor and other official bodies.



Internal Audit

The main objective of the internal audit is to give an independent opinion and an objective assertion about the effectiveness of the internal control systems in controlling the risks facing the Group. In addition to that, it aims to perform assurance services and advisory activities in order to add value to the operations of the Group, which helps in achieving its objectives by providing support to the Group in following a systematic approach to improve risk management processes and internal control systems management. The Internal Audit Committee emanating from the Board of Directors, monitors all the work of the internal audit department in the Group, which is committed to applying the international professional framework for the practice of internal auditing (IPPF) generated by the Association of Internal Auditors (IIA). This framework stipulates that the systems of control, internal auditing, mandatory directives, provisions and rules of professional conduct must be followed to ensure the highest levels of accuracy in work.



The most important internal audit activities for the year 2021 are as follows:

Implementation of the operational and financial internal audit work in accordance with the approved internal audit plan for the year 2021, including without limitation:

- Executing audit work on Jericho Gate
- Payments to infrastructure contractors.
- Sale of land to developers and receipt of checks.
- Infrastructure bids.
- Carrying out audit work on Paltel Company, for example:
 - Separation processes for individuals and companies.
 - Project receipts.
- Carrying out audits on Jawwal, for example:
 - Value added services.
 - Interconnection services.



Follow up the companies' implementation of the previous internal audit recommendations and ensure adherence to the predetermined schedule.



Conducting a comprehensive risk assessment for all Group subsidiaries.



Continuing work on automating internal audit work and risk assessment.



Continuing to provide advisory services according to the needs of the Group subsidiaries and according to the requirements of the executive management.

The Group's Internal Audit Department relies in its practices on international internal audit standards to assess the effectiveness of internal control systems, according to which a comprehensive assessment of risks is carried out and then high risks are identified and given priority. An in-depth study and understanding of the processes associated with these risks and the supervisory procedures applied to control these risks are conducted. Accordingly, the audit program is determined according to the characteristics of the control procedure and the severity of the risk, and the audit process is carried out through various audit tools (detailed examination of a sample of transactions, comprehensive analysis of information, including validation and accuracy of information and reports, and standard comparisons with international best practices). And based on the aforementioned evaluation, the results of the audit work are issued to include recommendations and suggested improvements that contribute to the development of performance, according to a specific timetable.

The Internal Audit Department has evaluated the internal control systems of the Group and its subsidiaries, and it was found that the internal control and control systems of the Group and its subsidiaries are effective, where no significant shortcomings or weaknesses were found in the internal control and control systems that would affect Group's business or outcomes. Noting that the Internal Audit Department has made some recommendations that aimed at improving and developing the control systems related to operational and administrative activities, and the concerned departments have developed an action plan to implement these recommendations with a specific timetable for implementation.

Internal Controls

Given the wide operational processes carried out by the Group in terms of telecommunications and investment activities, the establishment of solid internal control systems is an essential part of its policy, which seeks to improve operational performance and efficiency, in order to ensure the proper functioning of operational, financial and administrative work.

The Group implements control systems through methods and tools characterized by accuracy, intensive follow-up, finding weaknesses in operations, setting improvement plans, and monitoring the development of these operations after implementing the plan. The quality control, responsibility accounting system, performance evaluation and accounting control are carried out, which ensures the accuracy and validity of the recorded accounting data, and track the correctness of recording, tabulating, analyzing, and displaying accounting data and separating the duties of account management from other departments. The validity of the control structure and compliance with laws is verified. In addition to preserving the assets of the Group as a whole, avoiding any kind of fraud or manipulation, ensuring the efficiency of work and the presence of the required supporting documents, among others.



Investors and Paltel Stock

Investor Relations Department

Paltel Group enjoys a special relationship with its shareholders, as the shareholders have placed their trust in the Group's stock due to its stable performance and its feasible cash returns, which would strengthen the relationship between the company and its shareholders so that the company would serve them, respond to their inquiries and meet their needs. Therefore, the role of the Investor Relations Department is pivotal to maintaining and developing this relationship to ensure the fastest and most efficient access to information, This is with regard to the distribution of profits, results, and financial and analytical reports, which the shareholder will rely on to make his investment decisions. It is worth noting that the role of the Investor Relations Department also aims to attract foreign investments and increase the value of investment in the Palestinian financial market by local investors, as constant communication and confidence enhancement between the company and its shareholders increases the confidence of individual shareholders and companies in the field of investment as a whole in general and the Group in particular.

The Investor Relations Department main role is to ensure continuous communication between shareholders , the board of directors and executive management, thus, the department arranges the annual general assembly meeting, and ensures that information reaches all shareholders through various means of communication ,which includes e-mails, local and Jordanian newspapers, social media platforms, recorded calls, and others. These methods have proven their effectiveness and efficiency in view of the usual turnout for the meeting and the belief of all parties in the importance of this annual platform to express their views and convey their suggestions to be taken into consideration.

The Investor Relations department keeps pace with all developments in its field of work and applies the available technology to increase work efficiency, which includes information accuracy and confidentiality, preservation of historical information for investors, and the distribution of their due and past profits. In addition to the department's commitment to the regulatory instructions and legislation stipulated by the official authorities, which are related to the disclosure of information and the publication of news in a proper manner.



Form and mechanism of communication with Shareholders

The Group uses the available visual and readable means to deliver information, and given the great digital transformation that has taken place in our world and the ease of accessing information to more people in less time, the Group turned to using these methods, accordingly, the Group's news is published on its website, and material and non-material matters are disclosed on the website of the Palestine Stock Exchange. The Group presents additional information such as the performance of Paltel's share and analytical reports on the financial and operational performance, and the distribution of profits, in addition to any other matters related to the Group's scope of work.

The process of updating the shareholders data is one of the main tasks of the Group, which aims to distribute the accumulated profits to shareholders who have not received their profits during the past years, in addition to the contact information data of the shareholders to communicate with them and identify their bank data on the shareholders system so that their profits are transferred to their bank accounts automatically and annually. The department also conducts research and development on the shareholders system in order to ensure its development, enable its efficiency, and maintain the security of information.

Reports and disclosures directed to Shareholders

Disclosure law is considered the most essential and the department's first reference in order to comply with all its texts and directives regarding its content and the legal periods mentioned therein, hence, to deliver information to shareholders locally and regionally, besides delivering information to the relevant regulatory authorities.

The Group takes additional steps by disclosing additional information and analysis other than the information that the Group is legally obligated to. Accordingly, reports, presentation slides, and financial and operational analyses go along with the financial statements, so that the shareholder is fully informed and can make a comparative performance with regard to the available materials.

Collaboration with supervisory authorities and brokerage companies

The Group seeks to provide the regulatory and official authorities with all the information and matters required in order to inform them of it as stipulated by law and to ensure the Group's commitment to the fundamentals of governance, in addition to protecting shareholders and the financial market sector as a whole.

The Group communicates with brokerage firms to provide them with an explanation about the company, its stock, and the strategies set, this is within the scope of the information published to the public. Therefore, to ensure that the data is clearly communicated about the Group and its performance to avoid any rumors. The role of the brokerage firms is to communicate with shareholders as well and support the Investor Relations Department in order to transfer profits, update data and obtain banking information.

Investor relations department strategy

The context of the Investor Relations Department's work includes tasks related to research and development and keeping pace with this sector globally, such as developing the shareholders' system and seeking to increase the number of shareholders who own bank accounts so that annual Group transfers are made for most of the existing shareholders. In addition to bringing various digital solutions in this field, such as contracting with "Lumi" company to coordinate the general assembly meeting during the year, besides other solutions that the Group aspires to bring in the future, in order to ensure sound governance and the safest management of shareholders' affairs.

As part of its presence in the regional investor relations management community, the Group participates in regular meetings with other local listed companies in virtual workshops to exchange experiences and continuous learning, all through their membership in the Investor Relations Organization - Middle East



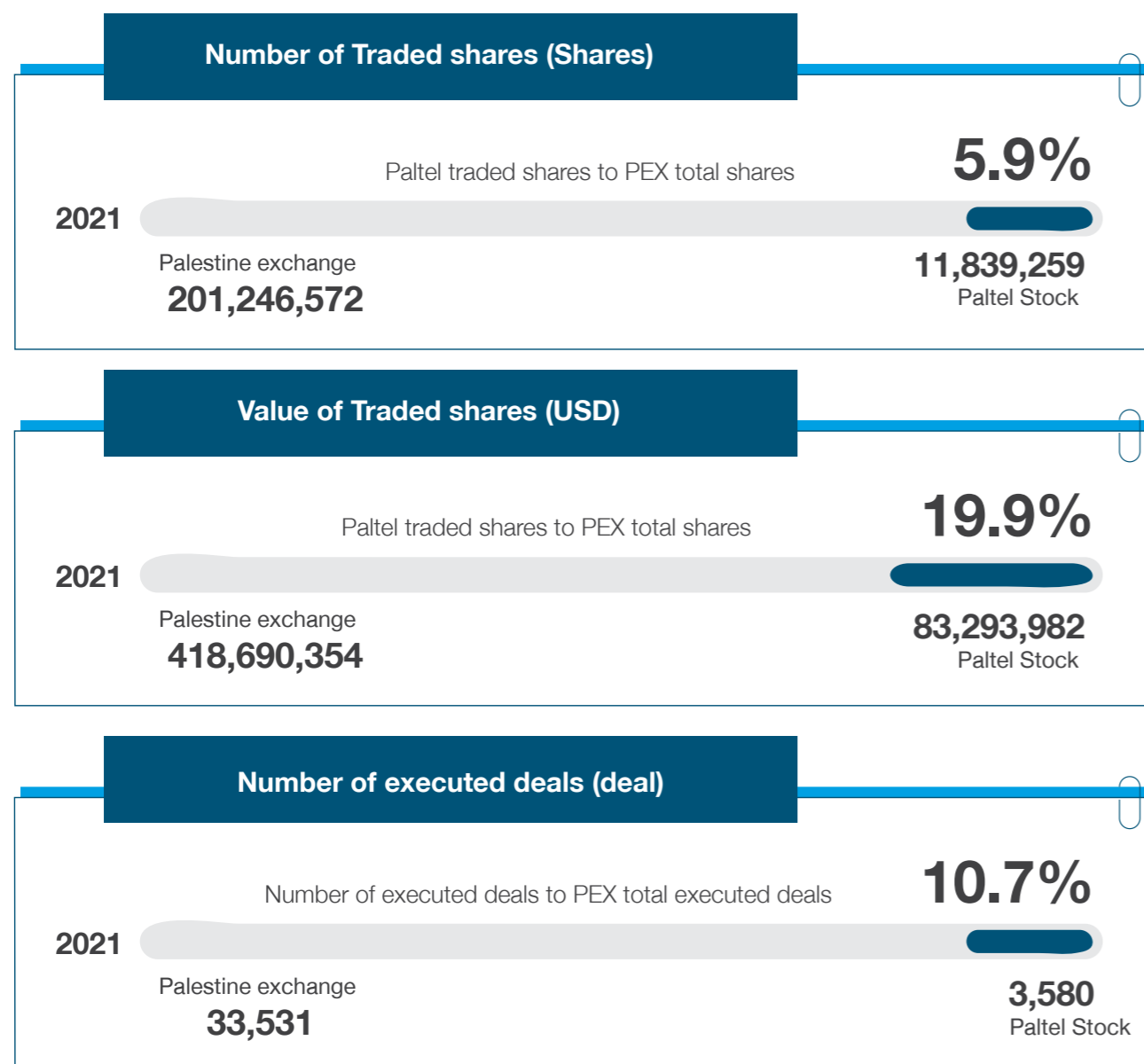
Paltel Stock

Paltel's stock is considered a stable stock with excellent returns to its shareholders since its listing on the Palestine Exchange in 1997, where the paid-up capital upon listing was JD 33 million, and it was raised to JD 45 million in 1998 in order to continue expanding the company's operations activity. Accordingly, it was increased by 50% in 1999 to reach JD 67.5 million, and subsequently the General Assembly decided in 2005 and 2006 to increase the capital by 50% and 30%, respectively, to reach to JD 101.25 million and JD 131.625 million, and since then there has been no change in the listed shares or the company's capital.

Paltel's stock is classified as the first in Palestine Stock Exchange Market, based on criteria that depends on the fundamentals of governance, the company's financial position, the size of the capital, trading activity on the stock, the percentage of free float shares, and the ratio of net equity to paid-up capital.

Stock performance indicators

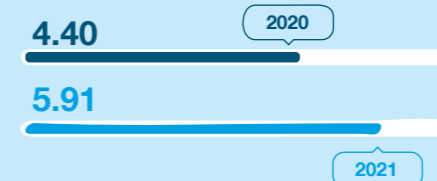
Performance of Paltel Group stock in PEX in 2021



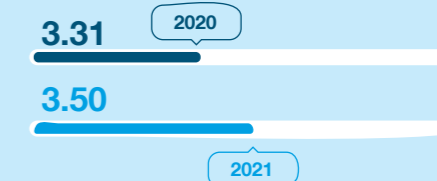
2020	Trading activity on Paltel Shares	2021
4,992,189	Number of shares traded (shares)	11,839,259
25,996,011	Value of shares	83,293,982
2,836	Number of executed deals	3,580
3.79%	Turnover ratio	8.99%
215	Number of sessions in which Paltel share was traded	236
705,465,326	Market Capitalization (USD)	1,045,202,576
47.52%	Free Float	45.94%
8,424	Total number of shareholders	8,271
23,219	Average daily trading volume (shares)	50,166

Paltel share price summary

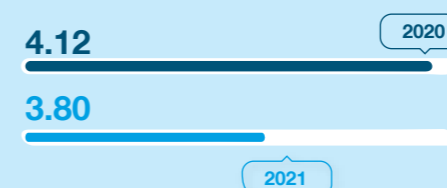
Highest trading price (JD)



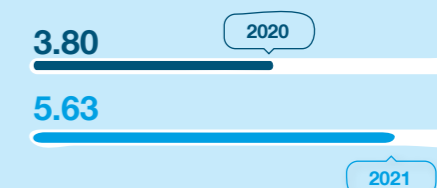
Lowest trading price (JD)



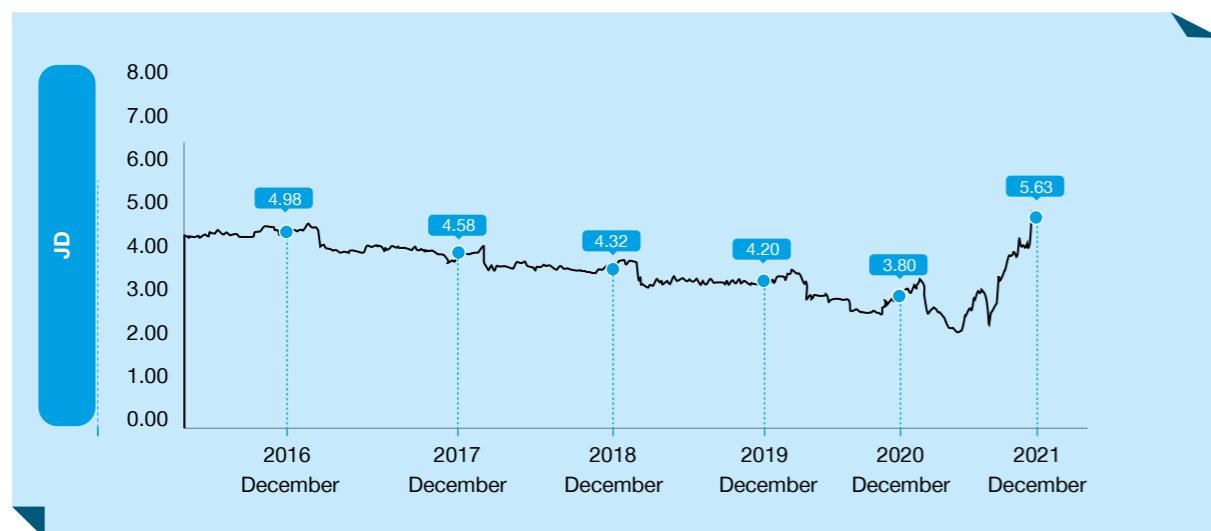
Opening price (JD)



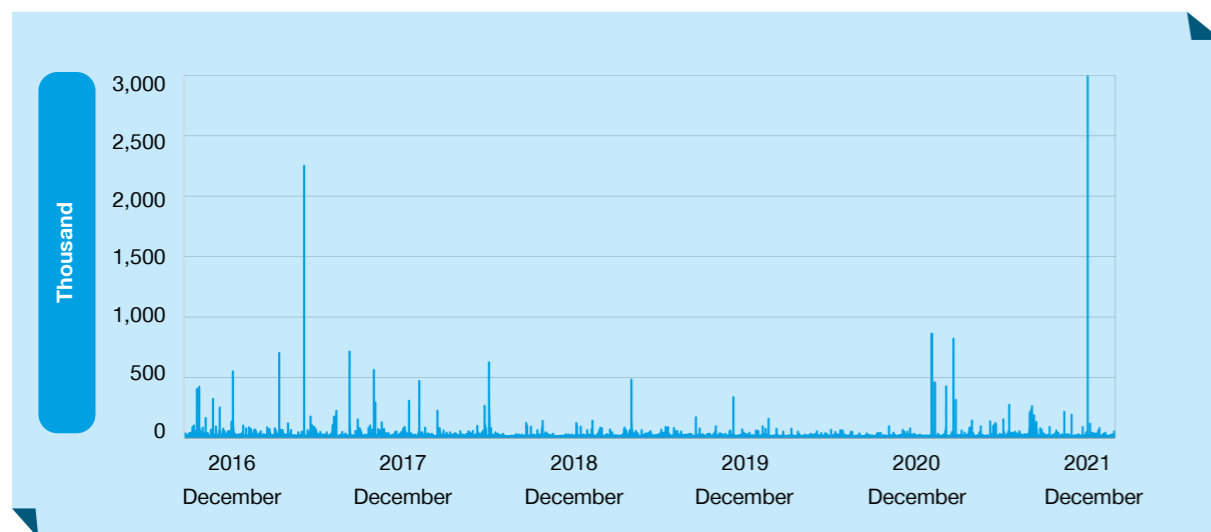
Closing price (JD)



Closing price and volumes of Paltel during the last five years

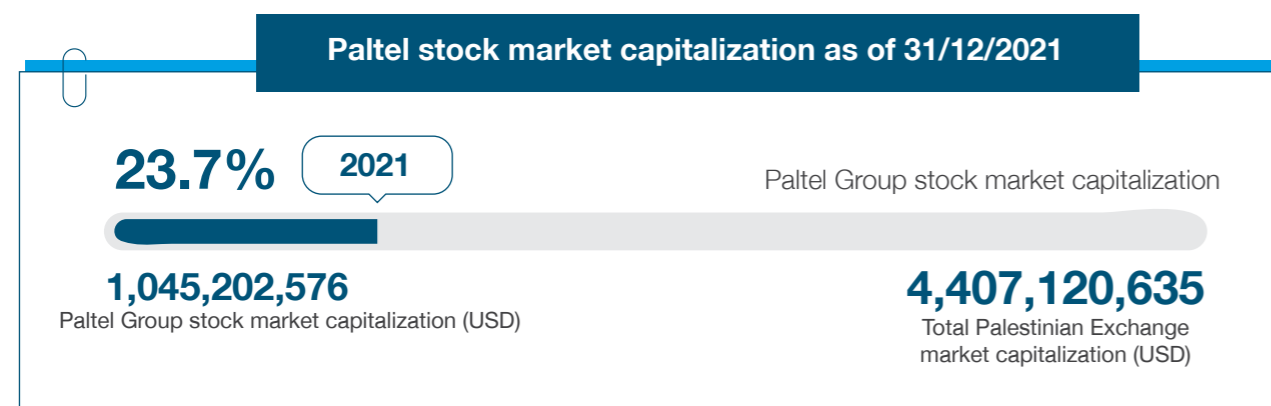


Average daily trading volume during the last five years: 32,794 shares



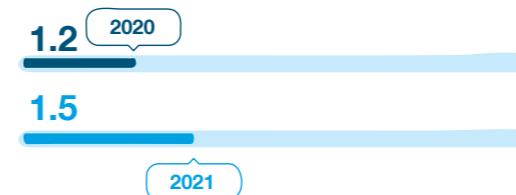
Paltel Market Capitalization

By the end of the year 2021, the market capitalization of Paltel share reached 23.7% of the total market capitalization of all listed companies in the Palestine Exchange Market, thus occupying the first position and topping the list of the highest companies in terms of market capitalization in the PEX.



Financial ratios related to Paltel market capitalization as of 31/12/2021

PRICE to-Book Ratio (P/BV)



Price Earnings Ratio (P/E)



Major Shareholders

Paltel's Group capital consists of 131,625,000 shares with a par value of one Jordanian dinar per and they are distributed among 8,271 shareholders as of the year end of 2021, with a free float of 45.94% by the end of 2021. Two shareholders own 5% or more of the total issued shares, namely the Palestine Development and Investment Company (PADICO), which was one of Paltel Group founders in 1995, and the Palestine Investment Fund Company and its subsidiaries.

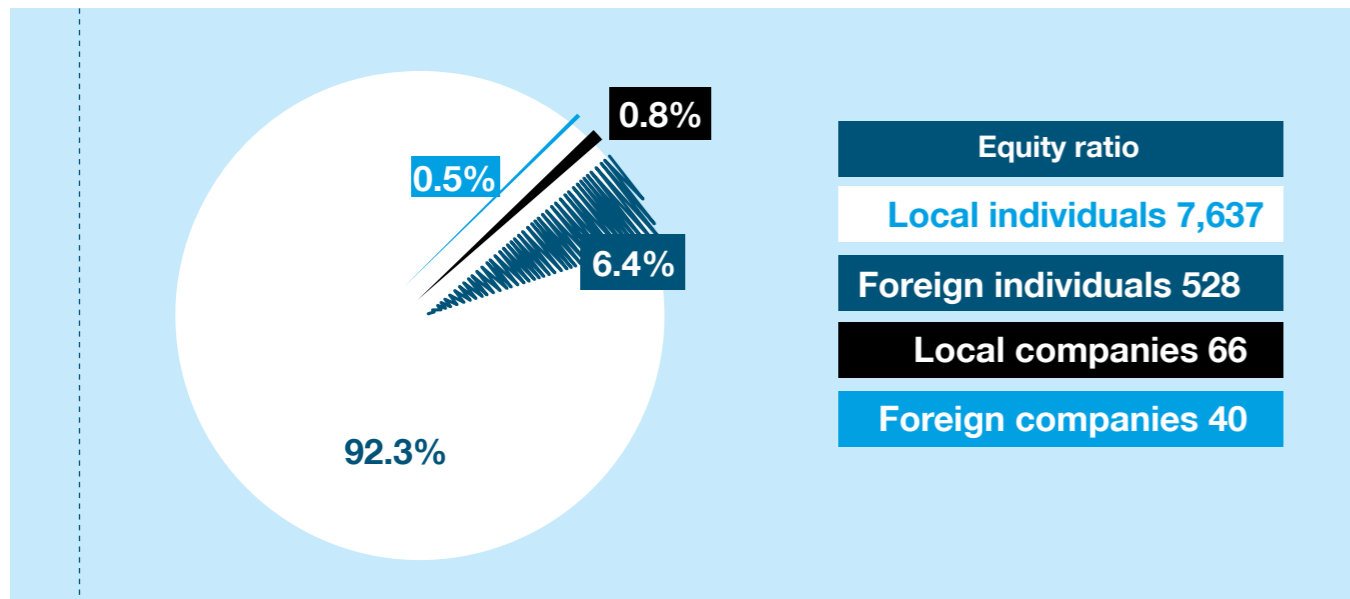
Shareholders holding more than 5% of the Paltel Group Capital

Name of shareholder	Number of shares owned		Percentage of capital	
	As of 31/12/2021	As of 31/12/2020	As of 31/12/2021	As of 31/12/2020
Palestine development and investment Company (PADICO)	40,321,343	40,321,343	30.63%	30.63%
Palestine Investment Fund and its subsidiaries	8,867,380	8,867,380	6.74%	6.74%

Number of shares by the depositing entity as of 31/12/2021

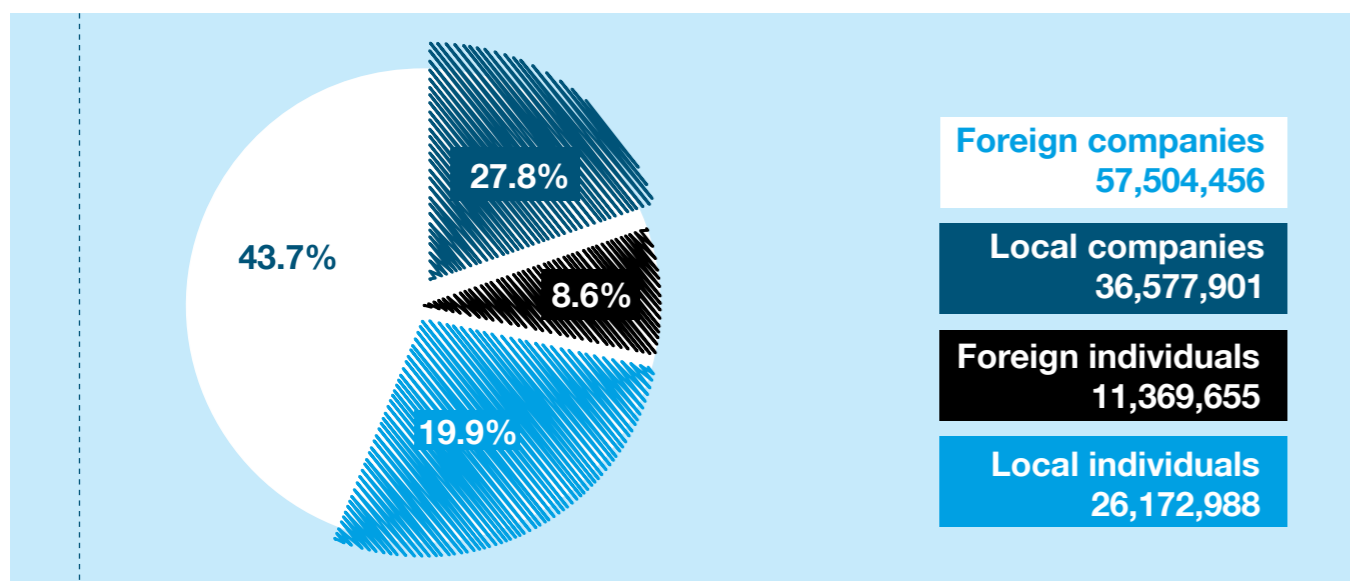


Numbers and percentages of Paltel Group stock by shareholder classification as of 31/12/2021



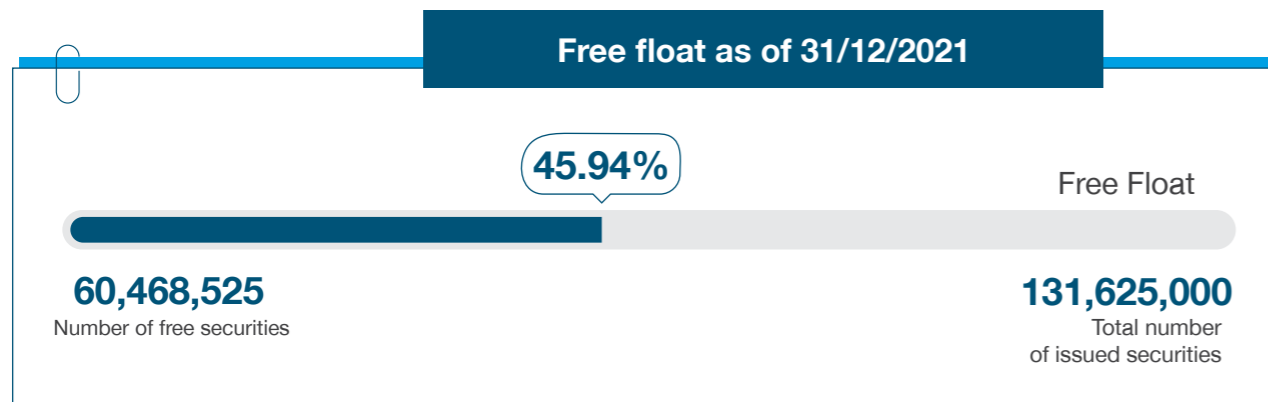
Equity ratio
Local individuals 7,637
Foreign individuals 528
Local companies 66
Foreign companies 40

Distribution of local and foreign shareholders as of 31/12/2021



Foreign companies	57,504,456
Local companies	36,577,901
Foreign individuals	11,369,655
Local individuals	26,172,988

Free float as of 31/12/2021

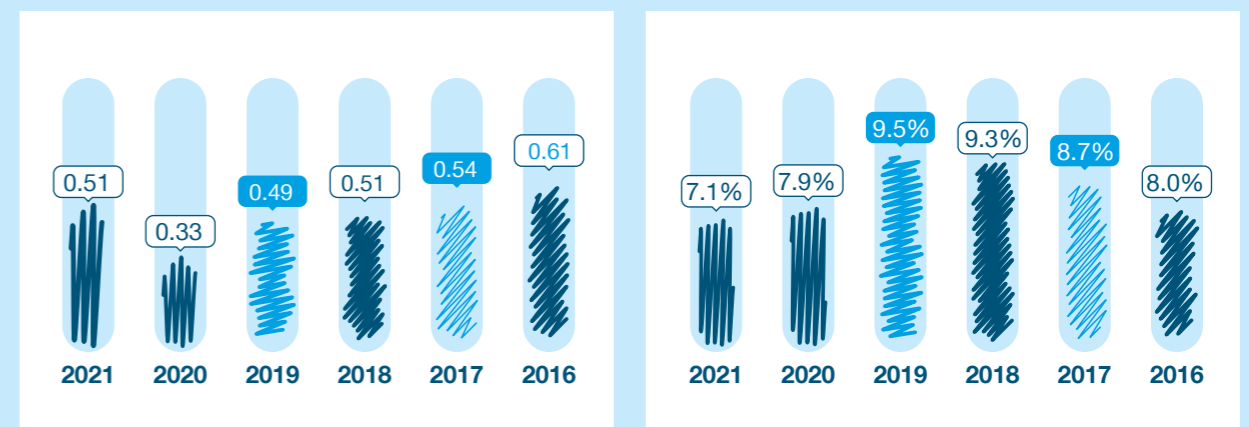


Dividends

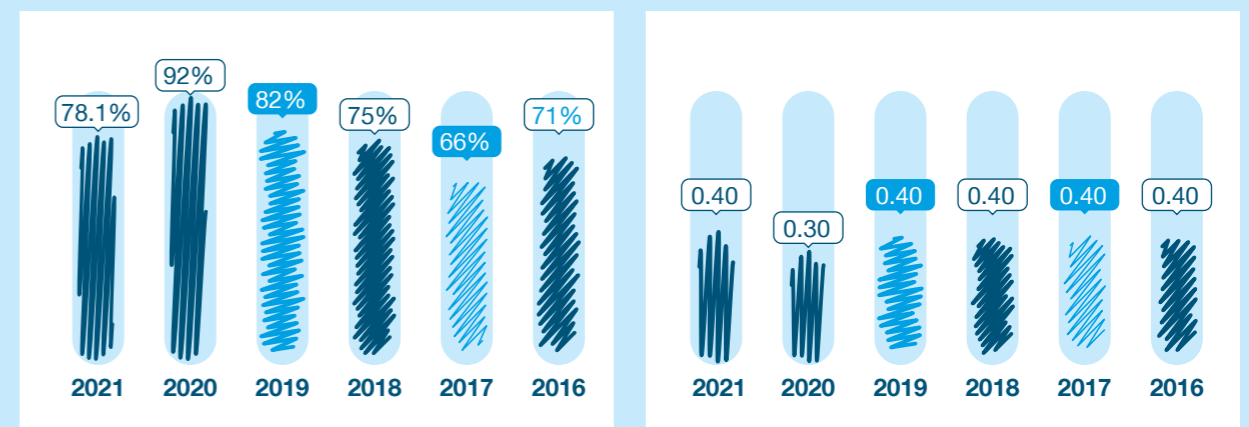
Paltel Group's General Assembly which held its twenty fourth meeting on 29/03/2021, approved the Board of Directors' recommendation to distribute cash dividends to shareholders for the year 2020 at a value of 0.30 JD per share (30% of the nominal value per share). total cash dividends amounted to nearly 52.65 Million JD; Accordingly, Paltel started distributing dividends to shareholders on 25/04/2021.

In its meeting held on 09/02/2021, the Board of Directors also gave its recommendation to the general assembly which is to be held on 22/03/2022 to distribute cash dividends to shareholders by 0.40 JD per share (of the nominal value per share) for the year 2021.

Date of the Board of Directors' recommendation for dividend distribution	Date of dividend distribution decision by the General Assembly	Starting date of cash distribution
11/05/2021	14/04/2021	02/02/2021



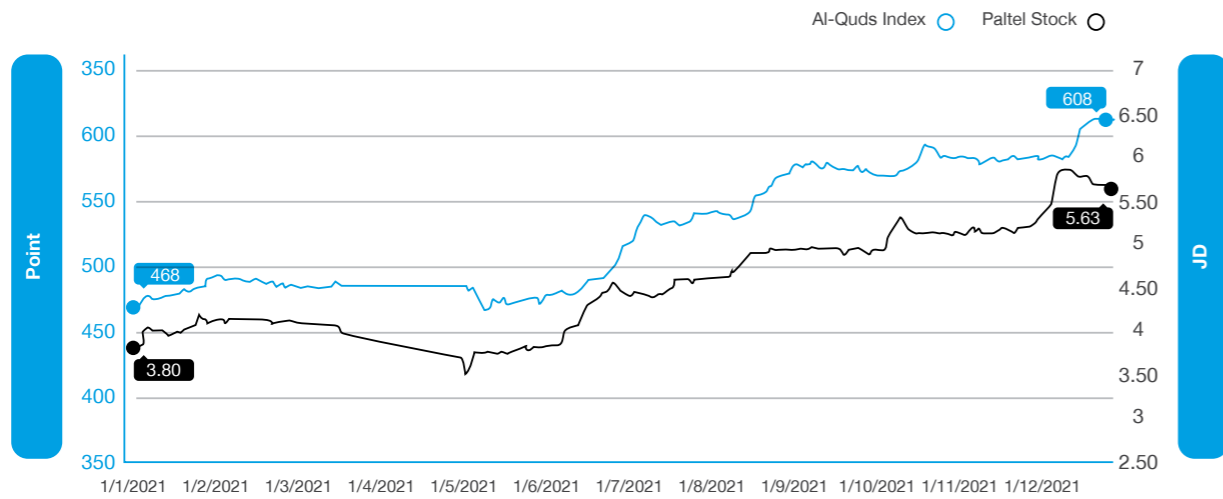
Earnings per share (JD) Dividend year per share



Dividends payout ratio Cash dividend per share (JD)

Cash dividends for the fiscal year 2021 represent those recommended by the BOD

Paltel stock and Al-Quds Index Performance 2021



مجموعة الاتصالات الفلسطينية
PALTTEL GROUP

Jawwal Hadara Reach Paltel

Paltel Group underlies its societal work on its deep-rooted values of justice, development, equality, transparency and sustainability. Thus, in order to transform these values into practical practices, the Group takes as a reference the best international standards in sustainable development. And in order to achieve its development goals, the Group partners with various parties locally and internationally, benefiting from these partnerships on the one hand, and from its accumulated experiences since the Group's establishment, and adopting the concept of social responsibility on the other. The Group also considers global sources for sustainable development as an important reference, and these references include the sustainable development goals, women's empowerment principles, the Convention on the Rights of Persons with Disabilities, the Convention on the Rights of the Child, the International Covenant on Economic, Social and Cultural Rights, International Certificates in Environmental Protection, and International standards for Information security besides many other references.

During the year 2021, the Group managed to achieve its social goals in line with the 2030 Goals of Sustainable Development, since these goals bear special importance at the global level, as governments, international development agencies, non-profit institutions and private companies alike, are all based on achieving these goals each from its perspective. Paltel Group remains within this comprehensive framework for the components of the Palestinian and international community who are interested in achieving these goals for the good of the Palestinian people. Within this commitment to achieving the sustainable development goals, Paltel Group took the initiative to plan its social and development programs based on these goals. As well as combining the achievements to the goals themselves, for example, linking the work outputs in this report to the goals themselves. The Group embodied this commitment by pre-signing a memorandum of understanding in this context with the United Nations Development Program (UNDP), with the aim of correlating the efforts of Paltel Group to the sustainable development goals. The Group also signed a memorandum of commitment to implement the principles of women's empowerment issued by UN Women at the beginning of 2021.

In light of the continuing repercussions of the Covid-19 pandemic in the year 2021 and the consequent difficulties, the group continued to work hard to achieve its goals and respond to the emergency and development needs of the Palestinian community alike. The Group continued to implement its various programs directly with the community and its institutions in various sectors such as Health, Education, Technology, Support for People with Disabilities, the Right to a Decent Life, Community Partnership, and the Sustainability Promotion Program. The results of this effort came in the form of success stories in the year 2021 to be added to the group's record of achievements in community work over the previous years. Later in this report, we will present a detailed clarification of all the programs that have been implemented, facts based by figures and pictures so that this report constitutes a reference for shareholders, clients and researchers on the achievements of Paltel Group in community work for the year 2021.



- 1 Ranking by market capitalization at the end of 2021
- 5 Ranking by number of shareholders at the end of 2021
- 1 Ranking by cash dividends distributed in 2021
- 1 Ranking by traded value in 2021

A summary of the most important indicators until the end of 2021



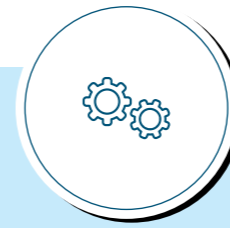
250
Health projects in partnership with community institutions



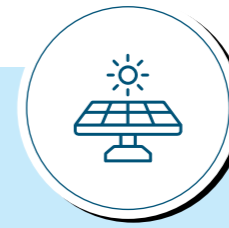
471
Electric chairs for people with disabilities



179
Partnership projects with associations concerned with persons with disabilities



308
development projects for municipalities and local councils



24
Solar power plants for different charities



442
families benefited from "the Right to a Decent Life" Program



6653
cumulative college scholarships



1073
Graduates from Paltel Group grant



2034
Public schools connected to the Internet through the Abjad Net program



2254
Individuals directly benefited from "the Right to a Decent Life" Program



50
projects for women associations



69
Income-generating charitable halls



41
projects to serve the homes of the elderly



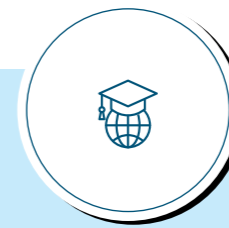
121
Projects for orphanages and their care associations



304
Students benefited from "Code for Palestine" program



979
Development projects in partnership with charities



100
University graduates who participated in the "Code and Design Bootcamp Program" and gained quality jobs



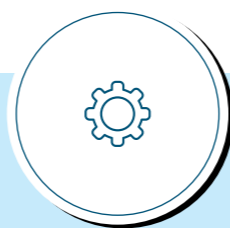
7029
Total number of "Code for Palestine" applicants enrolled in the program



181
Students graduated from the "Code for Palestine" program



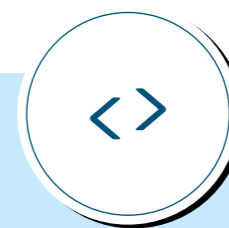
68
Local and International coaches in "Code for Palestine"



152
Development projects for Palestinian universities



100%
of the International volunteers set recommendations to their colleagues to volunteer



70,000
beneficiaries from "an Hour of Programming" campaign



2928
Partnership projects with non-profit associations and institutions cumulatively

We Work Within the Global Sustainable Development Goals

Paltel Group adopts the comprehensive concept of sustainability as a base from which to achieve its humanitarian and development goals through a series of programs that respond to the actual needs of the Palestinian community. Within this comprehensive concept, the Group works in balance to uphold and maintain the elements of sustainability as an essential part of the Group's established values, and these elements are the environment, society and the economy in general. And as part of the Group's commitment to sustainability standards, it is committed to the best standards of governance, which constitutes a cornerstone of sustainability since governance plays a pivotal role in building and developing the economy.

In order to embody its commitment to sustainable development standards, the Group worked to build and develop strategic partnerships in this respect. The Group continued to unify its efforts in the field of social responsibility in order to achieve sustainable development goals and linked its development plans to these goals, similar to the major international companies operating in the telecommunications sector or in other sectors likewise. This commitment comes within a strategic partnership with the United Nations Development Program with the aim of connecting the group's programs to the sustainable development goals. In 2021, the Group also joined the list of companies committed to the principles of women's empowerment by signing a letter of commitment coinciding with the eighth of March - International Women's Day. The Group is also committed to maintain the highest environmental standards by committing to renewing the ISO14001 certification to ensure that the highest environmental quality standards are applied in all work sites. In addition to that, the group is dedicated to renewing the ISO27001 certification of subscribers' confidential information as part of the group's strategy to maintain the highest standards of sustainability.

This report will link the Group's social and development achievements with the sustainable development goals as well as the principles of women's empowerment. The report will show the relationship between each component of the programs on the one hand, and the sustainable development goals and principles of women's empowerment on the other. The following is a summary of the goals and principles of sustainable development that have been achieved through the various programs of Paltel Group.



Women Empowerment Principles

Principle No. (4): Education and Training for Career Advancement.

- Code for Palestine program, which allocates at least 50% of seats to females.
- Code and Design Boot camp, which allocates at least 50% of seats to females.
- Undergraduate scholarship program that allocates at least 50% of scholarships to female students.



Principle No. (6): Community Initiatives and Advocacy.

- The Right to a Decent Life Program, which targets families that are women-headed in particular.
- Partnership programs with women's organizations in the society.



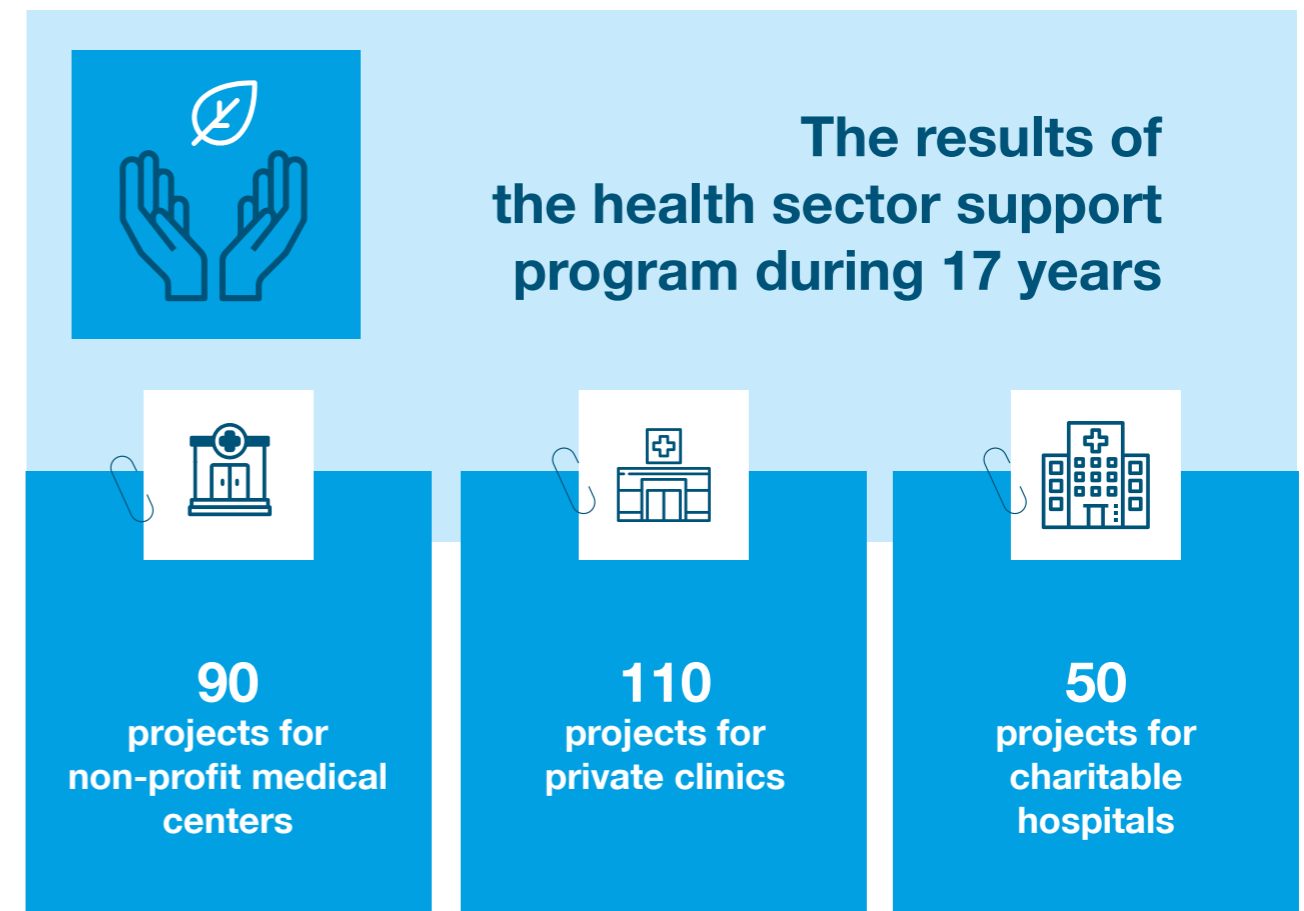
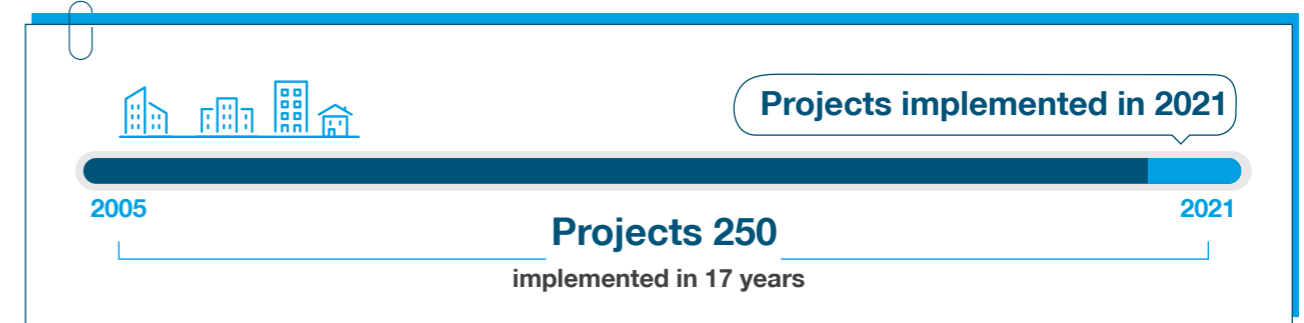
It is worth mentioning that Paltel Group companies are committed to applying the other principles through the human resources departments at the companies.

Health Sector Support Program

In consistency with achieving Goal No.3 "Good health and well-being" and Goal No. 17 "Partnerships for the goals" of the 2030 Sustainable Development Goals.



Our societal contribution towards the health sector stems from the belief that health is the backbone of a healthy society and our full recognition that providing infrastructure and health services at its various levels falls on the shoulders of all sectors of the society, including (the Ministry of Health, UNRWA, NGO's, private sector and donors). Therefore, Paltel group took on its societal and humanitarian role towards the Palestinians by strengthening and enhancing the Palestinian health system, as our accomplishments were clear and evident in the health sector in all parts of the country, especially the less fortunate areas that suffer from poverty, scarcity of resources and weak health infrastructure.



Paltel Group implementing qualitative projects to strengthen the health sector in 2021

In partnership with local community institutions, Paltel Group has accomplished several vital health projects, including:

1. Azmout Clinic - Nablus: Equipping the dental clinic.
2. Patient's Friends Benevolent Society – Ya'bad: Providing the association with a device for checking vitamins and hormones.
3. Jourish Clinic - Nablus: Supporting the clinic with medical equipment.
4. Silet Al Dhaher Clinic - Jenin: Finishing the town's medical clinic.
5. Broqin Clinic - Salfit: Buying a CBC blood test device for the town's clinic
6. Al-Arnal Hospital - Nablus: Supporting the hospital with medical equipment.
7. An-Najah National University Hospital - Nablus: Contributing to the establishment and equipment of the Kidney Diseases Treatment Center.
8. Martyr Yasser Arafat Hospital - Salfit: Supporting the hospital with medical equipment.
9. Beituniya Health Clinic - Ramallah and Al-Bireh: Equipping Beitunia Health Clinic laboratory.
10. Hizma Clinic - Jerusalem: Rehabilitation and development of Hizma Clinic
11. Banat Baladna Charitable Society - Jerusalem: Establishing and equipping a medical clinic in the town of Al-Nabi Samuel.

Supporting Martyr Yasser Arafat Hospital with medical equipment

Martyr Yasser Arafat Hospital: It is the only hospital that provides health and medical services to the people of Salfit Governorate, the villages of south of Nablus and north of Ramallah. It has a capacity of 55 beds, employs 250 employees, has five departments and receives approximately 180 patients and visitors daily.



Martyr Yasser Arafat Hospital - Salfit

**years of 4
continuous support**

Paltel group contributed to the development of the various hospital Units, including the men's surgery unit, the intensive care Unit, the emergency Unit, the obstetric Unit, and the surgical Unit, by providing these units with advanced medical devices and appliances.

Supporting associations dedicated for people with disabilities program

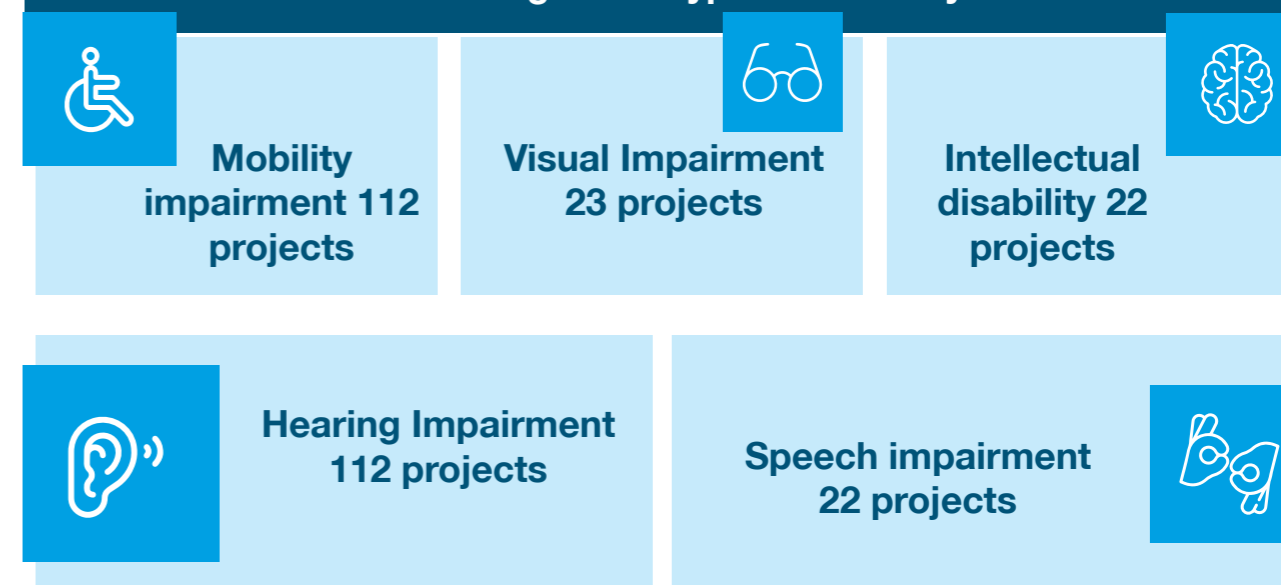
In consistency with goal No. 10 "Reducing Inequalities" and Goal No. 17 "Partnerships for the goals" of the Sustainable Development Goals 2030.



Data of the Palestinian Central Bureau of Statistics for the year 2017 indicated that the percentage of persons with disabilities in Palestine constitutes 2.1% of the total population, with 92,710 individuals distributed by 48% in the West Bank and 52% in the Gaza Strip. Children constitute about 20% of persons with disabilities bearing in mind that the percentage of persons with disabilities around the world is 15%. The number of projects submitted by Paltel group to associations concerned with persons with disabilities from 2005 to 2021 reached 179 projects, and based on the statistics, some development projects were supported and which contributed to the advancement of this sector where the number of projects executed from 2005 to 2021 were as follows:



Number of projects implemented for charities according to the type of disability



First: Projects that have been implemented for charitable associations concerned with persons with mobility disabilities



Data from the Palestinian Central Bureau of Statistics for the year 2017 indicated that the mobility disability is the most prevalent in Palestine among other disabilities, and it constitutes about 50.8% of the total disabilities, where the percentage of mobility disability reached 1.1% of the total population, and the number of projects implemented by charitable societies that deal with persons with mobility disabilities From 2005 to 2021 were as follows:



Our contributions in supporting charitable societies dedicated to persons with mobility disabilities

Equipping physiotherapy and occupational therapy rooms	Providing electric chairs and supporting equipment
supporting prosthetic limb fitting	Adapting buildings to facilitate the integration of persons with mobility disabilities
Providing medical devices and equipment	Contribute to equipping therapeutic gardens
Establishment of solar energy projects for charities that deal with people with disabilities	

Partners in success The Galilee Charitable Society for Community Care and Rehabilitation

The Galilee Charitable Society for Community Care and Rehabilitation:

The Galilee Society for Community Care and Rehabilitation, Jenin Camp is a non-profit charitable association established in Jenin camp in 1991 and aims to provide rehabilitation services for people with disabilities (speech therapy, physical therapy, cerebral palsy program, prosthetics department) and improving the social, economic and environmental conditions of Persons with disabilities and their families by providing rehabilitation services and appropriate support equipment to facilitate their movement to meet their needs, providing them with vocational training, increasing their job opportunities to enhance self-sufficiency, and supporting their integration into the society.



Outcomes of Paltel group support for the Galilee Charitable Society for Care and Community Rehabilitation

- Providing the Prosthetic Limbs department with modern equipment and raw materials required to manufacture limbs contributed to the development of services provided to people with mobility disabilities.
- Equipping the prosthetics department with equipment contributed to doubling the number in order to accommodate 500 cases annually instead of 250.
- The development of the prosthetics department contributed to reducing the prices of prosthetics and providing them locally for people with mobility disabilities.

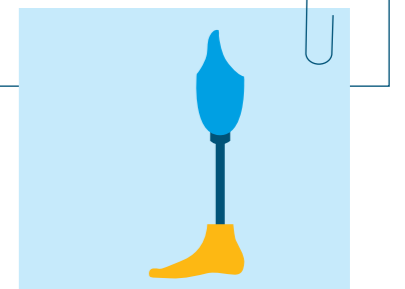
Social responsibility initiatives for people with mobility disabilities

Paltel Group launched the initiative to provide prosthetic limbs, as well as the initiative to provide electric chairs for people with mobility disabilities, with the aim of alleviating their pain, integrating them into society and helping them to practice their daily lives.

The beneficiaries of these two initiatives were selected within clear and transparent criteria based primarily on the degree of poverty and disability, and the extent to which the prosthetic or electric chair is used and the ability to use it.

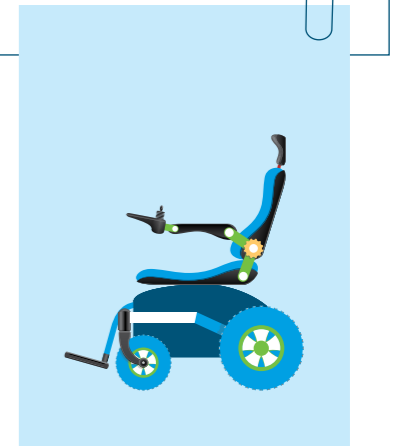
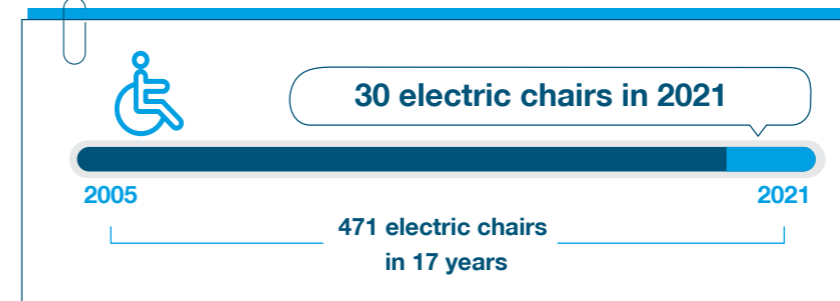
First: The initiative to provide prosthetic limbs for people with mobility disabilities

By the beginning of the year 2021, the Paltel Group launched the initiative to provide artificial limbs for people with mobility disabilities. The number of people who benefited from the installation of artificial limbs within this initiative reached 16 individuals, including 13 males and 3 female beneficiaries, and 16 prostheses were delivered.



First: The initiative to provide prosthetic limbs for people with mobility disabilities

The number of electric chairs that were delivered to people with mobility disabilities within this initiative:



A message from one of the beneficiaries of the installation of a prosthetic limb

I am S.A, I am 46 years old and I suffer from an amputation of the lower left extremity as a result of a clot in the foot that blocked the arteries, which led to the deterioration of my health and amputation of the lower left side. By then, I felt that my life ended at that moment, which affected my psyche, increased my suffering and the suffering of my family, and it became very difficult for me to move, knowing that I am the only breadwinner for my family which consists of 7 members. I work as a taxi driver with a simple income that helps me secure the requirements of my daily life, but after I got sick and had my leg amputated, it became difficult to secure the requirements of daily life and the needs of my family.

By getting the prosthesis, the way I see life changed, which helped me overcome my pain and get back on my feet again. I could not believe my joy when I stood on my feet again which helped me return to my job as a taxi driver and integrate into the society, where I could secure the requirements and the daily income for myself and my family, and spread happiness and joy within the family again.



Second: projects implemented for the benefit of charitable societies dedicated to persons with visual impairment.



Data from the Palestinian Central Bureau of Statistics for the year 2017 indicated that the second most prevalent disability in Palestine is the visual impairment, and that about 31.2% of the persons with disabilities are visually impaired, reaching to 0.7% of the total population. The number of projects that have been implemented for charitable associations concerned with Persons with visual impairments from 2005 to 2021 were follows:



Our contributions to support charitable societies dedicated to persons with visual impairments

Launching the initiative to support charitable societies dedicated to people with visual impairments	Coverage of "Cataract" operations to remove cataracts from the eye with a total of two operations in 2021 and 353 operations since 2005
Providing computers with a talking software and a software for converting Braille into written text for a number of associations for the visually impaired	Providing Braille and Perkins printers
Equipping resource rooms and support devices for persons with visual impairments	Supporting income-generating projects for a number of charities that deal with people with visual impairments

The Social Responsibility Initiative for the Visually Impaired

In partnership with local community institutions, Paltel Group has completed several vital health projects, including:

Association	Governorate	Number of beneficiaries
Al-Qabas School for the Visually Impaired / Friends of the Blind Association	Ramallah & Albireh	55
Palestine Association for the Blind	Ramallah & Albireh	All the Blind Beneficiaries
Blind Charity Association	Hebron	85
Al-Ala'iyah Resource Center for the Visually Impaired	Bethlehem	152
Visually Impaired Alumni Association	Gaza	500

Providing Al-Qabas School for the Visually Impaired with an income-generating project

Al-Qabas School - Al-Bireh: is a school affiliated with Al-Qabas Association for the Visually Impaired. It is a charitable association established in 1976 to provide free care for visually impaired children aged 5-18 from all over the West Bank, by providing educational services and supportive means that grant them the necessary skills to help them live naturally with their peers, sighted children, to ensure them a decent life.

The school includes 55 male and female students distributed from the first to the tenth grade, with 20 males and 35 female students.

The school relies on the donations of the local community, which have decreased significantly recently, which prompted the association to search for new sources of income. The support of Paltel Group came through a project to equip a kindergarten for sighted children affiliated with Al-Qabas School, which would constitute a source of income for the association and supplement its budget to continue providing free services to the beneficiaries. This income was used to cover the education expenses, which contributed to improving the quality of services provided to persons with visual impairment.



Al-Qabas School for the Visually Impaired - Al-Bireh

Third: Projects implemented for charitable dedicated to persons with mental disabilities



The number of projects implemented for charitable associations concerned with persons with mental disabilities from 2005 to 2021 were as follows:



Various projects have been implemented for charities that deal with people with mental disabilities, including:

Equipping/preparing classrooms for autistic children	Equipping therapeutic gardens for children with Down syndrome
Providing medical devices for all types of mental disabilities	Implementation of training and educational courses for specialists who deal with intellectual disabilities children
Rehabilitation of treatment centers for mental disabilities	

10 years of success in the world of autism

Paltel Group role in the success of Yasmine Charitable Society

Yasmine Charitable Association / Al-Bireh: is a non-profit association established in 2002 and aims to care, rehabilitate and treat children with intellectual disabilities and autism. The association provided its services to nearly 500 people with disabilities through physical, functional and speech therapy sessions, in addition to educational, cognitive and recreational extracurricular activities.

Paltel Group's contribution towards helping persons with disabilities by supporting such projects has reduced the heavy burden on children and their families through the constant uphold of the association, which has contributed to raising the number of beneficiaries by 30%, and the group is still providing continuous and nonstop support in order to receive 700 cases registered on the waiting list.

According to the 2019 World Health Report on autism, one out of 160 children is diagnosed with autism, or almost about 1.5% of the number of children.



Ways of Paltel Group support to Yasmine Charitable Association

Paltel Group contributed to supporting the annual charitable Iftar for the years 2011 until 2017, whose goal was to raise the number of beneficiaries to 80 children with intellectual disabilities and autism.

In 2015, the group contributed to supporting the Physiotherapy Department, providing medical devices, equipment and wheelchairs, and raising the number of beneficiaries to 100 people with with mobility disabilities and members of the local community who suffer from accident injuries.

In 2018, Paltel Group contributed to the restoration, rehabilitation and equipping of Al-Yasmine School for Learning Disabilities and the Remedial Kindergarten, which aims to increasing social and educational integration of children. The number of beneficiaries was 80 boys and girls.

In 2021, Paltel group contributed to the rehabilitation and equipping of the kindergarten and the outdoor playground, raising the number of beneficiaries to 60 boys and girls.

Ways of supporting Al-yasmine Charitable Association		
Statement	Since 2011	Number of beneficiarie
Number of beneficiaries	500	100
Therapeutic Sessions	3000	300
Qualified specialists	4	2
Family awareness workshops	100	5
Number of children who are enrolled academically	24	24
Number of students at Al-Yasmeen School	(boys and 40 girls 40) 80	(boys and 40 girls 40) 80
Number of Kindergarten Students "boys and girls"	(boys and 40 girls 40) 80	(boys and 40 girls 40) 80

Association's goals

Providing a kindergarten for children with disabilities and slow learners in Yasmine Association building, so that they can be taught, trained, cared for and rehabilitated in Ramallah and Al-Bireh Governorate.

Improving the performance of education, rehabilitation and training provided to students with learning disabilities and slow learners in the current building

Developing the existing treatment programs and develop new programs that meet their needs.

Providing indoor halls for use in special sports, recreational and cognitive activities for students with learning disabilities and slow learners

Accommodate as many students as possible with learning disabilities.

Fourth: Projects implemented for the benefit of charitable societies concerned with persons with hearing impairment



Data from the Palestinian Central Bureau of Statistics for the year 2017 indicated that about 21.4% of the total number of persons with disabilities are persons with hearing impairment, reaching 0.5% of the total population. The number of projects that have been implemented for charities that deal with hearing impairment in 2021 were follows:



Fifth: Projects implemented for the benefit of charitable societies dedicated to persons with speech impairment.



Data from the Palestinian Central Bureau of Statistics for the year 2017 indicated that about 21.2% of the total number of persons with disabilities are persons with a speech impairment, reaching to 0.4% of the total population. The number of projects implemented for charitable societies concerned with persons with speech impairment from 2005 to 2021 were as follows:



Our contribution to the development of charities that deal with persons with hearing and speech impairment

Equipping and preparing classrooms for associations concerned with persons with hearing impairment	Equipping centers for audiogram
Supporting income-generating projects	Providing hearing aids

Care Association and School for Children with Special Needs

Care Association and School for Children with Special Needs - Abu Dis: is a non-profit association established in 2004 and aims to care, rehabilitate and treat children with intellectual disabilities, autism, and hearing and speech impairment. The association is affiliated with the School of Care for Children with Disabilities and the Care Center for Hearing and Speech. The association provides its services to nearly 500 cases of persons with disabilities through physical and occupational therapy sessions, speech and hearing, in addition to educational, cognitive and recreational extracurricular activities.

Hearing and Speech Care Center: Founded in 2020, is the only center that serves persons with hearing and speech disabilities in the areas of Al-Eizariya, Abu Dis, Sheikh Saad, Al-Sawahra, Bedouin areas, Hizma, Al-Z'ayim, and Anata. The center is equipped with the best devices for performing hearing and speech examinations, including Audiography for all ages, starting from the age of two weeks.

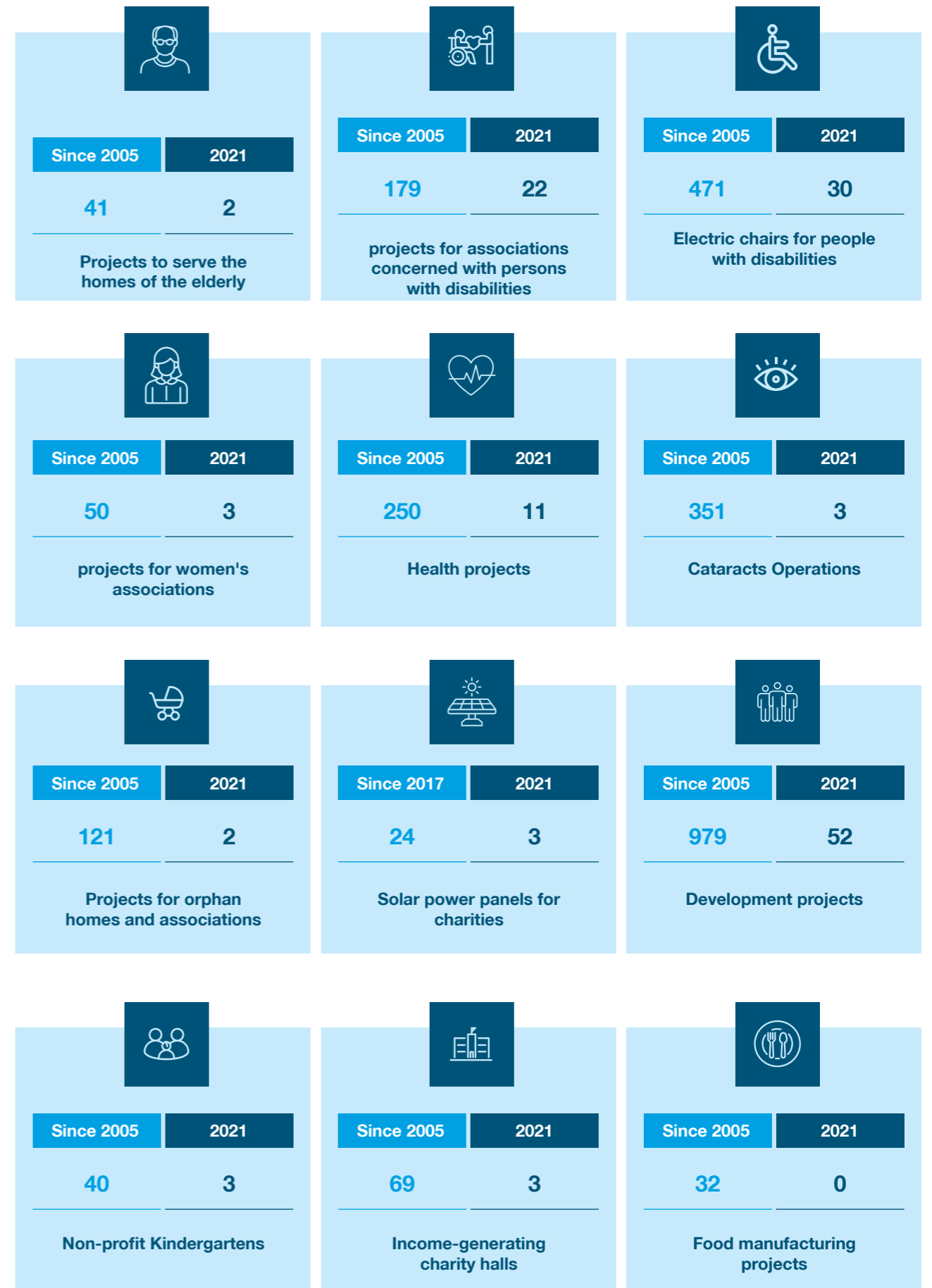
The contribution of Paltel Group to the Hearing and Speech Care Center

Building and isolating a hearing and speech room to enable successful hearing examinations.	Equipping the hearing and speech room and providing it with modern devices to examine the hearing and speech.
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Association and School for Children with Special Needs - Abu Dis

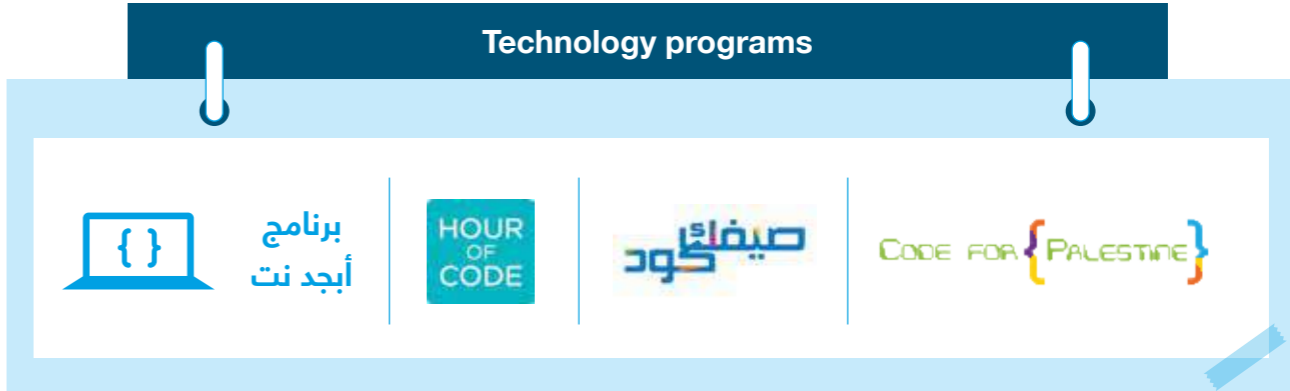
The most prominent sustainable achievements of social responsibility since 2005



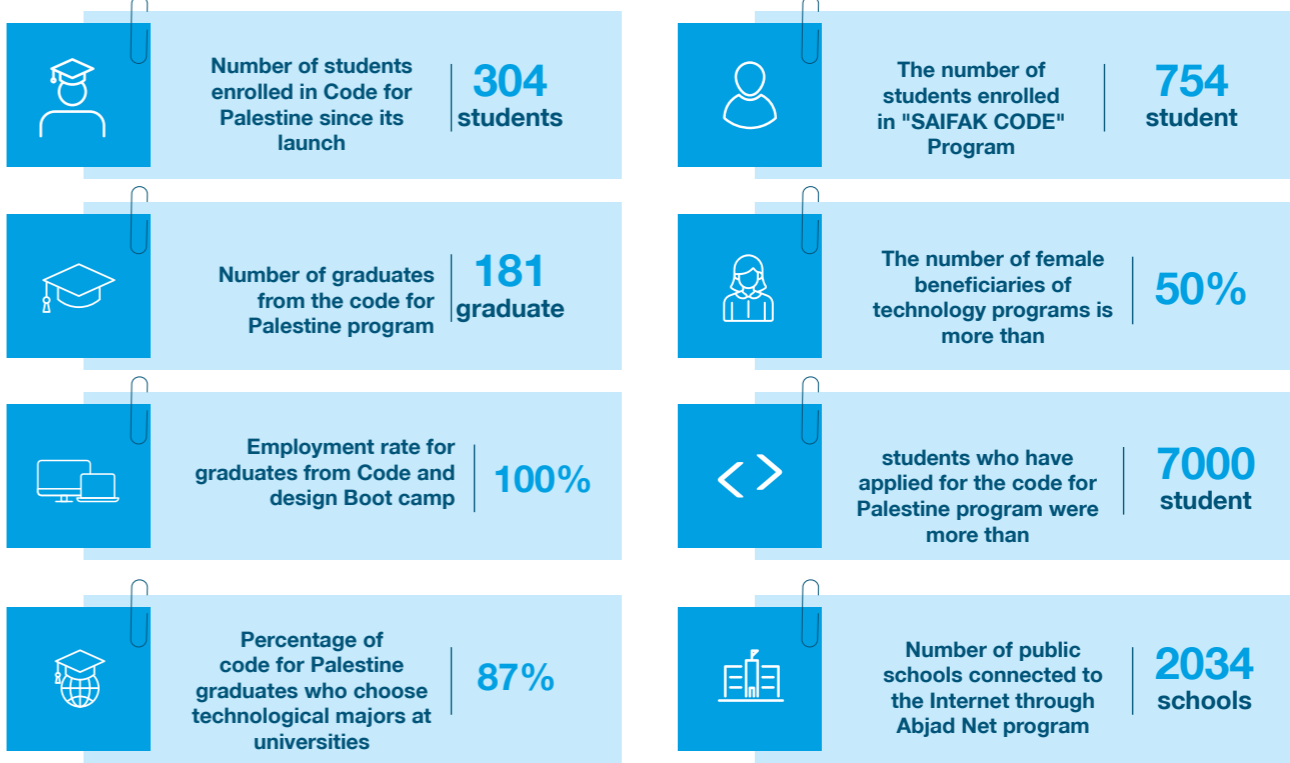
Technology

Strategic Objective

Strategic Objective: Enhancing the enabling environment for the technology industry in Palestine in order to improve employment in the virtual world and enhance entrepreneurship and innovation.



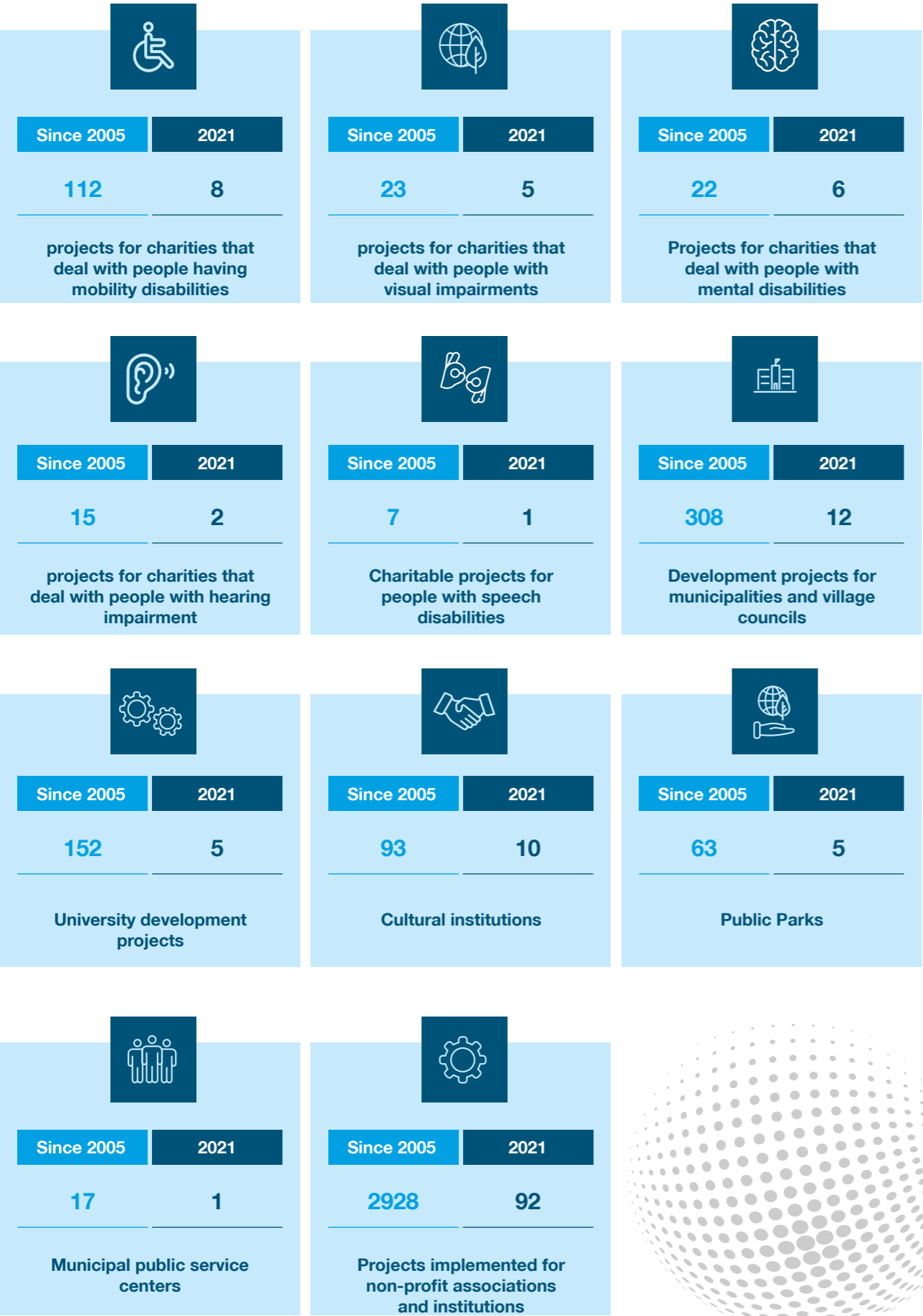
The most important outcomes



Code for Palestine Program:

Code for Palestine program has entered its seventh year in the midst of the Corona pandemic crisis, and the obstacles this pandemic has imposed on the implementation of any program based on gatherings and direct meetings. And for the second year in a row, Paltel Group has resorted to innovative means and scenarios in implementing this program, given its importance for students and for the future of technology in Palestine. The group has tried hard to implement the summer camp for the year 2021, in presence even partially, however, travel restrictions and safety measures prevented this. Consequently, the summer camp was implemented virtually for the second year in a row.

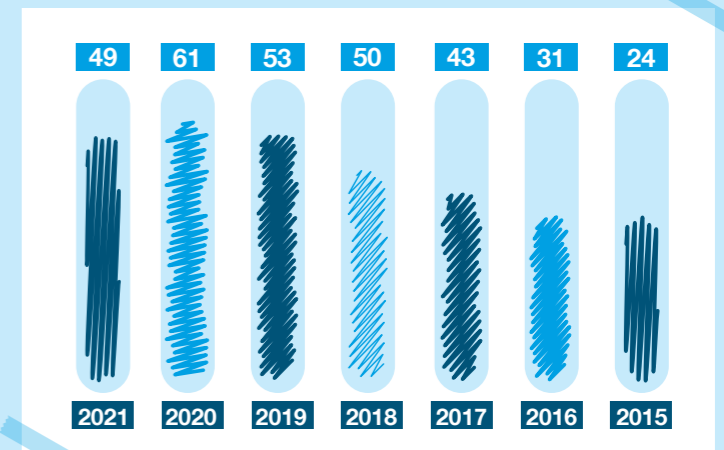
The corporate work team worked extensively with international and local trainers to ensure that the summer camp achieves its expected results. Work teams, classrooms, working groups and various means of communication were formed, all of which contribute to the success of the summer camp and link the results of work during the year with the outputs of the summer camp, especially presenting graduation projects and discussing them with students by the trainers so that these projects constitute educational models and practical intentions for the launch of these students towards the world of entrepreneurship and creativity.



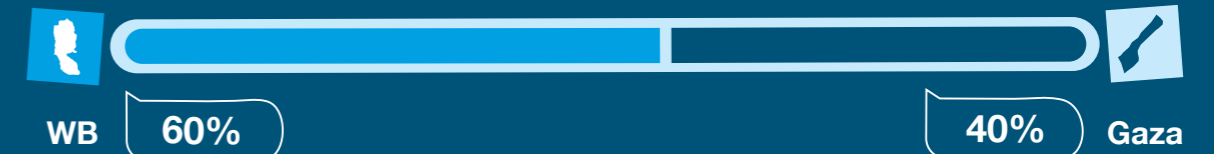
Applicants for the program in 2021 compared to previous years



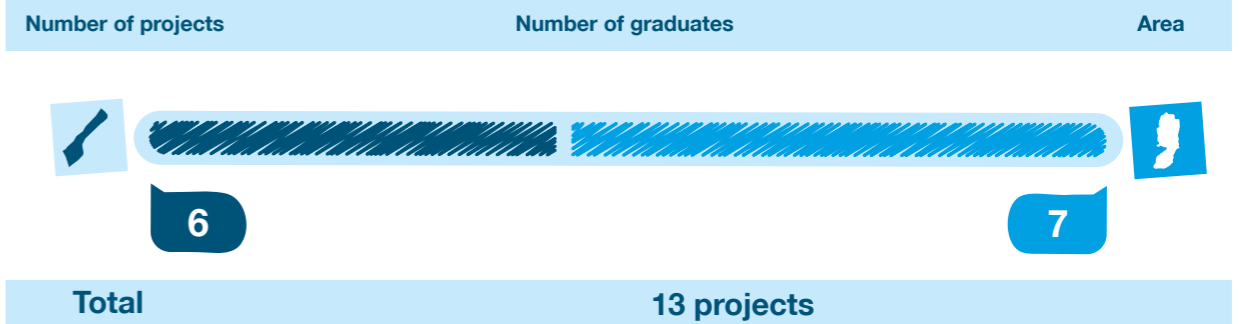
The number of students enrolled in the summer training camp, distributed by years in the Code for Palestine program



Percentage of students enrolled in the Palestine Code Program



Data for graduates from Code for Palestine in 2021



Sierra Kaplan-Nelson

Participating in Code for Palestine program was an amazing experience for me, as I had the opportunity to meet and work with a group of talented and bright young people, whom I have accompanied for three years as they learn and develop as entrepreneurs, programmers and educators of the future. I also feel lucky to have entered the Gaza Strip, where I was introduced to Palestinian culture and history. It is a unique program as it develops human relations and build knowledge and skills.

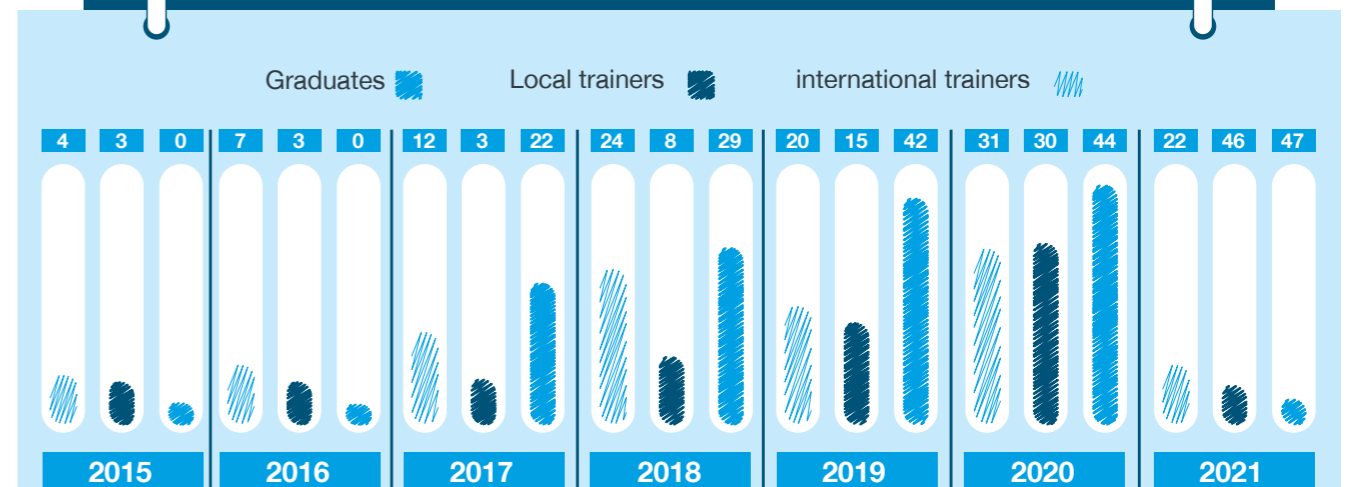


Yasoob Rasheed

Teaching in Code for Palestine gives me Great fun, my students are smart and creative, and I am inspired by their determination to learn and to be distinguished young engineers.



Number of international trainers, number of local trainers, and number of graduates



Ritta Aldeek



In my opinion, what distinguishes Code for Palestine from other programming education programs is the lessons of design thinking or constructive thinking, which are no less important than the programming lessons for us. Through it, I learned to organize my time and establish the basis for discussion, sound thinking and problem solving, and I was able to land any topic in front of a large group of people with confidence. This is an important reason that the program does not only target knowledge and technology, but also aims to build the personality and way of thinking of students.

Finally, I thank Code for Palestine, not only because it taught me the basics of python html and JavaScript, but also because it guided me to be the person I aspire to be, and taught me the true meaning of the word family, which is not necessarily related to blood.

Mohammad Milhem



By time, we began to understand and love programming, the black box began to open and we were actually able to make programs and games on our own. It was true that it was simple, but the idea of building it from scratch gave us the opportunity to see games as games in the world. We felt the joy of achievement, but we did not stop there. !

The education in Code for Palestine was different. It was an exchange of information rather than an instruction in the indoctrination sense. The method of teaching encouraged the students to research and delve deeper for themselves in the topics they were learning. It was always told to the students by the trainers that the topics they learn in Code for Palestine and on its extent, It is the beginning of the path for them, the path they will complete with their self-reliance and their great self-confidence which was built through Code for Palestine.

Ali Ihsan Alfarra



I am Ali Ihsan Alfarra from Khanyounes. I was one of the group selected to participate in Code for Palestine program in the summer of 2019 to start one of the most beautiful experiences in my life.

They were special years I spent in the program in which I learned a lot and developed my life skills. I learned programming, leadership skills and the art of solving problems, and making friends and strong relationships and going through the experience of learning from people with international experiences and acquiring knowledge and culture from them and getting to know their lives and customs, as well as getting to know people who are role models in their lifestyles and their continuous hard work to always get us and themselves for the best.

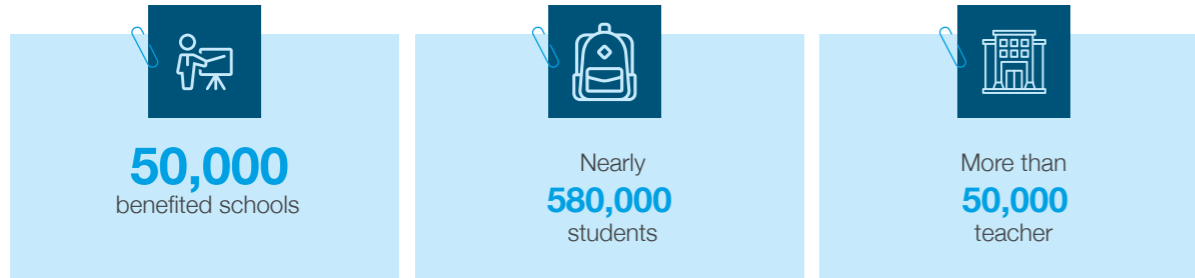
These years have changed a lot my intellectual perspectives, my working lifestyle, my time management, my desire to learn more and always thriving to reach the best. It is enough for me that whenever a feeling of despair and fatigue creeps into my heart and mind, I remember my moments and my days in this program which is the best way to regain my passion and energy so that I can go back and continue what I started.

Graduation Projects

WHAT IF	A site to give space for people of all ages and ways of thinking to share and suggest ideas for tools or projects that could help or make a real change and revolution in different fields	
Novella	A website for readers that allows them to exchange used books, meet despite distances, and share ideas among themselves	
Online Studio	A platform that contains all areas of freelance work in one place and connects the user and Freelancer in a safe and smooth environment	
Get it Done	An application to facilitate time management, organize tasks, track users' productivity, and help them stay on top of everything they need to accomplish by providing several lists, including task lists and a work memo	
Healthy Lifestyle	A website that allows the user to calculate the body mass index by entering both weight and height, and then the user can choose the appropriate system for him, such as daily meals and exercise according to his weight and height	
Use Your Mind	An educational site that aims to make learning more effective by placing selected questions in various scientific subjects and providing the opportunity to obtain a periodic assessment of the student's development in various subjects and allowing participation and discussion with other users through different questions	
ELEC.PS	A website specialized in buying and selling electronic tools and parts, where the user can search and buy the electronic parts or tools he needs from other users and at the same time he can display his electronic tools and parts for sale on the site	
Blooming Kids	Helps introverted and shy children to strengthen their personality and interaction with others through several tasks that gives them points for completing the tasks.	
COVID-19	Monitoring COVID-19 in Palestine. The application shows hospitals and centers where the vaccine is available, and the number of people who received the vaccine in Palestine	
STANDOUT	This application helps students who are joining universities in building a CV that is distinct from others and without faults, the application asks some questions and inquiries with which you can enter your data, and that will be classified and processed in terms of importance, and thus added to your CV to be able to apply to the best international universities	
Pal - Masarat	Pal Masarat is a website with hundreds of tours and hikes in Palestine. It provides users with the ability to register for hikes or create ones, and the site has been created in English to facilitate its use by tourists who visit to Palestine.	
FastCure	The idea of the project revolves mainly around the obstacles to accessing hospitals, waiting for the turn, and the difficulty of accessing them, especially during quarantine periods. Where our application enables you to book your appointment in the hospital with the doctor who specializes in the problem you are experiencing and facilitate your access to the hospital just by entering the symptoms you are experiencing and describing your health condition	
Super Hero	The site asks a set of questions and accordingly gives the user if he can donate blood or not the site also gives important information about donating blood and encourages people to donate.	

Abjadnet School Networking Program

With the gradual return of life to normal in the year 2021, schools began to return to face-to-face education, which requires the attendance of teachers and students to schools, and this in turn requires the availability of Internet service, especially after a year of total dependence on technology and the Internet in education. Accordingly, Paltel Group continued to provide the school network service through the Abjad Net program in partnership with the Ministry of Education.



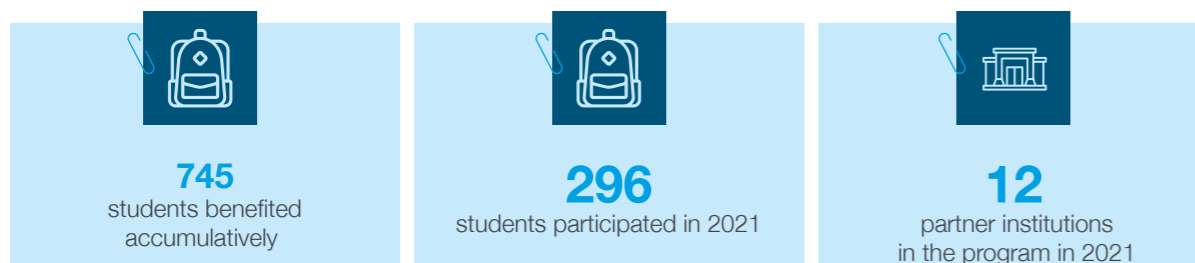
One Hour of Code

The Hour of Code initiative is one of the global initiatives affecting the dissemination of a culture of programming and technology among societies, regardless of age, education level, language and previous experiences. The goal of the idea is to raise the idea of programming in the minds of the participants so that this constitutes a tool that contributes to discovering and developing the talent of programming through specialized education and training and directing talented people towards specializing in the field of programming.

Year	WestBank	Gaza	Governmental	UNRWA	Private	Total
2014	60	40	95	5	0	100
2015	120	80	170	30	0	200
2016	200	140	290	24	26	340
2017	400	221	552	49	20	621
2018	651	295	813	125	8	946
2019	809	324	959	166	8	1133
2020	The program was implemented within the conditions of the Corona pandemic using technological means of communication due to the closure of schools for continuous periods.					
2021	572	231	667	87	49	802

Saifak Code Program

Saifak (Your Summer) Code is a complementary and parallel program to the Code for Palestine program, as it targets students who were not fortunate enough to join the Code for Palestine program due to the strong competition among applicants in light of the limited admission seats in the program. Your summer code is an intensive program that lasts for three weeks during the summer vacation and targets students in the age group of 14 years to teach them the basics of programming and problem solving. The program is implemented in partnership with grassroots community institutions in various Palestinian governorates in Jerusalem, the West Bank and the Gaza Strip. Training in this program is conducted by a group of distinguished university students who wish to transfer their technological knowledge and experience to school students. 296 students participated in the program in the year 2021, bringing the total number of beneficiaries to 745 students since the program was launched in 2017.



Education

Strategic Objective: To improve the enrollment of distinguished students in universities and vocational institutes in specializations required by the labor market, and to promote the use of modern technology in school education.

Primary Results

6,653 university scholarships offered until the end of the year 2021



The percentage of female beneficiaries from university scholarships exceeded 50%



1073 Graduates of Paltel Group Scholarship by the end of 2021



2034 Public schools are connected to the Internet through Abjad Net program



Providing 129 grants to orphans and persons with disabilities in the year 2021



Allocating university scholarships in 2021 for technology and science majors.



In light of the rapid technological progress, the convergence between the education and technology sectors is increasing to the point where it is difficult to separate these two vital sectors, especially after the qualitative shift in employing technology in education after the Corona pandemic and its repercussions on the education sector specifically because it depends mainly on gatherings and social convergence. In Palestine, education remains the industry of people, who lives under a brutal occupation that violates most of its natural resources. Education also remains an opportunity for construction, development, and liberation, especially if it is linked to the technology sector and employs technology to bring about real economic development based on entrepreneurship and creativity. Accordingly, the Paltel Group has taken an important strategy in the year 2021 to allocate the university scholarship program to technology and science majors in order to contribute to the education of a scientific technological generation capable of participating in achieving development by employing technology and science to achieve this goal. The group also continued to allocate part of the university scholarships for orphans and persons with disabilities in order to achieve social justice as part of the company's values and mission to reach out to the less fortunate groups in the Palestinian society.



Numbers of Paltel Group Scholarship graduates was **1073** distributed according to majors

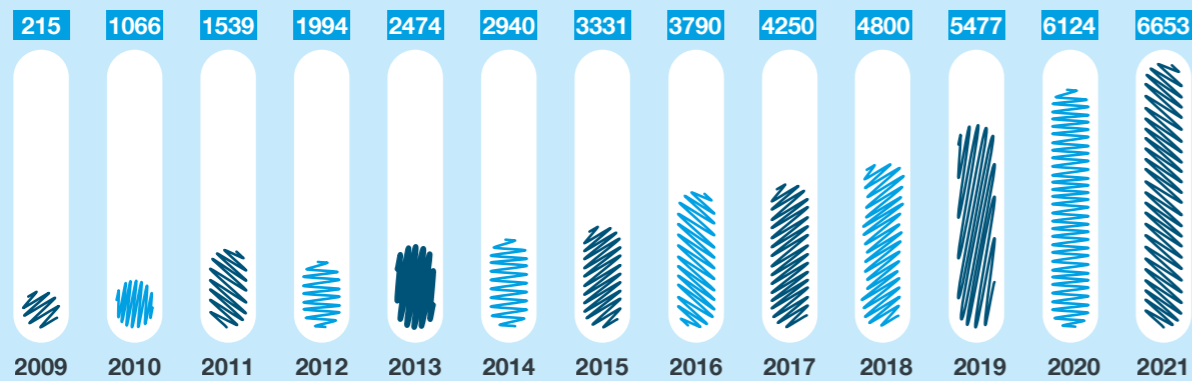
Major	Medicine	Engineering	Administration & Economics	Science	Nursing	IT	Special Education	Agriculture	Technical Majors	Others
Number of graduates in 2021	129	189	174	54	28	57	3	9	265	165

Number of Scholarships granted was **529** in 2021, distributed on the following majors. Noting that the majors of disabled persons, orphans, and Decent life Scholarships were classified under "Other" majors.

Major	Medicine	Engineering	Administration & Economics	Science	Nursing	IT	Agriculture	Fine Arts	Others	Technical Majors
Number of benefited students in 2021	18	51	8	38	12	27	3	4	171	197

● New and ongoing technical students ● Majors for persons with disabilities, orphans, and decent life New and ongoing ● Ongoing competitive student scholarships in 2021

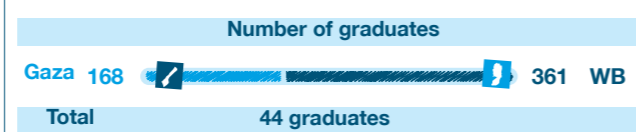
Accumulation of scholarships awarded annually



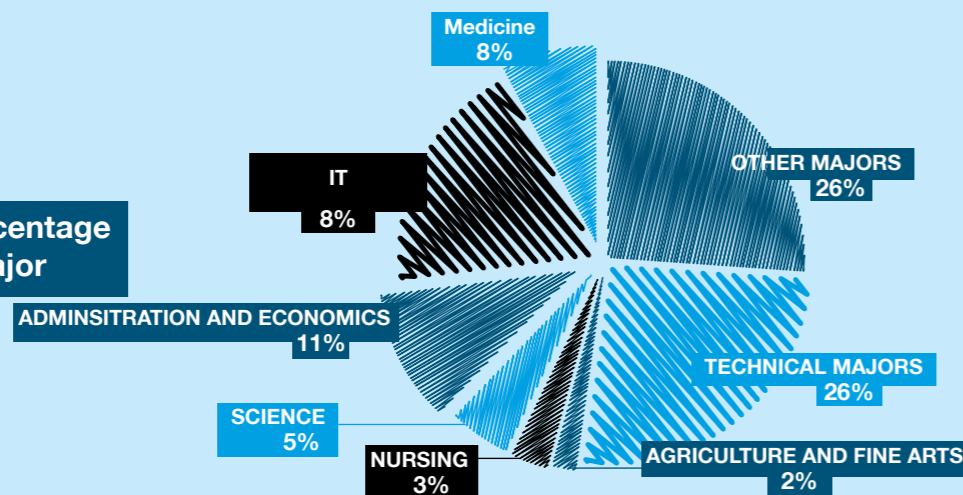
Distribution of grants according to gender in 2021



Distribution of grants according to area



Scholarship percentage for each major



Bayan Mahmoud Hmeidat – a student in the sixth year at the faculty of Human medicine



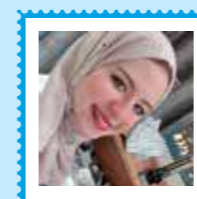
I was one of the people who got Paltel Group scholarship, which had a great role in pivoting my scientific path. As an orphan who always dreamed to be a doctor, the roads had been closed until God granted me this grant, which made a qualitative leap and brought hope back to my dreams, and brought me a ray of light. The financial support for the scholarship, which covers the entire high medical college tuition, as it is known, made me now sit in this place, months away from graduation; as the scholarship had a great role in facilitating my registration which I wanted at the time and place I desired and without difficulties. Every day during my career, I praise God for the grant, as I am among my orphaned brothers and as an outstanding student who loves science, and at a time when our needs were increasing on the shoulders of my mother, who is basically a housewife. Paltel Group's grant came to contribute financially to alleviate our crisis. And here I take this chance to express highest degrees of thanks and gratitude to Paltel Group for Development for all their efforts, dedication and support during my medical and educational career over the past six years.

Tareq Roshdi – IT, Al-Aqsa University



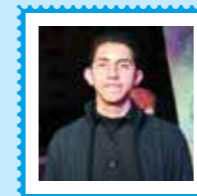
After I graduated from high school four years ago, God blessed me with a scholarship provided by the Palestinian Communications Group, which played the most prominent role in achieving my ambition to study computer systems engineering at Al-Azhar University. Over the past years, there has been constant communication between us and those who administer the scholarship to mitigate the obstacles we face at the university. In my turn, I would like to thank Paltel Group for what it has provided and what it offers to students who strive to achieve their ambitions.

Aya Ibrahim Obeid – Nursing graduate



I am the nurse Aya Ibrahim Obaid, who holds a bachelor degree in nursing from the Arab American University. The beginning was in 2017, when I obtained a high school diploma with an average of 97.6. Paltel Group rewarded me and others by offering this scholarship, which contributed to alleviating the burden of study costs. It encourages students to graduate and engage in the field they love, this support also motivates the outstanding students to achieve the best, and to continue to strive for excellence. It also raises the interest of all persistent and distinguished students and offers them to continue diligence and appreciates their fatigue throughout the school days. In 2021, I completed my bachelor's degree and graduated with a high degree, after working hard so that this day would come and I would be proud of myself as well as my parents. Today, I got membership in the Nursing bar, and I took the profession's practice exam, and I passed it too. I also got a certificate of practicing the profession, and succeeded and obtained the Palestinian Practice certificate. Today, I work at the emergency center in my town Arrabah and I'm glad to be part of the White Army and to work in the field of humanity, and to serve my people and everyone who suffers pain in a way that improves their health, relieves their pain, eases their wounds, and above all it pleases God.

Waseem Hamdi Alfarram



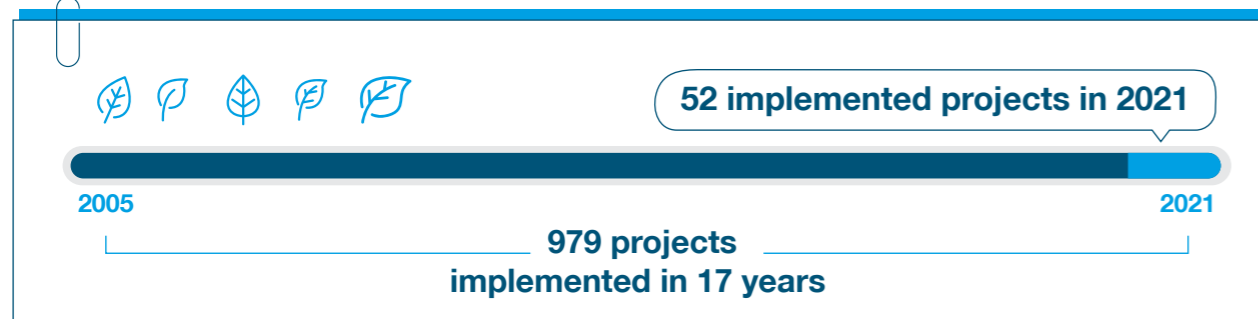
I am Waseem Hamdi Al-Farram, a student at the Faculty of Engineering - Department of Computer Engineering - fourth year at the Islamic University of Gaza, I joined Paltel Group's grant in 2018 after I finished high school and they are still giving grants to improve the labor market every year. I would like to thank all those in charge of Paltel Group's grant program for not sparing any effort for the success of the future generations and directing them to the labor market in the right way, and I advise all students who will finish high school and enter the university to apply for this grant and get the right directions from this grant.

Development sector support program

Consistent with Goal No.1 "eradication of Poverty" and goal No.8: "Decent work and economic growth", and Goal No.17 partnerships to achieve the goals" of the sustainable development goals 2030.



Paltel Group aims to support sustainable development projects in order to bring about economic and social changes to advance the society through working on the implementation of development and service projects that benefit citizens' lives through partnership with civil society institutions. The number of development projects that have been implemented from 2005 to 2021 are as follows:



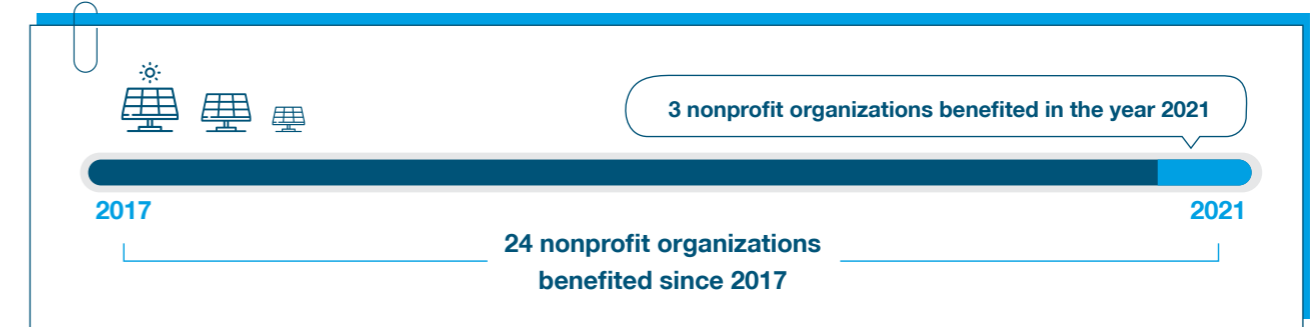
2005 2021

979 projects implemented in 17 years

Number of development projects implemented for the benefit of non-profit organizations during 17 years

Public parks 63 projects	Solar energy 24 projects
Income generating halls 69 projects	Municipal public services centers 32 projects
Health projects 250 projects	Municipal public services centers 32 projects
Nonprofit kindergartens 40 projects	Orphanages 121 projects
Elderly homes 40 projects	Development projects for universities & colleges 152 projects
Other projects 170 projects	

The Initiative to establish solar power stations for Non-Profit Institutions during the last 5 years



Consistent with Goal No.7 "Clean Energy at reasonable prices" of the sustainable development goals 2030.



In view of the definite success achieved by the establishment of solar energy stations for associations and non-profit institutions, which was represented in the establishment of sustainable development projects whose financial results directly benefit the operational and development work of associations and institutions through partial savings on the total value of electricity, taking into consideration that this initiative is in line with the global standards of sustainability, development and preservation of the environment through the provision of clean energy.

It is worth noting that the total number of solar power stations that have been implemented under this initiative has reached to 24 stations in the West Bank and Gaza since 2017.

Beneficiaries from the solar power initiative

4 municipalities	824 orphans
5 associations that deal with persons with disabilities	13 orphan houses
One health institution	One Food processing institution

- The Islamic Charitable Society - Deaf School - Ramallah and Al-Bireh
- Al Qarara Municipality - Gaza
- Association of Visually Impaired Graduates Association - Gaza
- Generation of Hope Association - Jerusalem
- Dar Al-Iman Association - Qalqilya
- Al-Amal Rehabilitation Hospital - Nablus
- The Islamic Charitable Society - Orphanage House - Hebron
- Al-Birr Association for the Sons of Martyrs - Jericho
- Khuza'a Municipality - Gaza
- SOS Children's Village - Bethlehem
- The Islamic Charitable Society - Orphanage House - Hebron
- The Islamic Orphan Society - Jerusalem
- The National Authority for Balata Al Balad - Nablus
- The Arab Orphan Home Association - Tulkarm
- The Arab Women's Union Society - Orphanage House - Nablus
- Municipality of Al-Brej - Gaza
- The Arab Women's Union Association - Bethlehem
- Central Blood Bank Association - Gaza
- In'ash Al-Osra Association - Ramallah and Al-Bireh
- Jaffa Center - Nablus
- Dura Islamic Society for Orphans Care - Hebron
- Al-Masdar Municipality - Gaza
- Children's Village - Gaza
- The Red Crescent Society - Tulkarm - Orphanage

35% annual savings on the value of the electricity bill for the Islamic Charitable Society, Orphans House

The establishment of a solar power station project for the orphanage contributed to saving 22,000 NIS annually out of the total value of the electricity bill, which amounted to 63,000 NIS, with a saving rate of 35%.

The savings amount (22,000 NIS) was invested in developing services provided to orphans by covering education and treatment expenses, which contributed to raising the educational, health and living standards of the residents.

Noting that the Islamic Charitable Society is an association based on providing social care to 250 orphan children in which they receive all life needs, including social, health, educational, and recreational needs, which qualifies them to be effective people and leaders in the community.



Islamic Charitable Society - Hebron

The most important development projects

A project to equip a sewing workshop / Women's Program Center Association / Nablus	Constructing a community meeting hall / Tulkarem municipality
Equipping and furnishing a multi-purpose hall / Beita Women's Development Association / Nablus	Equipping and furnishing an orphanage in the new building / Dar Al-Eman Association for Orphan Care and Shelter / Qalqilya.
Kindergarten educational staff training and development project / Early Childhood Resources Association / Ramallah and Al-Bireh.	A project to establish a park and rehabilitate a supporting educational classroom for children / Juzour Center for Arts and Charitable Development Association / Dheisheh Refugee Camp / Bethlehem.
A project to support the establishment and equipping a kindergarten / Jaffa Center / Balata Refugee Camp / Nablus	Rehabilitation of Al-Wehda Park / Seed Association for Development / Nablus
The project of rehabilitating and equipping Burqin municipality hall / Burqin municipality / Jenin	

Development projects to enhance the role of women

Beita Women Development Association

Beita Women Development Association/Nablus: It is a non-profit institution that aims to empower Palestinian women and enhance their participation in public life in the town of Beita and the villages south of Nablus Governorate through capacity building programs and the provision of income-generating projects. The association includes a day club for elderly women that serves 50 women inside the association and 15 women in their homes, and a kindergarten for 120 children. The association includes a food processing kitchen where 6 women work.

Whereas, Paltel group supported the project of finishing, equipping and furnishing the main hall of the association, which was later used to train women in handicrafts, food processing, health guidance, and supportive education for the students of the town. The hall became a source of good income for the training programs in 2021, where 334 women as well as 194 male and female students joined the educational courses carried out in the hall.



Beita Women Development Association - Nablus

The right to a decent life program

The Right to a Decent Life Program targets poor families by providing income-generating economic projects capable of growth and development. The submitted projects focus on the experiences of the heads of families so that their previous experiences are benefited from and built upon. The program also allocates part of the projects for families headed by women, especially in remote communities, camps and poorer neighborhoods. The nature of the projects presented ranges from individual occupations, home production workshops, small agricultural projects, productive kitchens and small retail stores. By the end of 2021, the number of families benefiting from the Right to a Decent Life Program reached 442 in Jerusalem, the West Bank and Gaza Strip; while the number of direct beneficiaries reached to 2,254. The number of projects presented to families headed by women reached 122 out of a total of 442 projects. The number of submitted projects in Gaza Strip reached 195, while the number of projects in Jerusalem and the West Bank reached 247.



442 Beneficiary families



2244 Individual beneficiaries



122 Projects for female-headed families



195 Projects in Gaza Strip

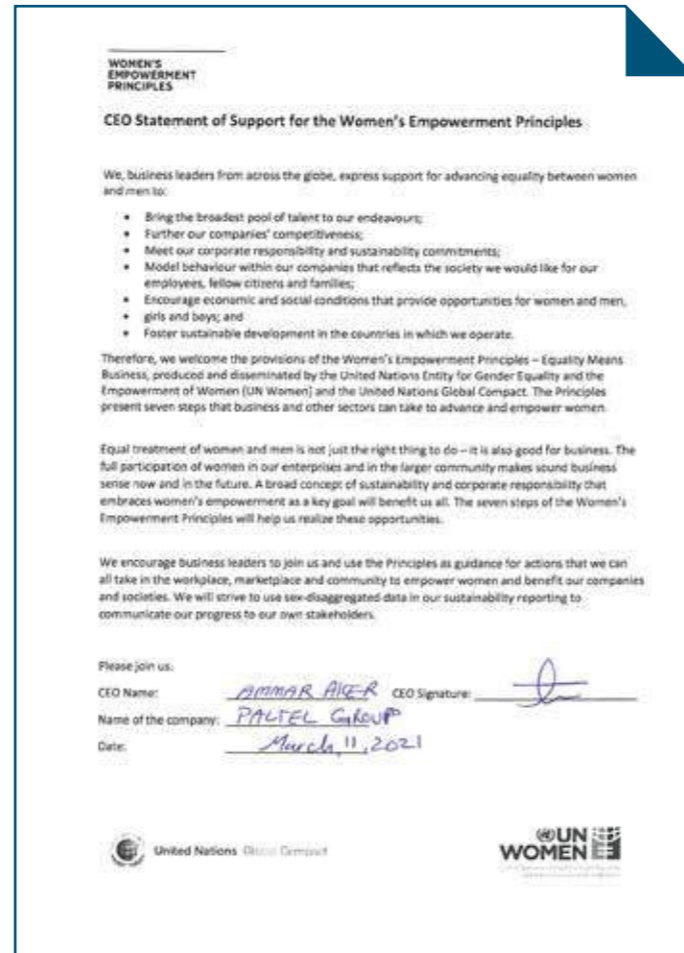


247 Projects in the West Bank and Jerusalem



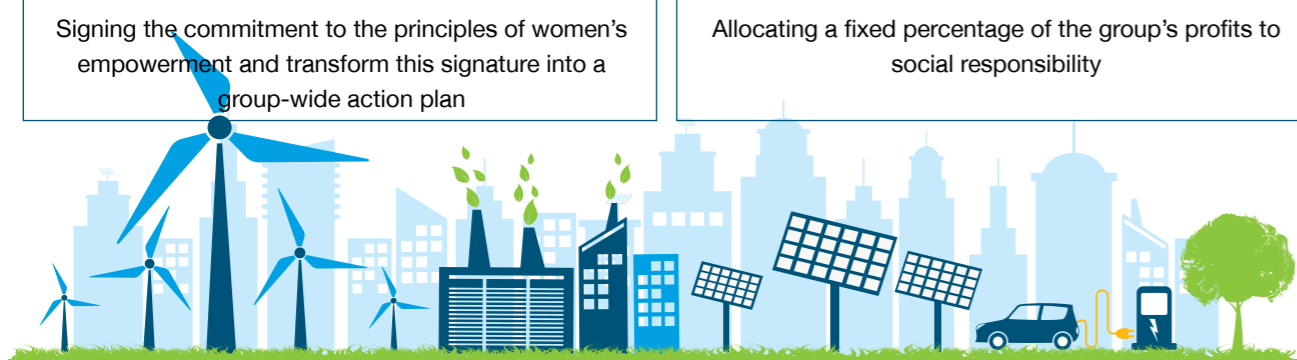
Sustainability

Paltel Group embodies the modern concept of sustainability in all its operations, not only in the social aspect. This concept is focused on the environmental, social and economic aspects alike. Paltel Group has taken advanced steps in this field, the most recent of which was the signing of the memorandum of commitment to the principles of women's empowerment in 2021 to initiate practical steps that are embodied in raising awareness and training on the empowerment of women's participation in all levels of activism and community engagement.

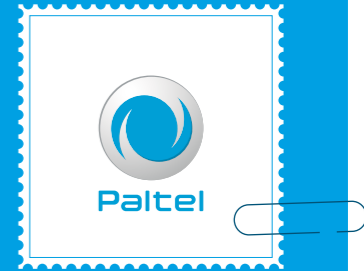


An Outline of the Sustainability achievements in the environmental, social and economic aspects, including governance

Issuing sustainability reports since 2006 within the special disclosure standards Global Reporting Initiative	Commitment to the highest standards of governance and disclosure according to the Palestinian Corporate Governance Code and IFRS
Signing a memorandum of compliance with environmental standards within UN GLOBAL COMPACT	Commitment to renew the ISO 14001 environmental management certification
Signing a memorandum of understanding with the United Nations Development Program to work within the sustainable development goals	Commitment to renew the ISO 27001 certificate for information security
Signing the commitment to the principles of women's empowerment and transform this signature into a group-wide action plan	Allocating a fixed percentage of the group's profits to social responsibility



Paltel



Strategic Partnership Agreement

Training Al-Najah University students' agreement: The signing of a strategic partnership agreement between Al-Najah National University and Paltel to train communication and digital marketing students from freshman year until graduation. At the end of the training, the student obtains an accredited and joint certificate from "Paltel" and Al-Najah University, which supports his resume and enables him to enter the labor market strongly.



Technology and Entrepreneurship

- Organizing awareness workshops to extend the Fiber to the Home (FTTH) for the first time in Palestine, in partnership with the Engineers bar and the Ministry of Communications and Information Technology to train and contract with engineers, technicians and electricians in (Nablus, Hebron and Ramallah).
- Sponsorship of the Palestinian Technology Week "Expotech" in a special pavilion for ICT services, which focused on introducing visitors to the most important cloud services offered by Paltel and its mechanism of action.
- Sponsoring the global competition "An Hour of Code" organized by the Communications Group for Development Foundation in several schools in Gaza to motivate students of all ages interested in programming.
- Technological sponsorship of the "Startup" hackathon in Gaza, which is organized by the Higher Council for Innovation and Excellence, where the participants presented several projects in the fields of the modern industrial revolution, the Internet of things and artificial intelligence.
- Sponsoring the most important technological entrepreneurial projects and competitions, the most important of which is the "Summer Code" program and the programming competition for Palestinian universities in its tenth session for the year 2021 at Palestine Al-Ahliyya University in Bethlehem, and the "Digital Education" competition in Gaza and sponsoring the Technology Camp for Engineering Students organized by the IEEE Association in cooperation with An-Najah University and Birzeit University, and sponsoring TEDx Women Conference at Abdul Mohsen Qattan Theater.
- Organizing workshops in the field of subscriber experience through the global expert and speaker Frans Reichardt at Paltel Center for the business sector over a period of 3 days to share his experience in the field of subscriber experience and methods of communicating with clients and meeting their needs.

Supporting Education and Youth

- Receiving An-Najah University students at the "Paltel" data center.
- Hosting "Designers Talk" in the business sector center, which included a group of designers who exchanged experience in the field of branding and visual identity.



Supporting Education

- Receiving An-Najah University students at the "Paltel" data center.
- Hosting "Designers Talk" in the business sector center, which included a group of designers who exchanged experience in the field of branding and visual identity.
- Hosting and sponsoring a "Press Talk" in partnership with the International Committee of the Red Cross, sponsored and hosted by PALTEL for a "Press Talk" workshop, which brought together a group of media professionals and those interested in the realities of Palestinian media issues raised by the human press.
- Participation in the activities of the Career Day at Palestine Al-Ahliyya University in Bethlehem to introduce students and graduates to the most important employment programs available to it and give them the opportunity to present and join PALTEL family through "Video CV" feature.
- Joining the Tawjihi student's happy atmosphere after the results were issued.



Volunteer initiatives

- Participation in the olive and date harvesting season through its enthusiastic youth team, "Paltel Shabab" volunteering for olive picking, in addition to helping farmers in Gaza in the date harvesting season.
- Participation in the global campaign to combat violence against women in partnership with the UN Women program by lighting the company's general administration building and the regional administration building in orange for a period of 16 days.
- Participation in voluntary initiatives to support our people in Gaza, the most important of which is the "Han'amerha" initiative to clean the streets and work to re-repair the damages occurred to the telecommunications network in Gaza.
- Participation in the "Let's make our streets free" initiative with Ramallah municipality to support the people of Sheikh Jarrah neighborhood and deliver their message and adherence to their right and their land.



Activities and Events

- Technological sponsorship of the Palestine Food Exhibition and the Construction Industries Exhibition
- Strategic sponsorship of Christmas celebrations
- Organizing the "Shamasi lalli Nasi" event in light of the atmospheric depressions that our country experiences every winter.
- Organizing the first e-league for e-sports enthusiasts in Palestine



Jawwal



Jawwal has proven that it is capable of facing challenges under the most difficult circumstances, and has continued to provide its services to its subscribers and support to the local community within the company's vision and strategy.

Technology Sector

During this year, Jawwal launched the first digital program in Palestine for its subscribers (PLUS program), as part of its responsibility towards its subscribers to provide everything new in the global telecommunications sector. It also launched its own online store, E-Store, with a new image and design that is easier and saves time and effort, and it continued to provide many training programs for school and university students in the field of programming, such as "Palestine for code" and "an hour of programming", besides sponsoring many scientific conferences such as "the World Information Systems Day".



Sports sector

Jawwal continued its support for the sports sector, as sports sponsorship plans were launched for the year 2021 with the support of sports federations and clubs, such as "Basketball, Handball, Volleyball, and Chess." It also renewed its sponsorship this year for the Palestinian football team during its participation in its matches (The Arab Cup, the Asian Cup, and the World Cup), and many other events such as boxing, karate, show jumping, and road bike racing.



Educational sector

Jawwal supports the educational sector by sponsoring several training programs for university and school students in various specialties, such as the largest training program for university students in Palestine, "I am Jawwal". Jawwal also joined school students in summer camps and in the activities of the Guiding Days. It also shared the moments of announcing the results of high school and honored the first amongst them and was welcoming new students at various universities.



Community sector

Jawwal was with the local community in its various "religious, national, and social" events and activities, and carried out many events, such as Earth Day, Teacher's Day, Mother's Day, Isra and Mi'raj, the Ramadan's Family Program for the second season, and paid a visit to Arab Orphan house Association.



Cultural sector

Jawwal has supported many cultural events that enhanced the Palestinian identity and heritage, such as the Wein A Ramallah Festival, the Palestine Film Days Festival, the exhibition of Palestinian products, in addition to sponsoring the album of the Palestinian artist Mohammad Assaf which included national songs, besides other cultural events.



Consolidated Financial Statements

**Independent auditor's report
To the Shareholders of Palesine Telecommunication Company**

Opinion

We have audited the consolidated financial statements of Palestine Telecommunication Company and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements as of December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statement.

<p>Revenue recognition – Accuracy and occurrence of subscription and usage-based airtime services</p> <p>Subscription and usage-based airtime revenue is the largest revenue stream within the Group amounted to JD 307,080,000 as of December 31, 2021. This revenue originates from wholesale, corporate and retail customers. We focused on this matter due to the significant risk that has been identified in respect of both the occurrence and accuracy of airtime subscription and usage-based airtime revenue due to the complexity of systems and the high volume of transactions, including the accounting for new campaigns and changes in tariffs of existing ones.</p>	<p>We have tested relevant controls, key automated and manual controls relating to subscription and usage-based airtime revenue across the Group's principal billing systems, our tests of relevant controls included the authorization of new campaigns and changes in tariffs. We performed our procedures to ensure the matching of revenue figures generated from the billing and charging systems to the revenue recognized through a sample covering the whole year. We have reviewed the reconciliation between the general ledger and the billing systems. We have performed substantive analytical procedures through developing an expectation of revenue based upon usage data and subscription numbers which are the key drivers of each airtime revenue stream. We have also held meetings with the management to corroborate the key movements and trends in revenue within the year. We tested the accuracy of revenue by agreeing a sample of invoices back to the customer contracts and published or agreed tariffs. We performed journal entry testing that covered the whole year with a representative sample based on the criteria we set. Disclosure of revenues is detailed in note (26) to the consolidated financial statement.</p>
<p>Impairment of accounts receivable</p> <p>The Group's outstanding gross accounts receivable as of December 31, 2021 amounted to JD 270,420,000 and the impairment provision against these receivables amounted to JD 130,545,000. The Group provides services to broad base of customers, mainly on credit terms. The Group's policy for calculating the allowance of impaired receivable as referred to in note (3) to the consolidated financial statements requires to determine the impairment value relied on accounting judgments and assumptions where the Group is based on its historical experience, current events, and the expectations for the future events in addition to the time value of money to determine the value of impaired trade receivable. We focused on this matter due to the high judgment involved in calculating the impairment provision, particularly regarding the estimation of future cash collection and type of customers.</p>	<p>We tested the key controls relating to data used in the impairment allowance computation and agreed a sample of this data back to its source, being the billing system. For forward looking assumptions used by the Groups management in its ECL calculations, we held discussions with management and corroborated the assumptions using publicly available information. We assessed whether the time value of money was considered in the expected credit loss impairment model and checked the mathematical accuracy of the calculations. We considered the customers' types and historical payment patterns along with other macroeconomic information. We also assessed the adequacy of the Group's disclosures made on the matter in note (14).</p>

Impairment of loans granted to associates

As at 31 December 2021, the Group's gross granted loans amounted to JD 75,547,000 million. These loans represent 8.7% of the Group's total assets. The related impairment provisions amounted to JD 71,268,000 million. The impairment provision policy is presented in the accounting policies in note (3) to the consolidated financial statements.

We focused on this matter due to the significance of the judgements used in determining needed provision for impairment and in classifying loans into various stages as stipulated in IFRS 9.

Our audit procedures include testing the loans' contract and repayment pattern, obtaining the most recent audited financial statements for the associates to assess the capacity to settle these loans. We also evaluated management procedures for collecting these loans.

We obtained an understanding of the Group's provisioning methodology, assessed the reasonableness of the underlying assumptions and the sufficiency of the data used by the management.

Further, we obtained direct confirmation from the debtors on the due balances and assessed proper disclosure of the loans and interests in the related disclosure as referred to in note (12) and (34).

Other information included in the Group's 2021 Annual Report

Other information consists of the information included in the Group's 2021 Annual Report other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Group's 2021 Annual Report is expected to be made available to us after the date of this auditor's report.

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

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

Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Group's financial reporting process.

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

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

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

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

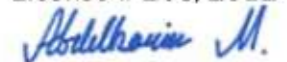
We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and 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 the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements as of December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Ernst & Young - Middle East

License # 206/2012




Abdelkarim Mahmoud

License # 101/2017

March 1, 2022

Ramallah - Palestine

Palestine Telecommunications Company P.L.C.

Consolidated Statement of Financial Position

December 31, 2021

	Notes	2021 JD '000s	2020 JD '000s
Assets			
Non-current assets			
Property, plant and equipment	4	126,729	139,821
Investment properties	5	45,732	45,418
Intangible assets	6	176,791	183,809
Properties under development	7	43,864	67,836
Projects in progress	8	4,368	3,190
Materials	9	13,370	13,808
Investment in associates	10	25,048	22,542
Financial assets at fair value through other comprehensive income (FVTOCI)	11	144,936	113,572
Other non-current financial assets	12	35,710	40,186
		<u>616,548</u>	<u>630,182</u>
Current assets			
Inventories	13	1,620	2,418
Accounts receivable	14	111,585	90,612
Other current assets	15	18,369	26,349
Financial assets at fair value through profit or loss	11	24,942	19,994
Cash and cash equivalents	16	94,831	46,591
		<u>251,347</u>	<u>185,964</u>
		<u>867,895</u>	<u>816,146</u>
Total assets			
Equity and liabilities			
Equity			
Paid-in share capital	17	131,625	131,625
Statutory reserve	18	32,906	32,906
Voluntary reserve	18	6,756	6,756
Special reserve	18	7,950	7,950
Foreign currency translation reserve	18	(176)	(62)
Fair value reserve	11	(37,784)	(70,278)
Retained earnings		348,446	320,652
Equity attributable to equity holders of the parent		489,723	429,549
Non-controlling interests		20,565	19,483
Total Equity		<u>510,288</u>	<u>449,032</u>
Non-current liabilities			
Long-term loans	20	70,382	71,212
Other non-current liabilities	21	64,070	56,258
		<u>134,452</u>	<u>127,470</u>
Current liabilities			
Accounts payable	22	31,932	33,084
Credit Facilities and short-term portion of long-term loan:	23	52,613	89,694
Provision for income tax	24	16,193	10,925
Other current liabilities	25	122,417	105,941
		<u>223,155</u>	<u>239,644</u>
Total liabilities		<u>357,607</u>	<u>367,114</u>
Total equity and liabilities		<u>867,895</u>	<u>816,146</u>

The attached notes from 1 to 40 form part of these consolidated financial statements

Consolidated Income Statement

For the year ended December 31, 2021

	Notes	2021	2020
		JD '000s	JD '000s
Revenues from contracts with customers	26	343,579	296,766
Cost of Sale	27	(76,342)	(56,398)
		<u>267,237</u>	<u>240,368</u>
Operating and administrative expenses	28	(184,893)	(175,937)
Gain (Loss) from investments	29	9,150	(5,663)
Net associates' results	10	2,129	3,113
Finance costs	31	(6,508)	(7,627)
Other revenues, net	30	692	6,346
Profit before income tax		<u>87,807</u>	<u>60,600</u>
Income tax expense	24	(19,792)	(17,108)
Profit for the year		<u>68,015</u>	<u>43,492</u>
Attributable to:			
Shareholders of the parent		67,430	43,038
Non-controlling interests		585	454
		<u>68,015</u>	<u>43,492</u>
Basic and diluted earnings per share (JOD)	32	<u>0.512</u>	<u>0.327</u>

The attached notes from 1 to 40 form part of these consolidated financial statements

Consolidated Statement of Comprehensive Income

For the year ended December 31, 2021

	Notes	2021	2020
		JD '000s	JD '000s
Profit for the year		68,015	43,492
Other comprehensive income items:			
Items not to be reclassified to the consolidated income statement in subsequent years:			
Change in fair value of financial assets through other comprehensive income	11	31,835	(35,734)
Share of associates' other comprehensive income	10	511	(270)
Items to be reclassified to the consolidated income statement in subsequent years:			
Foreign currency translation difference		(114)	(13)
Total other comprehensive income items		<u>32,232</u>	<u>(36,017)</u>
Net comprehensive income for the year		<u>100,247</u>	<u>7,475</u>

The attached notes from 1 to 40 form part of these consolidated financial statements

Consolidated Statement of Changes in Equity

For the year ended December 31, 2021

	Equity attributable to equity holders of the parent							Total equity JD '000s	
	Paid-in share Capital JD '000s	Reserves			Foreign currency translation JD '000s	Fair value reserve JD '000s	Retained earnings JD '000s		Non- controlling interests JD '000s
		Statutory JD '000s	Voluntary JD '000s	Special JD '000s					
Balance at January 1, 2021	131,625	32,906	6,756	7,950	(62)	(70,278)	320,652	19,483	449,032
Profit for the year	-	-	-	-	-	-	67,430	585	68,015
Other comprehensive income	-	-	-	-	(114)	32,346	-	-	32,232
Net comprehensive income for the year	-	-	-	-	(114)	32,346	67,430	585	100,247
Transfer of fair value reserve of equity instruments designated at FVTOCI	-	-	-	-	-	148	(148)	-	-
Subsidiary acquisition	-	-	-	-	-	-	-	(226)	(226)
Increase in Subsidiary capital	-	-	-	-	-	-	-	723	723
Cash dividends (note 19)	-	-	-	-	-	-	(39,488)	-	(39,488)
Balance at December, 2021	131,625	32,906	6,756	7,950	(176)	(37,784)	348,446	20,565	510,288
Balance at January 1, 2020	131,625	32,906	6,756	7,950	(49)	(34,290)	330,280	19,029	494,207
Profit for the year	-	-	-	-	-	-	43,038	454	43,492
Other comprehensive income	-	-	-	-	(13)	(36,004)	-	-	(36,017)
Net comprehensive income for the Year	-	-	-	-	(13)	(36,004)	43,038	454	7,475
Transfer of fair value reserve of equity instruments designated at FVTOCI	-	-	-	-	-	16	(16)	-	-
Cash dividends (note 19)	-	-	-	-	-	-	(52,650)	-	(52,650)
Balance at December 31, 2020	131,625	32,906	6,756	7,950	(62)	(70,278)	320,652	19,483	449,032

The attached notes from 1 to 40 form part of these consolidated financial statements

Palestine Telecommunications Company P.L.C.**Consolidated Statement of Cash Flows**

For the year ended December 31, 2021

	Note	2021 JD '000s	2020 JD '000s
Operating activities			
Profit before income tax		87,807	60,600
Adjustments for:			
Depreciation and amortization		48,548	51,263
Expected credit loss provision		5,322	13,459
Net (Income) Loss from investments		(9,150)	5,663
Net associates' results		(2,129)	(3,113)
Interest revenues		(7,199)	(5,955)
(Gain) Loss from sale of property, plant and equipment		(752)	33
Provision for employees' indemnity		12,091	7,119
Finance costs		6,508	7,627
Other non-cash items		2,993	6,118
		144,039	142,814
Working capital adjustments:			
Accounts receivable		(39,429)	(37,237)
Inventory		798	(65)
Other assets		4,506	4,770
Accounts payable		(1,152)	(22,036)
Properties under development		27,683	12,102
Other current liabilities		16,442	306
Income tax paid		(15,406)	(10,848)
Employees' indemnity paid		(1,548)	(837)
Net cash flows from operating activities		135,933	88,969
Investing activities			
Purchase of investments in financial securities		(264)	(423)
Sale of investments in financial securities		837	232
Dividends received		5,805	2,989
Collections from granted loans		20,561	11,562
Investments in associates		(1,394)	(275)
Investments in subsidiaries		(328)	-
Interest revenues received		3,367	1,502
Purchase of Intangibles		(4,359)	(283)
Purchase of Investment properties		(1,332)	(1,857)
Sale of Investment properties		1,018	-
Disposal of property, plant and equipment		3,518	202
Properties under development		(3,711)	(4,202)
Cash flow from acquired subsidiary		2,510	-
Increase in projects in progress, property, plant and equipment and materials		(26,845)	(22,782)
Net cash flows used in investing activities		(617)	(13,335)
Financing activities			
Cash dividends paid		(39,119)	(51,327)
Interest bearing-loans		52,383	65,801
Payment of interest-bearing loans		(62,310)	(33,501)
Credit facilities		(29,493)	(39,037)
Lease payments		(2,337)	(2,505)
Finance costs paid		(6,200)	(7,247)
Net cash flows used in financing activities		(87,076)	(67,816)
Increase in cash and cash equivalents		48,240	7,818
Cash and cash equivalents, beginning of the year		46,591	38,773
Cash and cash equivalents, end of the year	16	94,831	46,591

The attached notes from 1 to 40 form part of these consolidated financial statements

Notes to the Consolidated Financial Statements

December 31, 2021

1. Corporate information

Palestine Telecommunications Company P.L.C. (PALTEL) is a limited liability public shareholding company registered and incorporated in Nablus - Palestine on August 2, 1995. PALTEL commenced its operations on January 1, 1997. PALTEL operates under the Telecommunication Law No. (3) of 1996 decreed by the Palestinian National Authority (PNA), and the license granted by the Ministry of Telecommunication and Information Technology (MTIT).

PALTEL is mainly engaged in providing, managing, and rendering Telecommunications services and real estate services in the Palestinian territories in addition to its investment's activities.

The consolidated financial statements of Palestine Telecommunications Company P.L.C. for the year ended December 31, 2021 were authorized for issuance in accordance with a resolution of the Board of Directors on March 01, 2022.

2. Consolidated Financial Statements

The consolidated financial statements comprise the financial statements of PALTEL and its subsidiaries (the Group) as of December 31, 2021.

PALTEL's direct and indirect ownership in its subsidiaries' subscribed capital was as follows:

	Ownership		Share Capital (JD)	
	%		2021	
	2021	2020	Subscribed	Paid
Palestine Cellular Communications (Jawwal)	100	100	25,000,000	25,000,000
Hadara for Technological Investment	100	100	7,100,000	6,833,750
Palmedia for Multimedia Services	100	100	1,000,000	1,000,000
Hulul for Information Technology	100	100	12,500,000	12,500,000
Reach Communication Services	100	100	1,000,000	1,000,000
Ayla for Consultancy and Investment Services	100	100	1,000,000	1,000,000
Jerusal for Real Estate Investment	100	100	100,000	100,000
Palvest S.P.C.	100	100	94,285	94,285
Jericho Gate for Real Estate Investment	75	75	35,000,000	35,000,000
The National company For Electronic Payments	49	-	2,864,000	2,864,000

The Group operates in the Palestinian National Authority territories, except for Ayla which operates in Jordan and Palvest S.P.C. which operates in Bahrain.

3. Significant accounting policies

The consolidated financial statements of PALTEL and all its subsidiaries have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The consolidated financial statements have been prepared under the historical cost basis, except for Investments in securities that have been measured at fair value at the date of the financial statements. The consolidated financial statements are presented in Jordanian Dinars, and all values except when otherwise indicated, are rounded to the nearest thousand (JD'000s).

Basis of consolidation

The consolidated financial statements comprise of the financial statements of PALTEL and its subsidiaries as of December 31, 2021. Control is achieved when the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this resumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control (mentioned above). Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

All intra-Group balances, transactions, unrealized gains and losses resulting from relating party transactions and dividends are eliminated in full.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest while any resultant gain or loss is recognized in the consolidated income statement. Any investment retained is recognized at fair value.

Changes in accounting policies

The accounting policies used in the preparation of the Group's consolidated financial statements are consistent with those used in the preparation of the consolidated financial statements for the previous year except for the Group's adoption of the following effective standards and amendments effective starting from 1 January 2021. The adoption of these standards and amendments has no material impact on the Group's consolidated financial statements. The Group did not apply early to any standards issued but not yet effective.

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- To require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest,
- To permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued,
- To provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the consolidated financial statements of the Group.

Covid-19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease Modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 June 2021.

These amendments had no impact on the consolidated financial statements of the Group.

Issued but not yet effective standards

The International Accounting Standards Board (IASB) issued certain standards that are not yet effective and have not yet been adopted by the Group. The following standards are those that the Group's management's reasonably expect that they will have an impact on the financial position or performance or the disclosures of the Group's consolidated financial statements when they become effective. These standards will be adopted when they become effective.

IFRS 17 Insurance Contracts

IFRS 17 provides a comprehensive model for insurance contracts covering the recognition and measurement and presentation and disclosure of insurance contracts and replaces IFRS 4 -Insurance Contracts. The standard applies to all types of insurance contracts (i.e. life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The standard general model is supplemented by the variable fee approach and the premium allocation approach.

The new standard will be effective for annual periods beginning on or after 1 January 2023 with comparative figures required. Early application is permitted provided that the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

Amendments to IAS (1): Classification of Liabilities as Current or Non-current

In January 2021, the IASB issued amendments to paragraphs 69 to 76 of IAS (1) to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- what is meant by a right to defer settlement,
- the right to defer must exist at the end of the reporting period,
- that classification is unaffected by the likelihood,
- that an entity will exercise its deferral right,
- and that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively.

Reference to the Conceptual Framework – Amendments to IFRS (3)

In May 2021, the IASB issued Amendments to IFRS (3) Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS (3) to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS (37) or IFRIC (21) Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS (3) for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively.

The amendments are not expected to have a material impact on the group.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS (16)

In May 2021, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments are not expected to have a material impact on the group.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS (37)

In May 2021, the IASB issued amendments to IAS (37) to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities.

General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

The amendments are not expected to have a material impact on the group.

IFRS (9) Financial Instruments – Fees in the ‘10 per cent’ test for derecognition of financial liabilities

As part of its 2018-2021 annual improvements to IFRS standards process the IASB issued amendment to IFRS (9). The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received by the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendments are not expected to have a material impact on the Group.

Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of ‘accounting estimates’. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Group.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

Significant accounting judgments, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Other disclosures, which clarify the group’s risk exposures, include the following:

- Risk management objectives and policies (Note 36)
- Capital management (Note 36)

The key areas involving a higher degree of judgment or complexity done by the Group are described below:

Fair value of financial instruments

When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Provision for impairment of financial assets

Financial assets are assessed for impairment on the basis described in the "Impairment of financial assets" section.

When determining the impairment of financial assets, management uses certain estimates to determine the amounts and timing of future cash flows and also assesses whether the credit risk on the financial asset has increased substantially since initial recognition and includes future information in the measurement of expected credit losses.

Provision for employees' benefits

Group management uses certain estimates to determine the amount of employee benefits. Management believes that these estimates and assumptions are reasonable.

Impairment of goodwill

The determination of whether goodwill is impaired requires an estimation of the "value in use" of the cash-generating units to which the goodwill is allocated. Such estimation requires management to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Useful lives of tangible and intangible assets

The Group's management reassesses the useful lives of tangible and intangible assets, and makes adjustments if applicable, at each financial year end.

Provision for income tax

The Group's management uses certain estimates in determining the provision for income tax. The Group's management believes that the estimates and assumptions used are reasonable.

Properties under development

The group's management depends on professional real estate valuers to evaluate its properties under development.

Judgments related to revenues from contracts with customers:

Revenue and costs of interconnection

Group management uses certain estimates to determine the amounts of revenue, interconnection costs, receivables and related payables.

Determining the performance obligations and allocating transaction price on these obligations

The Group studies the contracts with customers to determine the performance obligation mentioned or implied in the contracts. Sometimes the contract includes several performance obligations such as points related to customer loyalty program. Group management uses specific judgments to determine performance obligations and to allocate transaction prices on these obligations, such as the determining of stand-alone selling price.

Revenue from sale of land and development rights

Contracts with real estate developers include the sale of lands and its related infrastructure services. The group concluded that it had two separate obligations which is to sell the lands to the developers in addition to providing them with the related infrastructure services.

Significant Accounting Policies

Revenue recognition from contracts with customers

A. Rendering of services:

Under IFRS 15, the Group recognizes the revenue of the services over time by the number of units used in a manner similar to the previous accounting policy, as the customer receives and uses the features and services provided by the Group at the same time.

B. Sale of devices:

The campaigns and services offered by the group usually include the sale of devices. The Group has concluded that revenue from the sale of the devices must be recognized at a certain point in time at which the control of the asset is transferred to the customer, when the devices are delivered. The adoption of IFRS 15 did not have any impact on the timing or value of the revenue to be recognized.

In some cases, the Group sells devices at a reduced price without affecting the prices of other services. In such cases, the discount is directly charged to the price of the device without being allocated to other services.

When the Group sells on installments any of the devices, and the period of payment of the amounts accrued on the customer for more than one year, The Group does not adjust the fair value differences at the agreed selling price as the Group believes that there is no significant financing components in its current contracts.

C. Prepayments from the clients:

In general, the Group collects short-term payments from its customers such as prepaid cards. The Group has recognized these payments as deferred revenue in the statement of financial position before applying IFRS 15.

When applying IFRS 15 regarding short-term payments, the Group will not adjust the agreed selling price as a result of the financing of any part of the contract if the Group believes that the period between the payment of the receivable and the delivery of agreed upon goods or services to the customer will not exceed a year from the date of the contract. If the period between the payment of the receivable by the customer and the delivery of the goods or services agreed upon is more than one year, the Group will adjust the timing differences of the fair value at the agreed selling price.

D. Revenues from sale of lands and development rights

The proceeds from the sale of lands are recognized at a specific point in time when the control of the land sold is transferred to the customer.

E. Revenues from services related to sale of land and development rights

Service revenue is recognized over a period of time based to the percentage of completion at the date of the consolidated financial statements.

Other revenues

Interest revenues

Interest revenues are recognized using the effective interest method, under which the rate used exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of financial asset.

Dividends revenues

Dividend revenues are recognized when the right to receive the dividend is established.

Expenses recognition

Expenses are recognized when incurred based on the accrual basis of accounting.

Finance costs

Finance costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other finance costs are expensed in the period they occur. Finance costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Income tax

The Group provides for income taxes in accordance with the Palestinian Income Tax Law (or in accordance with the applicable tax regulations where the entity operates and generates taxable income) and IAS 12 which requires recognizing the temporary differences, at the date of financial statements between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, as deferred taxes.

Income tax expense represents the accrued income tax which is calculated based on the Group's taxable income. Taxable income may differ from accounting income as the later includes non-taxable income or non-deductible expenses. Such income/expenses might be taxable/deductible in the following years.

Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Fair value measurement

The Group measures most of its financial instruments and discloses some of its nonfinancial assets such as investment properties, at fair value at each reporting date. Also, fair values of financial instruments and non-financial assets measured at cost are disclosed in the notes to the financial statements which include:

- Disclosures for valuation methods, significant estimates and assumptions (Note 3 and 6)
- Quantitative disclosures of fair value measurement hierarchy (Note 37)
- Investment properties (Note 5)
- Financial assets (Note 12)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

A fair value measurement of a non-financial asset takes into account the market participants ability to generate economic benefits by using the asset in its highest and best use or by selling it to other market participants that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

There have been no transfers among the levels mentioned above during 2021 and 2020.

External valuers are involved for valuation of significant assets, such as investment properties. The Group decides, after discussions with the external valuers, which valuation techniques and inputs to use for each case.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Cash dividends paid

The Group recognizes a liability to make cash distributions to equity holders of the parent when the distribution is authorized by general assembly. A corresponding amount is recognized directly in equity.

Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and

equipment and borrowing costs for long-term construction projects if the recognition criteria are met. All other repair and maintenance costs are recognized in the consolidated income statement as incurred. Land is not depreciated.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

	<u>Useful lives (Years)</u>
Buildings and leasehold improvements	8-20
Wireline network	4-15
Wireless network	10
Computer hardware and software	3-10
Office furniture and equipment	4-7
Motor vehicles	4-7
Heavy duty equipment	7
Right of use leases	2-10
Other equipment	4-10

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement when the asset is derecognized.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Properties under development

Property under development is recorded at cost which represents all projects costs, which include design costs, construction costs, direct wages, land costs, part of indirect costs and financing costs. Upon completion of each project, the costs are then transferred to the property, plant and equipment or properties ready for sale depending on management decision or the nature of the project.

An Impairment testing for the carrying value of property under development is carried out when there is an evidence that the carrying value of these projects cannot be recovered. If any such indication exists and the carrying values exceed the estimated recoverable amount, the carrying amount of the projects is reduced to the expected recoverable amount.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of acquisition is measured as the aggregate of the consideration transferred, measured at acquisition-date fair value, and the amount of any non-controlling interest in the acquiree. For each business combination, the Group measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the acquisition-date fair value of the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. The difference between the fair value and the book value is recorded on the consolidated Income statement.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in Income statement.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit, and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash generating unit retained.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

The useful lives of the intangible assets are assessed to be either finite or indefinite.

Intangible assets with indefinite useful lives are tested for impairment on annual basis. Such intangibles are not amortized. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated income statement when the asset is derecognized.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at each financial year end. The amortization expense on intangible assets with finite lives is recognized in the consolidated income statement.

License and lines costs

License and lines costs are amortized using the straight-line method over the license period of 20 years. Amortization expense is recognized in the consolidated income statement.

Rights of use of fiber cables

Rights of use are amortized using the straight-line method over a period of 7-15 years.

Projects in progress

Projects in progress comprise costs incurred to construct and expand the wireline and wireless networks and other projects as of the financial statements date. These costs include costs of direct labor, direct materials, equipment, and contractors' costs. After completion, projects in progress are transferred to property, plant and equipment.

The carrying values of projects in progress are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the projects are written down to their recoverable amount.

Materials and inventories

Materials are stated at cost while inventories are stated at the lower of cost or net realizable value using the weighted average method. Costs are those amounts incurred in bringing each product to its present location and condition.

The carrying values of materials are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the materials are written down to their recoverable amount.

Investment in associates

The Group's investment in its associates is accounted for using the equity method of accounting. An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control over those policies.

When the Group acquires significant interest through steps acquisition, the Group's share is recorded at fair value as of the date the significant influence was acquired in the associate; with any resulting gain or loss recorded in the consolidated income statement.

Under the equity method, the investment in the associate is carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The consolidated income statement and the statement of comprehensive income reflect the share of the results of the associate. Profits and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an additional impairment loss on its investment in its associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, impairment is measured as the difference between the recoverable amount of the associate and its carrying value, and is recognized in the consolidated income statement.

Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in consolidated income statement.

Investment properties

Investment properties are measured at cost less any accumulated impairment in value. The carrying value of investment properties is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, investment properties are written down to their recoverable amount.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the consolidated income statement in the period of derecognition.

Transfers are made to (or from) investment properties only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the book value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Investments in financial assets**A- Initial recognition of financial assets:**

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e. the date that Paltel commits to purchase or sell the asset. All financial assets are recognized initially at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

B- Classification of financial assetsFinancial assets at amortized cost

Debt instruments are measured at amortized cost if both of the following conditions are met:

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

Debt instruments meeting these criteria are measured initially at fair value plus transaction costs (except if they are designated as at FVTPL— see below). They are subsequently measured at amortized cost using the effective interest method less any impairment, with interest revenue recognized on an effective yield basis.

The effective interest rate is the interest rate used to discount the future cash flows over the debt instrument life (or a shorter period in certain cases), in order to match its carrying value at the date of initial recognition.

The Group may irrevocably elect at initial recognition to classify a debt instrument that meets the amortized cost criteria above as at FVTPL if that designation eliminates or significantly reduces an accounting mismatch had the financial asset been measured at amortized cost.

Financial assets at FVTPL

Debt instrument financial assets that do not meet the amortized cost criteria or that meet the criteria, but Group has chosen to designate as at FVTPL at initial recognition, are measured at FVTPL. The Group has not designated a debt instrument financial asset as at FVTPL.

Investments in equity instruments are classified as at FVTPL, unless The Group designates an investment that is not held for trading as at fair value through other comprehensive income (FVTOCI) at initial recognition.

Financial assets at FVTPL are measured at fair value, with any gains or losses arising on re-measurement recognized in the consolidated income statement.

Dividends income on investments in equity instruments at FVTPL is recognized in the consolidated income statement when Group's right to receive the dividends is established.

Financial assets at FVTOCI

At initial recognition, the Group makes an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading.

Equity instruments at FVTOCI are initially measured at fair value plus acquisition costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the fair value reserve. Where the asset is disposed of, the cumulative gain or loss previously accumulated in the fair value reserve is not reclassified to the consolidated income statement, but is reclassified to retained earnings.

Dividends on these investments in equity instruments are recognized in the consolidated income statement when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

The Group can classify debt instruments as financial assets at FVTOCI if both of the following conditions are met:

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

C- De-recognition

A financial asset is primarily derecognized when the rights to receive cash flows from the asset have expired or the Group has transferred substantially all the risks and rewards of the asset to third party. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the group continues to record its remaining interest in the asset and records the liability in the amount of the amounts expected to be paid. If the Group retains substantially all the risks and rewards of ownership of the transferred financial assets, the Group continues to record them and also records the debt security of the amounts received.

D- Impairment of financial assets

Impairment allowances for expected credit losses (ECL) are recognized for financial instruments that are not measured at FVTPL. No impairment loss is recognized on equity investments.

An ECL provision is made at an amount equal to the lifetime ECL, except for the following, for which they are measured as a 12-month ECL:

- Debt investment securities that are determined to have a low credit risk (equivalent to investment grade rating) at the reporting date; and
- Other financial instruments for which the credit risk has not increased significantly since their initial recognition.

The Group has applied the simplified method of the standard to record expected credit losses (ECL) on account receivables and calculated the expected credit losses over the entire life of the receivables. To measure the ECL, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

The Group classifies its financial instruments into stage 1, stage 2 and stage 3, based on the applied impairment methodology, as described below:

- Stage 1: for financial instruments where there has not been a significant increase in credit risk since initial recognition and that are not credit-impaired on origination. The Group recognizes an allowance based on the 12-month ECL.
- Stage 2: for financial instruments where there has been a significant increase in credit risk since initial recognition, but they are not credit-impaired. The Group recognizes an allowance for the lifetime ECL.
- Stage 3: for credit-impaired financial instruments. The Group recognizes the lifetime ECL.

12-month ECL (stage 1) is the portion of ECL that results from probable default events on a financial instrument within 12 months after the reporting date.

Lifetime ECL (stage 2) is a probability-weighted estimate of credit losses and is determined based on the difference between the present value of all cash shortfalls. The cash shortfall is the difference between all contractual cash flows that are due to Group and the present value of the recoverable amount, for financial assets that are not credit-impaired at the reporting date.

For (stage 3) financial instruments, the provisions for credit-impairment are determined based on the difference between the net carrying amount and the recoverable amount of the financial asset. The recoverable amount is measured as the present value of expected future cash flows, including amounts recoverable from guarantees and collateral, discounted based on the interest rate at the inception of the credit facility or, for debt instruments, at the current market rate of interest for a similar financial asset.

Provisions for credit-impairment are recognized in the consolidated income statement and are reflected in an allowance account against loans and receivables, investment securities, and placements.

Financial assets are written off after all restructuring and collection activities have taken place and there is no realistic prospect of recovery. Subsequent recoveries are included in other income.

Financial assets that are measured at amortized cost are tested as to whether they are credit impaired. Objective evidence that a financial asset is credit-impaired may include a breach of contract, such as default or delinquency in interest or principal payments, the granting of a concession that, for economic or legal reasons relating to the borrower's financial difficulties.

Financial assets which have been re-scheduled or modified are no longer considered to be past due and are replaced on performing status when all principal and interest payments are up to date and future payments are reasonably assured. Financial assets that have been re-scheduled, are subject to on-going review to determine whether they remain impaired or can be considered due. All re-scheduled or modified facilities are classified as stage 2 or stage 3 for a minimum period of 12 months from the date of re-scheduling.

Accounts receivable

Accounts receivable are stated at original invoice amount less a provision for impaired debt. Where financial assets are assessed for impairment on the basis shown in paragraph "Impairment of financial assets". When determining the impairment on financial assets. The group uses specific estimates to determine the amounts and timing of future cash flows and also assesses whether there are a significant increase in credit risk of the financial asset since initial recognition and includes the use of future information in the measurement of expected credit losses.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash in hand, bank balances, and short-term deposits with an original maturity of three months or less, net of restricted bank deposits.

Accounts payable and accruals

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Loans and borrowings

At initial recognition, loans and borrowings are recognized at fair value net of directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the consolidated income statement when the liabilities are derecognized by the lender.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortization is included in finance cost in the consolidated income statement.

Leases

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance costs are charged directly on the consolidated income statement.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognized as an expense in the consolidated income statement on a straight-line basis over the lease term.

Right of use assets

The group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, The group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the group and payments of penalties for terminating a lease, if the lease term reflects the group exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The group applies the short-term lease recognition exemption to some of its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options

The group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The group has the option, under some of its leases to lease the assets for additional terms. The group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew.

That is, the group considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the group reassesses the lease term if there is a significant event

or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

The group included the renewal period as part of the lease term for some leases of plant and machinery due to the significance of these assets to its operations. These leases have a short non-cancellable period and there will be a significant negative effect on production if a replacement is not readily available.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Provisions

Provisions are recognized when the Group has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the profit attributable to ordinary equity holders of the parent (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Foreign currencies

Transactions denominated in currencies other than Jordanian Dinar (JD), occurring during the year, are translated to JD using the exchange rate at the date of the transaction. Monetary assets and liabilities, which are denominated in foreign currencies are translated into JD using the rate of exchange at the reporting date.

Gains or losses arising from exchange differences are reflected in the consolidated income statement.

The assets and liabilities of subsidiaries with functional currencies other than Jordanian Dinars are translated into the presentation currency of the Group at the rate of exchange ruling at the reporting date and, their income statements are translated at the weighted average exchange rates for the year. The exchange differences arising from the translation are recognized within the consolidated statement of changes in equity.

4. Property, plant and equipment

	Lands JD'000s	Buildings and leasehold improvements JD'000s	Wireline network JD'000s	Wireless network JD'000s	Computer hardware and software JD'000s	Office furniture and equipment JD'000s	Motor vehicles JD'000s	Heavy duty machines and equipment JD'000s	Right of use Buildings JD'000s	Right of use cars JD'000s	Other equipment JD'000s	Total JD'000s
2021												
Cost												
At January 1, 2021	6,165	43,464	219,078	195,060	146,676	29,309	1,406	3,734	7,799	1,432	1,724	655,847
Additions	30	958	9,173	9,185	4,230	631	10	502	774	599	65	26,157
Disposals	(24)	(1,247)	(5,145)	(13,216)	(8,659)	(750)	(19)	(252)	(991)	(1,118)	(151)	(31,572)
Reclassifications	-	208	(448)	-	383	(90)	-	(111)	-	-	58	-
Business Combination	-	64	-	-	483	36	-	-	79	-	26	688
At December 31, 2021	6,171	43,447	222,658	191,029	143,113	29,136	1,397	3,873	7,661	913	1,722	651,120
Accumulated depreciation												
At January 1, 2021	-	30,103	172,087	151,093	130,609	23,674	1,273	1,949	2,484	1,138	1,616	516,026
Depreciation for the year	-	1,822	9,502	13,627	8,318	1,621	46	370	1,247	530	88	37,171
Disposals	-	(1,223)	(5,125)	(12,364)	(7,884)	(716)	(19)	(10)	(358)	(956)	(151)	(28,806)
Reclassifications	-	110	(108)	-	68	(111)	-	-	-	-	41	-
At December 31, 2021	-	30,812	176,356	152,356	131,111	24,468	1,300	2,309	3,373	712	1,594	524,391
Net carrying amount												
At December 31, 2021	6,171	12,635	46,302	38,673	12,002	4,668	97	1,564	4,288	201	128	126,729
2020												
Cost												
At January 1, 2020	6,080	42,775	219,380	187,664	142,413	28,339	1,511	3,343	7,298	1,432	1,677	641,912
Additions	85	689	9,126	8,573	5,115	1,450	-	439	562	-	67	26,106
Disposals	-	-	(9,412)	(1,185)	(860)	(479)	(105)	(49)	(61)	-	(20)	(12,171)
Reclassifications	-	-	(16)	8	8	(1)	-	1	-	-	-	-
At December 31, 2020	6,165	43,464	219,078	195,060	146,676	29,309	1,406	3,734	7,799	1,432	1,724	655,847
Accumulated depreciation												
At January 1, 2020	-	27,900	172,323	137,381	121,499	22,444	1,321	1,652	1,213	612	1,580	487,925
Depreciation for the year	-	2,203	9,126	14,823	9,951	1,669	57	345	1,280	526	57	40,037
Disposals	-	-	(9,364)	(1,119)	(438)	(438)	(105)	(49)	(9)	-	(21)	(11,936)
Reclassifications	-	-	2	8	(10)	(1)	-	1	-	-	-	-
At December 31, 2020	-	30,103	172,087	151,093	130,609	23,674	1,273	1,949	2,484	1,138	1,616	516,026
Net carrying amount												
At December 31, 2020	6,165	13,361	46,991	43,967	16,067	5,635	133	1,785	5,315	294	108	139,821

5. Investment properties

This item represents investment in land, following is the movement on this account:

	2021	2020
	JD'000s	JD'000s
Balance, beginning of the year	45,418	43,561
Additions	1,332	1,857
Sale of real estate investments	(1,018)	-
Balance, end of year	<u>45,732</u>	<u>45,418</u>

The fair values of these land lots were estimated, by certified appraisers, at JD 81,748,000.

The Group's management is currently finalizing the legal requirements to transfer the title of some of these lands.

6. Intangible assets

	Goodwill	License cost	Rights of use of fiber cables and other intangible assets	Total
	JD'000s	JD'000s	JD'000s	JD'000s
Cost				
At January 1, 2021	17,259	205,610	26,727	249,596
Additions	-	-	4,359	4,359
Disposals	-	-	(570)	(570)
At December 31, 2021	<u>17,259</u>	<u>205,610</u>	<u>30,516</u>	<u>253,385</u>
Amortization				
At January 1, 2021	-	42,384	23,403	65,787
Amortization for the year	-	10,281	1,096	11,377
Disposals	-	-	(570)	(570)
At December 31, 2021	<u>-</u>	<u>52,665</u>	<u>23,929</u>	<u>76,594</u>
Net Book Value				
At December 31, 2021	<u>17,259</u>	<u>152,945</u>	<u>6,587</u>	<u>176,791</u>
At December 31, 2020	<u>17,259</u>	<u>163,225</u>	<u>3,325</u>	<u>183,809</u>

* During 2016, the Group renewed the licenses of both Palestine Telecommunications Co. (PALTEL) and Palestine Cellular Communications Co. (JAWWAL) for a period of 20 years ending in the year 2036. The total amount of the license amounted to US \$ 290 million (equivalent to JD 205,610,000) of which US \$ 260 million is related to JAWWAL's license renewal (including 2G and 3G frequency licenses) while the remaining amount of US \$ 30 million was related to PALTEL's license renewal.

Impairment testing of goodwill

The recoverable amount of the wireless segment has been determined based on the value in use calculation using the cash flow projections from budgets approved by senior management covering a five-year period. The discount rate applied to cash flow projections is 13%. Cash flows beyond the 5-year period are extrapolated using a 3% growth rate.

Key assumptions used in value in use calculations:

The calculations of value in use for the wireless segment are most sensitive to the following:

- Discount rate; and
- Growth rate used to extrapolate cash flows beyond the forecasted period.

Discount rate: Discount rate represents the current market assessment of the risks specific to wireless segment, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its wireless segment and is derived from its weighted average cost of capital (WACC). The WACC takes into account both the cost of equity and the cost of debt. The cost of equity is derived from the expected return on investment by the Group's investors.

The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

Growth rate estimates: Rates are based on the value of the business segment's operations after the explicit budget period. In determining appropriate growth rates, regard has been given to the competitive forces that are expected to prevail after the explicit budget period.

With regard to the assessment of the value in use of the wireless business segment, management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying value of the segment to materially exceed its value in use.

7. Properties under development

	2021	2020
	JD'000s	JD'000s
Balance, beginning of year	67,836	75,736
Additions	3,711	4,202
sales	(27,683)	(12,102)
Balance, end of year	<u>43,864</u>	<u>67,836</u>

8. Projects in progress

	2021	2020
	JD'000s	JD'000s
Telecommunications network	1,891	569
Data transmission projects	2,292	1,461
Administration and information technology systems	129	515
Building rehabilitation	56	645
	<u>4,368</u>	<u>3,190</u>

This item represents the cost of network development. Upon completion, each project is transferred to property, plant and equipment. The costs to complete of these projects are expected to reach a total of JD 39 million.

	2021	2020
	JD'000s	JD'000s
Balance, beginning of year	3,190	4,705
Additions	8,444	6,415
Transferred to property, plant and equipment	(7,266)	(7,930)
Balance, end of year	4,368	3,190

9. Materials

	2021	2020
	JD'000s	JD'000s
Wireline network materials	12,448	12,535
Electricity and air conditioning materials	150	595
Kits and tools	382	121
Disposables and other materials	390	557
	13,370	13,808

10. Investment in associates

	Country of incorporation	% of ownership		Carrying amount of the investment	
		2021	2020	2021	2020
		JD'000s	JD'000s	JD'000s	JD'000s
VTel Holding and VTel MEA*	United Arab Emirates	26.9	26.9	8,976	8,976
The National Bank**	Palestine	14.3	14.3	16,072	13,529
Others	Palestine	-	19.0	-	37
				25,048	22,542

* VTel Holding Company is a holding company established during 2006 in the United Arab Emirates. VTel Holding is specialized in managing several companies in the telecommunications industry. VTel MEA Company is a holding company established during 2011 in the United Arab Emirates. VTel MEA is specialized in managing several companies in the telecommunications industry.

The Group elected to combine information for VTel Holding and VTel MEA companies as they are managed on an aggregated level.

** During the year 2020, the National Bank Company acquired the banking portfolio of Jordan Commercial Bank branches in Palestine in exchange of 13,764,706 additional shares of the National Bank subscribed by Jordan Commercial Bank through a special issue, whereby the paid in capital of the National Bank after the acquisition became 91,764,706 shares. The Group did not participate in this issue, accordingly, the Group's ownership in the bank decreased from 16.8% to 14.3%. In accordance with International Financial Reporting Standards, this decrease in ownership was considered as a deemed disposal that resulted in a profit of 1,221,000 Jordanian dinars, recorded directly in the consolidated income statement. Despite the Group's ownership percentage of 14.3% in the National Bank, the Group's management believes that it has an influence on the bank.

The fair value of the investment as of December 31, 2021 amounted to 17,099,000 Jordanian dinars.

The following table illustrates summarized financial information of the Group's investments in its associates:

Statement of financial position	VTel Holding & VTel MEA (combined)		The National Bank		Others		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
	JD'000s	JD'000s	JD'000s	JD'000s	JD'000s	JD'000s	JD'000s	JD'000s
Assets	153,621	155,981	1,156,509	2,019,193	-	1,238	1,310,130	2,176,412
Liabilities	(120,292)	(122,613)	(1,053,418)	(1,859,551)	-	(1,039)	(1,173,710)	(1,983,203)
Non-controlling interest	-	-	-	(73,671)	-	-	-	(73,671)
Equity attributable to Parent	33,329	33,368	103,091	85,971	-	199	136,420	119,538
Group's ownership	8,976	8,976	14,742	12,198	-	38	23,718	21,212
Deemed disposal	-	-	-	1,221	-	-	-	1,221
Implied Goodwill	-	-	1,330	1,330	-	-	1,330	1,330
Carrying amount of investment	8,976	8,976	16,072	13,528	-	38	25,048	22,542
Revenues and results of operations								
Revenues	2,777	1,999	61,466	66,995	-	28	64,243	69,022
Results of operations	(270)	6,951	4,203	(3,402)	-	(824)	3,933	2,725
Deemed disposal	-	-	-	1,221	-	-	-	1,221
Group's share of results of operations	1,528	2,721	601	(592)	-	(237)	2,129	1,892
Associates net results	1,528	2,721	601	629	-	(237)	2,129	3,113
Group's share of Other Comprehensive income	-	-	511	(270)	-	-	511	(270)
Dividends received	1,528	2,721	-	-	-	-	1,528	2,721

11. Investments in financial securities

A. The financial assets at FVTOCI include the following:

	2021	2020
	JD'000s	JD'000s
Quoted shares	142,437	110,792
Unquoted shares	2,499	2,780
	<u>144,936</u>	<u>113,572</u>

Movement on the fair value reserve was as follows:

	2021	2020
	JD'000s	JD'000s
Balance, beginning of the year	(70,278)	(34,290)
Unrealized (Gains) losses	31,835	(35,734)
Loss from sale of financial assets at FVTOCI recognized in retained earnings	148	16
Share of associates' other comprehensive income	511	(270)
Balance, end of the year	<u>(37,784)</u>	<u>(70,278)</u>

B. Financial assets at FVTPL include the following:

	2021	2020
	JD'000s	JD'000s
Shares quoted in Palestine Stock Exchange	3,266	2,152
Portfolios in quoted shares	3,748	3,154
Shares quoted in regional financial markets	17,751	14,688
Unquoted shares in financial markets	177	-
	<u>24,942</u>	<u>19,994</u>

12. Other financial assets

	2021	2020
	JD'000s	JD'000s
Loans to associates	75,547	96,041
Prepayment on taxes and other Governmental fees	7,420	8,630
Long term receivables (note 14)	28,290	18,395
	<u>111,257</u>	<u>123,066</u>
Provision for impairment of loans to associates companies	(71,268)	(71,318)
	<u>39,989</u>	<u>51,748</u>
Current portion of long-term loans to associates companies	(4,279)	(11,562)
	<u>35,710</u>	<u>40,186</u>

13. Inventories

	2021	2020
	JD'000s	JD'000s
SIM cards and prepaid scratch cards	644	830
Cellular phone sets	49	86
Others	927	1,502
	<u>1,620</u>	<u>2,418</u>

14. Accounts receivable

	2021	2020
	JD'000s	JD'000s
Retail and corporate subscribers	163,211	123,710
Palestinian National Authority	80,583	82,180
Dealers' receivables	7,736	7,513
Telecommunication companies	3,535	3,146
Accrued revenues	7,739	8,880
Other	7,616	5,560
Total trade receivable	270,420	230,989
Expected credit losses*	(130,545)	(121,982)
Long term receivables (note 12)	(28,290)	(18,395)
Net trade receivables	<u>111,585</u>	<u>90,612</u>

* Accounts receivable are stated net of expected credit losses. The provision is calculated based on certain percentages derived from Group of inputs, including historical collection patterns, type of customer, services provided, aging of accounts receivable reports, and default definition through the number of days past due, in addition to considering future factors.

Movements on the expected credit losses during the years 2021 and 2020 were as follows:

	2021	2020
	JD'000s	JD'000s
Balance, beginning of year	121,982	102,966
Additions	5,322	13,459
Written off	-	(1,785)
Translation difference from ILS to JD	3,241	7,342
Balance, end of year	<u>130,545</u>	<u>121,982</u>

The aging analysis of the unimpaired trade receivable as of December 31, 2021, and 2020 is as follows:

	Neither past due nor impaired					Past due but not impaired		
	Total JD'000s	<30 days JD'000s	31-60 days JD'000s	61-90 days JD'000s	91-120 days JD'000s	>120 days JD'000s		
2021								
Account receivables	242,130	18,744	4,119	3,524	3,485	131,993		
Expected credit loss provision	(130,545)	(1,496)	(1,169)	(1,386)	(1,807)	(122,127)		
2020								
Account receivables	212,594	16,621	4,124	3,466	3,494	135,678		
Expected credit loss provision	(121,982)	(2,995)	(1,202)	(1,566)	(1,755)	(112,164)		

The Group expects, based on its past experience, to recover all unimpaired receivables.

15. Other current assets

	2021 JD'000s	2020 JD'000s
Due from related parties	893	879
Current portion of prepayment on taxes and other governmental fees	2,281	2,208
Current portion of long-term loans (Note 12)	4,279	11,562
Advances to suppliers and contractors	4,205	2,772
Prepaid expenses	4,473	4,457
Others	2,238	4,471
	<u>18,369</u>	<u>26,349</u>

16. Cash and cash equivalents

	2021 JD'000s	2020 JD'000s
Cash on hand	896	518
Cash at banks and short-term deposits	93,935	46,073
	<u>94,831</u>	<u>46,591</u>

Short-term deposits amounted to JD 48,803,000 and JD 11,663,000 as of December 31, 2021 and December 31, 2020 respectively. These deposits are due for a period of less than three months.

17. Paid-in share capital

As of December 31, 2021, and 2020, PALTEL's authorized and issued share capital amounted to JD 131,625,000. Total number of subscribed ordinary shares amounted to 131,625,000 shares for the years ended December 31, 2021 and 2020.

18. Reserves

- Statutory reserve represents accumulation of profits transferred at 10% of annual net profit in accordance with the Companies' Law. This reserve is not available for distribution to shareholders. The Group ceased to transfer any portion of profits as the statutory reserve balance reached 25% of share capital.
- Voluntary reserve represents the transfers made during prior years from profits. This reserve is available for distribution to the shareholders. No appropriation to the voluntary reserve was made during the years 2021 and 2020.
- Special reserve represents appropriation of profits based on the Board of Directors resolution. This reserve is available for distribution to the shareholders. No appropriation to the special reserve was made during the years 2021 and 2020.

19. Cash dividends

The Board of Directors will propose to the General assembly in its annual meeting to be held during 2022 the approval of a proposed cash dividend of JD 0.40 per share with a total amount JD 52,650,000.

The General Assembly approved in its meeting held on March 29, 2021 the declaration of a cash dividend of JD 0.30 per with a total amount JD 39,488,000.

The General Assembly approved in its meeting held on April 14, 2020 the declaration of a cash dividend of JD 0.40 per share with a total amount JD 52,650,000.

20. Long-term loans

	2021	2020
	JD '000s	JD '000s
Long term-loans from regional and local banks	118,546	126,964
Current portion of long-term loans (Note 23)	(48,164)	(55,752)
	<u>70,382</u>	<u>71,212</u>

- During the year the Group repaid an amount of JD 62,310,000 from long-term loans.
- During the year, the Group signed a long-term loan agreement with regional bank in the amount of USD 20.0 Million (equivalent to JD 14.18 Million). The loan is to be paid with 12 equal quarterly installments.
- The Group signed a long-term loan agreement with a regional bank amounted to ILS 75.0 Million (equivalent to JD 16.34 Million). The loan is to be paid with 24 equal quarterly installments.
- The Group signed a long-term loan agreement with a local bank amounted to ILS 100.0 Million (equivalent to JD 21.79). The loan is to be paid with one installment after 24 months.
- The utilized balance of the current ceilings granted to the Group as at December 31, 2021 amounted to JD 4,449,000.

21. Other non-current liabilities

	2021	2020
	JD '000s	JD '000s
Provision for employees' indemnity*	56,264	45,648
Long term lease liability**	4,142	5,139
Deferred tax liability	3,664	5,471
	<u>64,070</u>	<u>56,258</u>

* Movement on provision for employees' indemnity during the year 2021 and 2020 were as follows:

	2021	2020
	JD '000s	JD '000s
Balance, beginning of year	45,648	39,366
Subsidiary acquisition	73	-
Additions during the year	12,091	7,119
Payments during the year	(1,548)	(837)
Balance, end of year	<u>56,264</u>	<u>45,648</u>

* Movement on Long term lease liability during the year 2021 and 2020 were as follows:

	2021	2020
	JD '000s	JD '000s
Balance, beginning of year	7,007	8,624
Additions during the year	1,207	562
Disposal	(510)	(54)
Financing lease expenses	308	380
Payments during the year	(2,337)	(2,505)
Balance, end of year	5,675	7,007
Short term portion of Lease Liability	(1,533)	(1,868)
Long term Lease Liability	<u>4,142</u>	<u>5,139</u>

22. Accounts payable

	2021	2020
	JD '000s	JD '000s
Trade suppliers	17,017	13,426
Telecommunication companies	5,011	4,408
Accrued governmental fees on revenue	5,364	12,852
Subscribers' deposits	4,540	2,398
	<u>31,932</u>	<u>33,084</u>

23. Credit facilities and current portion of long-term loans

	2021	2020
	JD '000s	JD '000s
Current portion of long-term loans (Note 20)	48,164	55,752
Banks overdrafts *	4,449	33,942
	<u>52,613</u>	<u>89,694</u>

* This item represents the utilized balance of overdraft lines of credit granted to the Group. During the year, the Group renewed an overdraft agreement with local and regional banks, with a total ceiling of USD 100,000,000 (equivalent to JD 70.9 million). In addition, the group renewed an overdraft with a regional bank, and decreased the ceiling from USD 20 million to USD 10 million. The utilized balance of the current ceilings granted to the Group as at December 31, 2021 amounted to JD 4,449,000.

24. Provision for income tax

Following is the movement on the provision for income tax during the year 2021 and 2020:

	2021	2020
	JD '000s	JD '000s
Provision balance, beginning of year	10,925	5,140
Balance resulted from acquisition of a subsidiary (note 4)	(58)	-
Income tax expense for the year	20,767	18,065
Amortization of deferred tax liability	1,808	682
Discounts on early payments	(975)	(957)
Payments	(15,406)	(10,848)
Translation difference from ILS to JD	(868)	(1,157)
Provision balance, end of year	<u>16,193</u>	<u>10,925</u>

The taxable profit of the Group subsidiaries is subject to a tax rate ranging from 15% to 20% depending on the nature of each subsidiaries operations.

The Company reached a settlement with the Income Tax Department for its taxable income until the year 2018.

Following are the details of income tax expense:

	2021	2020
	JD '000s	JD '000s
Income tax expense for the year	20,767	18,065
Discounts on early payments	(975)	(957)
	<u>19,792</u>	<u>17,108</u>

25. Other current liabilities

	2021	2020
	JD '000s	JD '000s
Accrued expenses	63,225	61,143
Unearned revenues	32,050	18,556
Customer loyalty programs	1,983	1,977
Dividends payable	11,657	11,288
Accrued social responsibility	1,227	947
Provision for employees' vacations	797	803
Short term lease liability	1,533	1,868
Due to employees' provident fund *	2,215	3,940
Other	7,730	5,419
	<u>122,417</u>	<u>105,941</u>

* These amounts represent the Group's share and the amounts deducted from employees for the provident fund, which have not been transferred to the fund as at 31 December 2021. The Group companies contribute an agreed upon percentage of their employee's salary and in turn deduct another percentage from the employees. Contributions are transferred to designated funds, which are run independently by management committees according to the approved by laws for each fund.

26. Revenues from contracts with customers

	2021	2020
	JD '000s	JD '000s
Revenue Type		
Wireline and wireless services	187,306	172,332
Interconnection revenue	20,141	19,455
Media services	99,633	88,079
Real estate	36,499	16,900
	<u>343,579</u>	<u>296,766</u>

Following are the details of revenues:

	2021	2020
	JD'000s	JD'000s
Customer type		
Individuals	198,766	175,701
Companies	144,813	121,065
	<u>343,579</u>	<u>296,766</u>

27. Cost of sale

Cost of sale includes Telecommunication costs, governmental fees on revenues, real estate and properties under development cost of sale and other costs.

28. Operating and administrative expenses

	2021	2020
	JD '000s	JD '000s
Payroll and related employees' expenses	61,557	54,765
End of service and early retirement expenses	12,091	7,119
Depreciation of property, plant and equipment	37,171	40,037
Amortization of intangible assets	11,377	11,226
Marketing and advertising	6,904	5,990
Maintenance	13,432	13,005
Utilities	9,311	8,029
Rent	4,790	4,145
Corporate social responsibility	9,522	6,962
Postage, billing collection and distribution	2,580	1,992
Security and cleaning	2,456	2,237
Provision for expected credit losses	5,322	13,459
Professional and consultancy fees	849	1,721
Travel, accommodation, transportation and fuel	1,501	1,019
Cars operating lease	716	629
Employees' and asset insurance	2,483	1,248
Conferences and hospitality	632	498
Stationery and printings	149	120
Others	2,050	1,736
	<u>184,893</u>	<u>175,937</u>

29. Gain (Loss) from investments

	2021	2020
	JD '000s	JD '000s
Change in fair value of financial assets at FVTPL	4,873	(5,931)
Dividends income of financial assets at FVTPL	852	201
Dividends income of financial assets at FVTOCI	3,425	67
	<u>9,150</u>	<u>(5,663)</u>

30. Other revenues, net

	2021	2020
	JD '000s	JD '000s
Interest revenues	7,199	5,955
Foreign exchange gains	729	3,635
Gain (loss) on disposal of property, plant and equipment	752	(33)
(Impairment) recovery of assets	(557)	-
Currency forward contracts	(122)	(2,107)
Others	(7,309)	(1,104)
	<u>692</u>	<u>6,346</u>

31. Finance expenses

	2021	2020
	JD '000s	JD '000s
Finance expenses	6,200	7,247
Financing lease expenses	308	380
	<u>6,508</u>	<u>7,627</u>

32. Basic and diluted earnings per share

Basic and diluted earnings per share for the years ended December 31, 2021 and 2020 is calculated as follows:

	2021	2020
Profit for the year attributable to the Shareholders of the parent (JD)	<u>67,430,000</u>	<u>43,039,000</u>
Weighted average number of subscribed share capital	<u>131,625,000</u>	<u>131,625,000</u>
Basic and diluted earnings per share (JD)	<u>0,512</u>	<u>0,327</u>

33. Commitments and contingencies

As of the financial statements date, the Group has outstanding contractual commitments resulting from purchases, services and construction contracts. The contractual commitments represent the difference between total contract cost and the amounts of materials or services received as of the financial statements date. Following is a summary of the outstanding commitments, which are due during the following years:

	2021	2020
	JD '000s	JD '000s
Purchase orders and letters of credit	34,717	22,047
	<u>34,717</u>	<u>22,047</u>

Most of the outstanding commitments mature within one year of the date of the financial statements.

The group appears as a defendant in several cases brought against it within the normal business activity of the group. The group management believes that, based on a letter from the legal advisor, the group will not have any material obligations except for what was already provisioned for.

34. Related party transactions

Related parties represent associated companies, major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's Board of Directors.

Following are the balances of related parties included in the consolidated statement of financial position as of December 31, 2021 and 2020:

	Nature of relationship	2021	2020
		JD '000s	JD '000s
Long term Interest-bearing loans	Major shareholders – banks	40,668	65,691
Overdraft	Major shareholders – banks	3,206	24,527
Due from related parties	Major shareholders and associates	893	879
Loans granted to associates*	Associates	75,547	96,041

Following are the transactions with related parties included in the consolidated income statement for the years 2021 and 2020:

Finance cost	Major shareholders – banks	2,544	3,429
Interest revenue	Associates	3,806	4,689
Key management personnel compensation:			
Short term benefits		1,712	1,630
Termination benefits		204	194

* The provision for impairment of loans granted to associates amounted to JD 71,268,000 as at December 31, 2021.

In addition, the Group acts as a guarantor against a loan utilized by an associate. According to the guarantee agreement, the Group guarantees only 25% of the loan's outstanding balance which amounted to US \$ 1.7 million (JD 1.2 million) as of December 31, 2021.

35. Segment reporting

The Group's operating segments are the telecommunications, data, real estate in addition to investing activities segment. The operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit.

The telecommunications segment is a provider of wireline and wireless communication services and the operator of the telephone and cellular networks in Palestine.

The data segment is a major provider of internet services, leased lines, and ADSL services in Palestine.

The Investments segment represents all investments activities of the Group.

The real estate segment represents all real estate activities of the Group.

The following tables present revenues, profit before tax, and other segment information regarding the Group's operating segments for the year ended December 31, 2021:

	Telecommuni- cation JD '000s	Data and IT JD '000s	Real estate JD '000s	Investing JD '000s	Eliminations JD '000s	Total JD '000s
Revenues						
Segment revenues from external customers	207,447	99,633	36,499	-	-	343,579
Inter-segment revenues (eliminated)	4,180	6,772	-	-	(10,952)	-
Total Revenues	211,627	106,405	36,499	-	(10,952)	343,579
Results of operations						
Depreciation and amortization	(34,964)	(13,510)	(74)	-	-	(48,548)
Share of associates' results of operations	-	-	-	2,129	-	2,129
Segment profit before tax	43,340	30,110	3,266	11,091	-	87,807
Other segment information						
Investment in associates	-	-	-	25,048	-	25,048
Capital expenditures	15,250	15,931	23	-	-	31,204

The following table presents segments' assets and liabilities as of December 31, 2021:

Assets and liabilities						
Segments' assets	385,134	278,911	160,561	194,990	(151,701)	867,895
Segments' liabilities	195,380	132,281	33,780	-	(3,834)	357,607

Segment reporting (continued)

The following tables present revenues, profit before tax, and other segment information regarding the Group's operating segments for the year ended December 31, 2020:

The following table presents segments' assets and liabilities as of December 31, 2020:

	Telecommuni- cation JD '000s	Data & IT JD '000s	Real estate JD '000s	Investing JD '000s	Eliminations JD '000s	Total JD '000s
Revenues						
Segment revenues from external customers	191,787	88,079	16,900	-	-	269,766
Inter-segment revenues (eliminated)	1,885	8,794	-	-	(10,679)	-
Total Revenues	193,672	96,873	16,900	-	(10,679)	296,766
Results of operations						
Depreciation and amortization	(38,035)	(13,154)	(74)	-	-	(51,263)
Share of associates' results of operations	-	-	-	3,113	-	3,113
Segment profit before tax	31,840	30,208	1,383	(2,831)	-	60,600
Other segment information						
Investment in associates	-	-	-	22,542	-	22,542
Capital expenditures	15,151	7,880	34	-	-	23,065

The following table presents segments' assets and liabilities as of December 31, 2020:

Assets and liabilities						
Segments' assets	390,561	280,104	144,271	156,329	(155,119)	816,146
Segments' liabilities	185,227	167,209	20,915	-	(6,237)	367,114

36. Financial risk management objectives and policies

The Group's principal financial liabilities comprise of interest-bearing loans and borrowings and accounts payable. The main purpose of these financial liabilities is to finance the Group's operations. The Group has various financial assets such as accounts receivable, granted loans, and cash and cash equivalents which arise directly from the Group's operations. The Group also holds available-for-sale investments.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk, liquidity risk, equity price risk, and foreign currency risk. The Group's Board of Directors reviews and approves policies for managing these risks which are summarized below.

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 exposure to the risk of changes in market interest rates relates primarily to financial assets and liabilities with floating interest rates.

The following table shows the sensitivity of the consolidated income statement for possible changes in interest rates, with all other variables held constant:

	Change in interest rates	Effect on profit before tax
	Basis points	JD '000
2021		
US \$	+20	(308)
US \$	-20	154
2020		
US \$	+20	(155)
US \$	-20	78

Credit risk

Credit risk is the risk that the counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing and investing activities, including deposits with banks and financial institutions and other financial instruments.

Trade receivables:

Customer credit risk is managed by each business segment unit subject to the Group's policies relating to customer credit risk management. The Group has a broad-based clientele. The credit risk associated with account receivables is widely distributed among a large number of individual customers, except for the risk associated with the receivable from PNA ministries and institutions which represent 29.8% of total trade receivable.

In addition, services are disconnected from clients who do not pay their bills within a specified period. Also, the Group has a system of following up collection of receivables through the management effort and the legal channels.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into groups and are assessed for impairment collectively. The calculation involves certain percentages derived from group of inputs, including historical collection patterns, type of customer, services provided, aging of accounts receivable reports, and default definition through the number of days past due, in addition to considering future factors. The maximum exposure is the carrying amount as disclosed in Note (14).

Other financial assets

With respect to credit risk arising from the other financial assets of the Group, including granted loans and bank deposits, the investment and financing decisions are made only to approved counterparties. The Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funds and flexibility through the use of bank overdrafts and other bank loans. The Group's terms of billing require amounts to be paid by customer within 45 days of the date of billing. The table below summarizes the maturity profile of the Group's consolidated financial liabilities as of December 31, 2021 and 2020, based on maturity period:

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	JD '000s	JD '000s	JD '000s	JD '000s	JD '000s
As of December 31, 2021					
Interest-bearing loans and borrowings	-	13,278	58,911	53,875	126,064
Accounts payable	-	12,773	8,941	10,218	31,932
Other liabilities	33,053	53,501	35,501	-	122,055
	<u>33,053</u>	<u>79,552</u>	<u>103,353</u>	<u>64,093</u>	<u>280,051</u>
As of December 31, 2020					
Interest-bearing loans and borrowings	-	10,166	46,780	108,297	165,243
Accounts payable	-	13,234	9,263	10,587	33,084
Other liabilities	28,604	46,614	30,723	-	105,941
	<u>28,604</u>	<u>70,014</u>	<u>86,766</u>	<u>118,884</u>	<u>304,268</u>

Equity price risk

The following table demonstrates the sensitivity of the consolidated income statement and available for sale reserve to reasonably possible changes in equity prices, with all other variables held constant. The effect of decreases in equity prices is expected to be equal and opposite to the effect of the increases shown:

	Increase in equity price	Effect on profit before tax	Effect on equity
	%	JD '000s	JD '000s
2021			
Shares listed on Palestine Securities Exchange	+10	327	3,540
Shares listed on the Amman Stock Exchange	+10	1,775	9,843
Shares listed on other markets	+10	-	861
Other unquoted	+5	196	125
2020			
Shares listed on Palestine Securities Exchange	+10	215	2,280
Shares listed on the Amman Stock Exchange	+10	1,469	8,167
Shares listed on other markets	+10	-	632
Other unquoted	+5	158	148

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenues or expenses are denominated in a different currency from the Group's presentation currency).

The Group reduces the foreign currency exchange rates fluctuation risk by entering in foreign currency forward contracts.

The following table demonstrates the sensitivity to a reasonably possible change in the foreign currency rate against JD, with all other variables held constant, of the Group's profit before tax. However, the Jordanian Dinar is linked to the U.S. Dollar, therefore, no effect, resulting from the fluctuations in US \$ rate, is expected on the consolidated financial statements:

	Increase/decrease in ILS rate to JD	Effect on profit before tax
	%	JD' 000s
2021		
ILS	+10	5,714
ILS	- 10	(5,714)
2020		
ILS	+10	5,102
ILS	- 10	(5,102)

Capital management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the years ended December 31, 2021 and December 31, 2020. Capital comprises share capital, retained earnings, and other reserves, and is measured at JD 510,288,000 as at December 31, 2021, and JD 449,032,000 as at December 31, 2020.

37. Fair value measurement

The Group uses the following hierarchy for determining and disclosing the fair value of its assets:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2: Valuation techniques for which all inputs are observable, either directly or indirectly.
- Level 3: Valuation techniques which use inputs and are not based on observable market data.

There have been no transfers among the levels mentioned above during 2021 and 2020.

The following table provides the fair value measurement hierarchy of the Group's assets as of December 31, 2021:

	Date of valuation	Quoted prices in active markets (level 1) JD '000s	Significant observable inputs (level 2) JD '000s	Significant unobservable inputs (level 3) JD '000s
Assets measured at fair value:				
Financial assets at FVTOCI	December 31, 2021	142,437	-	2,499
Financial assets at FVTPL	December 31, 2021	21,017	3,748	177
Financial assets for which fair value is disclosed:				
Investment properties	December 31, 2021	-	-	81,748

The following table provides the fair value measurement hierarchy of the Group's assets as of December 31, 2020:

	Date of valuation	Quoted	Significant	Significant
		prices in active markets (level 1)	observable inputs (level 2)	unobservable inputs (level 3)
		JD '000s	JD '000s	JD '000s
Assets measured at fair value:				
Financial assets at FVTOCI	December 31, 2020	110,792	-	2,780
Financial assets at FVTPL	December 31, 2020	16,840	3,154	-
Financial assets for which fair value is disclosed:				
Investment properties	December 31, 2020	-	-	79,881

Unobservable inputs sensitivity (Level 3) – Investment properties:

External appraisers are involved for valuation of significant assets' such as investment properties. The Group decides, after discussion with the external appraisers, which inputs techniques and inputs to use for each case, which are mainly similar lands' sale transactions during the year, and which is calculated based on price per square meter multiplied by the area.

The following table represents fair value sensitivity on investment properties:

	Increase/ decrease in fair value	Effect on fair value
	%	JD '000s
2021		
Fair value per square meter	+5	4,087
Fair value per square meter	- 5	(4,087)
2020		
Fair value per square meter	+5	3,994
Fair value per square meter	- 5	(3,994)

Fair values of financial assets and liabilities

Set out below is a comparison by class of the carrying amounts and fair values of the Group's financial instruments carried in the financial statements:

	Carrying amount		Fair Value	
	2021	2020	2021	2020
	JD '000s	JD '000s	JD '000s	JD '000s
Financial assets				
Investments in securities	169,878	133,566	169,878	133,566
Accounts receivable	111,585	90,612	111,585	90,612
Other financial assets	45,401	59,306	45,401	59,306
Cash and cash equivalents	94,831	46,591	94,831	46,591
	<u>421,695</u>	<u>330,075</u>	<u>421,695</u>	<u>330,075</u>
Financial liabilities				
Interest-bearing loans and borrowings	122,995	160,906	122,995	160,906
Accounts payable	31,932	33,084	31,932	33,084
Other financial liabilities	88,050	84,714	88,050	84,714
	<u>242,977</u>	<u>278,704</u>	<u>242,977</u>	<u>278,704</u>

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

- The fair values of accounts receivable, other financial assets, cash and cash equivalents, accounts payable, and other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- The fair values of the quoted available-for-sale investments and financial assets held for trading is based on price quotations at the reporting date.
- The fair value of interest-bearing loans and borrowings is estimated by discounting future cash flows using rates currently available for debt on similar terms and credit risk.

38. Impact of Coronavirus (Covid-19)

In light of the continued impact of the Coronavirus (Covid-19) on the global economy, Paltel Group applied an emergency plan to sustain its services, staff health and operational performance.

The Group's management believes that the severity of the impact of Covid-19 outbreak on its operations and financial performance has decreased relatively as compared to the same year of the previous year especially with regard to the operational revenues and the investments performance.

The extent and the impact of what may result from these global and local conditions is still unclear and depends on future developments that can not be reliably predicted at this point of time, noting that it is expected that there could be an effect of these developments on the future financial results, cash flows and the financial position of the Group.



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