

**MEEZA QSTP LLC  
DOHA - QATAR**

**CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED  
DECEMBER 31, 2022**

**MEEZA QSTP LLC**

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

For the year ended December 31, 2022

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QR. 80846

RN: 752/SM/FY2023

## INDEPENDENT AUDITOR'S REPORT

**To the Shareholders of  
MEEZA QSTP LLC**

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

#### **Opinion**

We have audited the consolidated financial statements of MEEZA QSTP LLC ("the Company") and its subsidiary (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

#### **Basis for Opinion**

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

#### **Responsibilities of Management and Those Charged with Governance 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.

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements (continued)**

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.

Those charged with governance 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional 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 risk, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.
- 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 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **Report on Other Legal and Regulatory Requirements**

Further, as required by the Qatar Commercial Companies' Law, we report the following:

- We are also in the opinion that proper books of account were maintained by the Company.
- We obtained all the information and explanations which we considered necessary for our audit.
- To the best of our knowledge and belief and according to the information given to us, no contraventions of the applicable provisions of Qatar Commercial Companies' Law and the Company's Articles of Associations were committed during the year which would materially affect the Company's financial position or its financial performance.

**Doha – Qatar**  
**May 18, 2023**

**For Deloitte & Touche**  
**Qatar Branch**



**Midhat Salha**  
**Partner**  
**License No. 257**

**MEEZA QSTP LLC**
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**


As at December 31, 2022

	Notes	December 31, 2022 QR'000	December 31, 2021 QR'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	508,493	504,852
Right-of-use assets	6	151,941	137,138
Other non-current assets	7	12,102	16,821
<b>Total non-current assets</b>		<b>672,536</b>	<b>658,811</b>
<b>Current assets</b>			
Prepayments and other assets	8	33,037	20,867
Due from related parties	19	110,390	142,021
Trade and other receivables	9	132,183	109,178
Cash and bank balances	10	203,405	235,695
<b>Total current assets</b>		<b>479,015</b>	<b>507,761</b>
<b>Total assets</b>		<b>1,151,551</b>	<b>1,166,572</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	11	648,980	200
Statutory reserve	12	8,515	3,302
Advances from shareholders	13	--	749,800
Retained earnings / (Accumulated losses)		21,687	(60,246)
<b>Total equity</b>		<b>679,182</b>	<b>693,056</b>
<b>Non-current liabilities</b>			
Employees' end of service benefits	14	10,821	9,666
Contract liability – long term	20	27,205	19,308
Lease liabilities	15	155,791	139,552
Borrowings	16	134,858	148,406
<b>Total non-current liabilities</b>		<b>328,675</b>	<b>316,932</b>
<b>Current liabilities</b>			
Contract liability – short term	20	3,159	27,947
Lease liabilities	15	8,283	4,472
Borrowings	16	13,548	--
Trade and other payables	17	118,704	124,165
<b>Total current liabilities</b>		<b>143,694</b>	<b>156,584</b>
<b>Total liabilities</b>		<b>472,369</b>	<b>473,516</b>
<b>Total equity and liabilities</b>		<b>1,151,551</b>	<b>1,166,572</b>



Chairman

Sheikh Hamad Bin Abdulla Bin Jassim Al-Thani



 Chief Financial Officer  
**DELOITTE & TOUCHE**  
 James Corby  
 Doha - Qatar

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

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS

 Signed for Identification  
 Purposes Only

**MEEZA QSTP LLC****CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

For the year ended December 31, 2022

	Notes	2022 QR'000	2021 QR'000
Revenue	20	352,877	328,430
Cost of sales	21	(246,212)	(240,885)
<b>Gross profit</b>		<b>106,665</b>	<b>87,545</b>
General and administrative expenses	22	(43,087)	(35,183)
Other expenses		(5)	(376)
Interest income	10	3,686	2,187
Interest expense on lease liabilities	15	(8,645)	(8,070)
Finance costs	16	(6,488)	(2,081)
<b>Profit for the year</b>		<b>52,126</b>	<b>44,022</b>
Other comprehensive income		--	--
<b>Total comprehensive income for the year</b>		<b>52,126</b>	<b>44,022</b>



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**MEEZA QSTP LLC**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the year ended December 31, 2022

	Share capital	Statutory reserve	Advances from shareholders	Retained earnings/ (Accumulated losses)	Total
	QR'000	QR'000	QR'000	QR'000	QR'000
<b>Balance at January 1, 2021</b>					
Total comprehensive income for the year	200	3,302	749,800	(104,268)	649,034
<b>Balance at December 31, 2021</b>				44,022	44,022
Total comprehensive income for the year	200	3,302	749,800	(60,246)	693,056
Transfer of advances from shareholders (Note 13)	--	--	--	52,126	52,126
Transfer to statutory reserve (Note 12)	648,780	--	(749,800)	101,020	--
Dividends declared during the period (Note 18):	--	5,213	--	(5,213)	--
Related to year 2020	--	--	--	(33,000)	(33,000)
Related to year 2021	--	--	--	(33,000)	(33,000)
<b>Balance at December 31, 2022</b>	<b>648,980</b>	<b>8,515</b>	<b>--</b>	<b>21,687</b>	<b>679,182</b>

**DELOITTE & TOUCHE**

Doha - Qatar

18 MAY 2023

Signed for Identification  
Purposes Only

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**MEEZA QSTP LLC**
**CONSOLIDATED STATEMENT OF CASH FLOWS**

For the year ended December 31, 2022

	Notes	2022 QR'000	2021 QR'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit for the year		52,126	44,022
Adjustments for:			
Depreciation of property, plant and equipment	5	50,170	45,951
Depreciation of right-of-use assets	6	10,269	6,752
Finance costs		6,488	2,081
Finance income		(3,686)	(2,187)
Interest expense on lease liabilities	15	8,645	8,070
Expected credit losses /(recovery) on trade receivables	9	(269)	3,957
Expected credit losses / (recovery) on due from related parties	19	(242)	(690)
Provision for employees' end of service benefits	14	3,263	2,571
		<u>126,764</u>	<u>110,527</u>
<b>Movements in working capital</b>			
Trade and other receivables		(22,736)	(68,824)
Prepayments and other assets		(12,170)	44,824
Other non-current assets		4,719	(3,827)
Due from related parties		31,873	(29,669)
Trade and other payables		(5,461)	27,974
Deferred revenue		(16,891)	24,244
<b>Net cash generated by operations</b>		<u>106,098</u>	<u>105,249</u>
Finance costs paid		(6,488)	(2,081)
Payment for employees' end of service benefits	14	(2,108)	(3,030)
<b>Net cash generated by operating activities</b>		<u>97,502</u>	<u>100,138</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of property, plant and equipment	5	(53,811)	(208,181)
Finance income received		3,686	2,187
<b>Net cash used in investing activities</b>		<u>(50,125)</u>	<u>(205,994)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid	18	(66,000)	--
Proceeds from borrowings	16	--	88,241
Principal repayment of lease liabilities	15	(13,667)	(12,711)
<b>Net cash (used in)/ generated from financing activities</b>		<u>(79,667)</u>	<u>75,530</u>
Net decrease in cash and cash equivalents		(32,290)	(30,326)
Cash and cash equivalents at the beginning of the year		235,695	266,021
<b>Cash and cash equivalents at the end of the year</b>	10	<u>203,405</u>	<u>235,695</u>



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THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS

## 1. INCORPORATION AND ACTIVITIES

MEEZA QSTP LLC (the “Company”) is registered as a limited liability company under the Qatar Science and Technology Park (QSTP) Free Zone Regulations with license number 20080309-1 pursuant to law number 36 of 2005.

The Company is owned by Qatar Foundation for Education, Science and Community Development, and by Ooredoo Q.P.S.C up to 80% and 20%, respectively.

The Company is engaged in Information Technology services. The address of the Company’s registered office is Qatar Science and Technology Park Free Zone, Level 1, Tech 2, Gharafa Street, P.O. Box 892, Doha, State of Qatar.

The Company’s fully owned subsidiary, MEEZA Information Technology W.L.L. (the “Subsidiary”) business activities, which commenced in 2021, include software designing and programming, trading in computer network equipment, designing electronic sites, information technology consultancy, storage of data and documents, trading in computer networking devices and trading via internet.

The Company and its subsidiary (together “the Group”) operate mainly in the State of Qatar.

As at the date of the issuance of these financial statements, the Group have formally initiated the process of listing on the Qatar Stock Exchange and is planned to be completed before end of July 2023, subject to relevant regulatory approvals.

## 2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

### 2.1 New and amended IFRS Standards and interpretations that are effective for the current year

The following new and revised IFRSs, which became effective for annual periods beginning on or after January 1, 2022, have been adopted in these financial statements.

#### New and revised IFRSs

#### Effective for annual periods beginning on or after

##### *Amendments to IFRS 3 – Reference to the Conceptual Framework*

Beginning on or after  
January 1, 2022

In May 2020 the IASB issued amendments to update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022.

They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

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

### 2.1 New and amended IFRS Standards and interpretations that are effective for the current year (continued)

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
<p><i>Amendments to IAS 16 Property, Plant and Equipment— Proceeds before Intended Use</i></p> <p>The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The Company measures the cost of those items in accordance with IAS 2 Inventories.</p> <p>The amendments also clarify the meaning of ‘testing whether an asset is functioning properly’. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.</p> <p>If not presented separately in the statutory statement of profit or loss and other comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity’s ordinary activities, and which line item(s) in the statutory statement of profit or loss and other comprehensive income include(s) such proceeds and cost.</p> <p>The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the Company first applies the amendments.</p> <p>The Company shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.</p>	January 1, 2022
<p><i>Amendments to IAS 37 Onerous Contracts—Cost of Fulfilling a Contract</i></p> <p>The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).</p>	January 1, 2022

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

### 2.1 New and amended IFRS Standards and interpretations that are effective for the current year (continued)

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
<p><i>Amendments to IAS 37 Onerous Contracts—Cost of Fulfilling a Contract (continued)</i></p> <p>The amendments apply to contracts for which the Company has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the Company first applies the amendments. Comparatives are not restated.</p> <p>Instead, the Company shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.</p>	January 1, 2022
<p><i>Annual Improvements to IFRS Standards 2018–2020</i></p> <p>The Annual Improvements include amendments to four Standards.</p> <p><i>IFRS 1 First-time Adoption of International Financial Reporting Standards—Subsidiary as a first time adopter</i></p> <p>The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Accounting Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a).</p>	January 1, 2022
<p><i>IAS 41 Agriculture</i></p> <p>The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 <i>Fair Value Measurement</i> to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pre-tax or post-tax cash flows and discount rates for the most appropriate fair value measurement. The amendment is applied prospectively, i.e. for fair value measurements on or after the date an entity initially applies the amendment.</p>	

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

### 2.2 New and amended IFRS Standards and interpretations that are effective for the current year

The Company has not early adopted the following new and amended standards and interpretations that have been issued but are not yet effective.

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
<i>IFRS 17 Insurance Contracts (including the June 2020 and December 2021 amendments to IFRS 17)</i>	January 1, 2023
<p>IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.</p> <p>IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.</p> <p>The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.</p> <p>In June 2020, the IASB issued Amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after January 1, 2023. At the same time, the IASB issued Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) that extends the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after January 1, 2023.</p> <p>IFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.</p> <p>For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.</p>	

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

### 2.2 New and amended IFRSs in issue but not yet effective and not early adopted (continued)

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
<p><i>Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i></p> <p>The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.</p> <p><i>Amendments to IAS 1 Presentation of Financial Statements Classification of Liabilities as Current or Non-current</i></p> <p>The amendments to IAS 1 published in January 2020 affect only the presentation of liabilities as current or noncurrent in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.</p> <p>The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.</p> <p>In November 2022, IAS 1 has been amended to specify that only covenants an entity must comply with on or before the reporting period should affect classification of the corresponding liability as current or noncurrent.</p> <p>An entity is required to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months.</p> <p>The 2022 amendments deferred the effective date of the amendments to <i>IAS 1 Classification of Liabilities as Current or Non-current</i> published in January 2020 by one year to annual reporting periods beginning on or after 1 January 2024. The amendments are applied retrospectively.</p>	<p>Available for optional adoption/ effective date deferred indefinitely</p> <p>January 1, 2023. Early application permitted</p>

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

### 2.2 New and amended IFRSs in issue but not yet effective and not early adopted (continued)

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
<p><i>Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies</i></p> <p>The IASB has amended IAS 1 require entities to disclose its “material accounting policies” instead of its ‘significant accounting policies’ with ‘material accounting policy information’. Further amendments to IAS 1 are made to explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are also added.</p> <p>To support the amendments, the Board has also developed guidance and examples to explain and demonstrate the application of the ‘four-step materiality process’ described in IFRS Practice Statement 2. The amendments to IAS 1 are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.</p>	January 1, 2023. Early application permitted
<p><i>Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates</i></p> <p>The IASB has amended IAS 8 to define accounting estimates as “monetary amounts in financial statements that are subject to measurement uncertainty”. Accounting policies may require items in financial statements to be measured in a way that involves measurement uncertainty—that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgements or assumptions based on the latest available, reliable information.</p> <p>The IASB has retained the concept of changes in accounting estimates in the Standard, even though the definition was deleted, with the following clarifications:</p> <ul style="list-style-type: none"> <li>▪ A change in accounting estimate that results from new information or new developments is not the correction of an error</li> <li>▪ The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.</li> </ul> <p>The IASB added two examples (Examples 4-5) to the Guidance on implementing IAS 8, which accompanies the Standard. The IASB has deleted one example (Example 3) as it could cause confusion in light of the amendments.</p>	January 1, 2023. Early application permitted

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

### 2.2 New and amended IFRSs in issue but not yet effective and not early adopted (continued)

#### New and revised IFRSs

**Effective for  
annual periods  
beginning on or after**

*Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

January 1, 2023.  
Early application  
permitted

The amendments provide a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.

Following the amendments to IAS 12, an entity is required to recognize the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

The IASB also adds an illustrative example to IAS 12 that explains how the amendments are applied.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:
  - Right-of-use assets and lease liabilities
  - Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset
- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date



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

### 2.2 New and amended IFRSs in issue but not yet effective and not early adopted (continued)

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
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*Amendments to IFRS 16 Leases: Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions*

January 1, 2024.  
Early application permitted

The amendments requires a seller-lessee to subsequently measure lease liabilities by determining “lease payments” and “revised lease payments” arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.

Without these new requirements, a seller-lessee may have recognised a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in IFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.

A seller-lessee applies the amendments retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied IFRS 16.

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group’s consolidated financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments as highlighted in previous paragraphs, may have no material impact on the consolidated financial statements of the Group in the period of initial application.

## 3. SIGNIFICANT ACCOUNTING POLICIES

### Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) as issued by the International Accounting Standards Board (“IASB”), the Company’s Articles of Association, and the Qatar Science and Technology Park regulations.

The consolidated financial statements comply with the requirements of Qatar Commercial Companies Law No.11 of 2015, whose certain provisions were subsequently amended by Law No.8 of 2021. Management is in the process of taking necessary actions needed to ensure full compliance with the amended law, including amending the Articles of Association of the Company where necessary, and has concluded that any non-compliance as at the reporting date does not have a material impact on the consolidated financial statements.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of preparation**

The consolidated financial statements have been prepared on the historical cost basis. These consolidated financial statements are presented in Qatari Riyals (QR), which is the Group's presentation currency. All amounts are expressed in thousands Qatari Riyals unless otherwise stated.

The principal accounting policies are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiary) made up to reporting date each year. Control is achieved when the Company:

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

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

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

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

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Basis of consolidation (continued)**

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

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

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in the consolidated statement of profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable IFRS Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

**Property, plant and equipment***Recognition and measurement*

Property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statement of profit or loss during the financial period in which they are incurred.

If significant parts of an item of property and equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Property, plant and equipment (continued)***Subsequent costs*

Subsequent costs that can be reliably measured are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group.

*Depreciation*

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values, if applicable, using the straight-line method over their estimated useful lives commencing when the assets are ready for their intended use and is generally recognised in the consolidated statement of profit or loss.

The estimated useful lives of property, plant and equipment is presented in Note 5 and are as follows:

Data centre and network assets	3 - 25 years
Building and leasehold improvements	5 - 20 years
Office furniture and other equipment	3 - 5 years

Management has determined the estimated useful lives of each asset and/ or category of assets based on the expected usage of the assets, physical wear and tear depending on operational and environmental factors and legal or similar limits on the use of the assets. Depreciation methods and useful lives are reviewed at each reporting date and adjusted if appropriate, on a prospective basis.

*Derecognition*

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Profits and losses on disposals of items of property and equipment are determined by comparing the proceeds from their disposals with their respective carrying amounts and are recognised net within the consolidated statement of profit or loss.

*Capital work in progress*

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property, plant and equipment, commences when the assets are ready for their intended use.

**Impairment of tangible assets**

At each statement of financial position date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Impairment of tangible assets (continued)**

The recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the consolidated statement of profit or loss unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the consolidated statement of profit or loss unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**Provisions**

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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

*Onerous contracts*

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

**Post-employment benefits****Employees' end of service benefits**

A provision is made for employees' end of service benefits which is payable on completion of employment. The provision is calculated in accordance with Qatari Labour Law based on employees' salary and accumulated period of service as at the reporting date.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Defined contribution pension plan**

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company pays contributions to publicly administered pension insurance plans on a mandatory basis for all Qatari employees and GCC nationals in accordance with Qatar Pensions and Retirement Law No. 24 of 2002 and other relevant laws. The Company has no further pension payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

**Financial instruments**

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

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

**Financial assets**

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

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

*Classification of financial assets***(i) Debt instruments designated at amortised cost**

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

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

*Amortised cost and effective interest rate method*

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

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

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Financial assets (continued)***Amortised cost and effective interest rate method (continued)*

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

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

Interest income is recognised in consolidated statement of profit or loss and is included in the "finance income" line item.

*Impairment of financial assets*

The Group recognises a loss allowance for expected credit losses on trade receivables, unbilled revenue, due from related parties and bank balances. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables, due from related parties and unbilled revenue. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Financial assets (continued)**

*Impairment of financial assets (continued)*

(i) Significant increase in credit risk

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

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- (1) The financial instrument has a low risk of default,
- (2) The borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and
- (3) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

(ii) Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90-days past due for trade receivables (other than governmental entities) and 365-days past due for due from related parties, unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

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

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event (see (ii) above);
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;



### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Financial assets (continued)

##### *Impairment of financial assets (continued)*

##### (iii) Credit-impaired financial assets (continued)

- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;  
or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

##### (iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in consolidated statement of profit or loss.

##### (v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

##### *Derecognition of financial assets*

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the consolidated statement of profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to the consolidated statement of profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to the consolidated statement of profit or loss, but is transferred to retained earnings.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Financial liabilities**

All financial liabilities are measured subsequently at amortised cost using the effective interest method. The Group does not have any financial liability measured at FVTPL.

Financial liabilities are measured subsequently at amortised cost using the effective interest method.

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

#### *Derecognition of financial liabilities*

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the consolidated statement of profit or loss.

#### *Foreign exchange gains and losses*

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the consolidated statement of profit or loss for financial liabilities that are not part of a designated hedging relationship.

#### **Revenue recognition**

##### *Rendering of services*

The Group principally obtains revenue from selling the following IT related services:

- Data centre and managed services
- Workplace services
- Solutions services
- Master system integrator services
- Cloud services

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognize revenue when it transfers control over goods and services to its customer.

Revenues from the above mentioned services, except Solutions services, are typically based on a fixed monthly fee and recognised upon the performance obligation is satisfied over time. The Group uses output method and recognise the revenue on straight line basis over the term of the contract, since output (number of months over the term of the contract) are consumed evenly throughout the term of the contract.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue recognition (continued)**

Revenues from solution services are typically recognised at a point in time upon control of the goods or service is transferred to the customer.

*Contract liability:*

When a customer pays up-front for requested services, a contract liability is recognised for revenues associated with these services at the time of initial sale and is released over the service period.

*Contract asset:*

When payment for services performed to date is not due from the customer based on the agreed-upon performance-related milestones, a contract asset is recognised over the period in which the services are performed representing the Group's right to consideration for the services performed to date.

*Non-refundable upfront fee*

The Group charge non-refundable fees associated to projects charged to customers. These fees are recognised as revenue when the related services are provided to the customers over the term of the contract.

*Interest income*

Interest income is accrued on a time basis with reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discount estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

**Dividend distribution**

Dividend distribution to the Group's shareholders is recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Group's shareholders.

**Leases**

*The Group as lessee*

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

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

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Leases (continued)

##### *The Group as lessee (continued)*

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

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

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

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

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

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

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

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

The Group applies IAS36 to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss as described in the 'Property, plant and equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "General and administrative expenses" in the consolidated statement of profit or loss.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Leases (continued)**

*The Group as lessee (continued)*

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

**Cash and cash equivalent**

Cash and cash equivalents comprise bank balances and short-term deposits with original maturities of three months or less, if any, net of any outstanding balances and are used by the Group in the management of its short-term commitments.

**Foreign exchange difference**

In preparing the financial statements of the Group, transactions in currencies other than the Group's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except as otherwise stated in the Standards.

**4. CRITICAL JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Group's accounting policies, which are described in Note 3, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

**4.1 Critical judgments in applying accounting policies**

The preparation of the financial statements in compliance with IFRS requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the financial statements as they become reasonably determinable.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**4. CRITICAL JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)**

**4.1 Critical judgments in applying accounting policies (continued)**

*Capitalisation of costs*

Management determines whether the Group will recognise an asset from the costs incurred to fulfil a contract and costs incurred to obtain a contract if the costs meet all the following criteria:

- a) the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;
- b) the costs generate or enhance resources of the Group that will be used in satisfying performance obligations in the future; and
- c) the costs are expected to be recovered.

Such asset will be amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates.

*Judgment in determining the timing of satisfaction of performance obligations*

The Group generally recognise revenue over time as it performs continuous transfer of control of goods or services to the customers. Because customers simultaneously receives and consumes the benefits provided and the control transfer takes place over time, revenue is also recognised based on the extent of transfer/completion of transfer of each performance obligation. In determining the method for measuring progress for these POs, we have considered the nature of these goods and services as well as the nature of its performance.

For performance obligations satisfied at a point in time, the Group considers the general requirements of control (i.e. direct the use of asset and obtain substantially all benefits) and the following non-exhaustive list of indicators of transfer of control:

- Entity has present right to payment
- Customer has legal title
- Entity has transferred legal possession
- Customer has significant risk and rewards
- Customer has accepted the asset

In making its judgement, the Management considered the detailed criteria for the recognition of revenue set out in IFRS 15 and, in particular, whether the Group has transferred control of the goods to the customer. Following the detailed quantification of the Group's liability in respect of rectification work, and the agreed limitation on the customer's ability to require further work or to require replacement of the goods, the directors are satisfied that control has been transferred and that recognition of the revenue in the current year is appropriate.

**4. CRITICAL JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)****4.1 Critical judgments in applying accounting policies (continued)***Judgment in determining the timing of satisfaction of performance obligations (continued)*

Significant judgements are made by management when concluding whether the Group is transacting as an agent or a principal. The assessment is performed for each separate revenue stream in the Group. The assessment requires an analysis of key indicators, specifically whether the Group:

- carries any inventory risk;
- has the primary responsibility for providing the goods or services to the customer;
- has the latitude to establish pricing; and
- bears the customer's credit risk.

These indicators are used to determine whether the Group has exposure to the significant risks and rewards associated with the sale of goods or rendering of services.

*Business model assessment*

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

*Significant increase in credit risk*

An entity shall always measure the loss allowance at an amount equal to lifetime expected credit losses for trade receivables or contract assets that result from transactions that are within the scope of IFRS 15, and that do not contain a significant financing component in accordance with IFRS 15 (or when the entity applies the practical expedient in accordance with paragraph 63 of IFRS 15).

*Judgment in identifying whether a contract includes a lease*

The Group has entered into a contracts with lessors for the lease of land, data centre space and office space.

Management has assessed whether or not the Group has contracted for the rights to substantially all of the lease of land and data centre space and office space and whether the contracts contains a lease.

Management assessed that the Group have the right to obtain substantially all of the economic benefits for the use of the assets. As stated, the Group has concluded that the contract contains a lease.

**4. CRITICAL JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)****4.1 Critical judgments in applying accounting policies (continued)***Determining the lease term*

In determining the lease term, Management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Potential future cash outflows of have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated). 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 lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

*Discounting of lease payments*

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

*Going concern*

The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue a going concern. Therefore, the financial statements are prepared on a going concern basis.

**4.2 Key sources of estimation uncertainty****Estimates**

The key assumptions concerning the future and other sources of estimation uncertainty at the financial position date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

*Impairment of tangible assets and useful lives*

The Group's management tests annually whether there is an indication that tangible assets (including capital work in progress) have suffered impairment in accordance with accounting policies stated in Note 3.



#### 4. CRITICAL JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

##### 4.2 Key sources of estimation uncertainty (continued)

###### Estimates (continued)

###### *Estimated useful lives of property, plant and equipment*

The costs of items of property, plant and equipment are depreciated on a systematic basis over the estimated useful lives of the assets. Management has determined the estimated useful lives of each asset and/ or category of assets based on the following factors:

- Expected usage of the assets,
- Expected physical wear and tear, which depends on operational and environmental factors; and
- Legal or similar limits on the use of the assets.

Management has not made estimates of residual values for any items of property, plant and equipment at the end of their useful lives as these have been deemed to be insignificant.

###### *Calculation of loss allowance*

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

When measuring ECL the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

The sensitivity of ECL on the profit of the company could be presented as follows:

	<b>Increase/(decrease) in basis points</b>	<b>Effect on profit (QR)</b>
<b>December 31, 2022</b>		
<b>Expected Credit Losses</b>	<b>50</b>	<b>5,298</b>
	<b>(50)</b>	<b>(5,298)</b>
<b>December 31, 2021</b>		
<b>Expected Credit Losses</b>	<b>50</b>	<b>8,800</b>
	<b>(50)</b>	<b>(8,800)</b>

###### *Assessment as to whether the right-of-use assets is impaired*

Management assessed that there are no events or changes in circumstances that indicate that the carrying amount of the right-of-use assets is impaired. Impairment indicators factored in the management's assessment are, but not limited to, the following: Physical condition of the right-of-use assets, adverse effect on the Company's performance impacting the usage of the right-of-use assets, future commitments needed to support the function of the right-of-use assets, and any significant drop in the external market value of the right-of-use assets.

## 5. PROPERTY, PLANT AND EQUIPMENT

	Data centre and network assets QR'000	Buildings and leasehold improvements QR'000	Office furniture & other equipment QR'000	Assets under construction QR'000	Total QR'000
<b>Cost:</b>					
At January 1, 2021	958,180	2,070	10,061	138,581	1,108,892
Additions	85	--	22	208,074	208,181
Transfer	338,266	--	77	(338,343)	--
Reclassification	649	--	(649)	--	--
At January 1, 2022	1,297,180	2,070	9,511	8,312	1,317,073
Additions	--	--	--	53,811	53,811
Transfers	45,886	--	2,766	(48,652)	--
At December 31, 2022	<u>1,343,066</u>	<u>2,070</u>	<u>12,277</u>	<u>13,471</u>	<u>1,370,884</u>
<b>Accumulated depreciation:</b>					
At January 1, 2021	755,256	1,960	9,054	--	766,270
Depreciation expense	45,670	36	245	--	45,951
At January 1, 2022	800,926	1,996	9,299	--	812,221
Depreciation expense	49,779	36	355	--	50,170
At December 31, 2022	<u>850,705</u>	<u>2,032</u>	<u>9,654</u>	<u>--</u>	<u>862,391</u>
<b>Carrying amount:</b>					
At December 31, 2022	<u>492,361</u>	<u>38</u>	<u>2,623</u>	<u>13,471</u>	<u>508,493</u>
At December 31, 2021	<u>496,254</u>	<u>74</u>	<u>212</u>	<u>8,312</u>	<u>504,852</u>
<b>Depreciation rate 2022</b>	<b>4% - 33%</b>	<b>5% - 20%</b>	<b>33% - 20%</b>		
Depreciation rate 2021	4% - 33%	5% - 20%	20%		

Depreciation expense of QR 49.78 million (2021: QR 45.67 million) has been charged in cost of sales, QR 0.39 million (2021: QR 0.28 million) in general and administrative expenses. The borrowing cost capitalised during the year amounted to Nil (2021: 3.61 million), (Note 16).

**6. RIGHT-OF-USE ASSETS***Group as a Lessee*

The Group leases several assets including land and data centre building, and office space. The average lease term for land ranges from 20 to 30 years while the office space is for 7 years.

The Group's obligations are secured by the lessor's title to the leased assets for such leases.

	Right-of-use assets		
	Land and data centre building	Office space	Total
	QR'000	QR'000	QR'000
January 1, 2021	134,064	3,750	137,814
Additions	6,076	--	6,076
Depreciation expense (Notes 21, 22)	(6,203)	(549)	(6,752)
December 31, 2021	133,937	3,201	137,138
Additions	12,269	12,803	25,072
Depreciation expense (Notes 21, 22)	(7,891)	(2,378)	(10,269)
<b>December 31, 2022</b>	<b>138,315</b>	<b>13,626</b>	<b>151,941</b>

Amounts recognised in consolidated statement of profit or loss:

	2022 QR'000	2021 QR'000
Depreciation of right-of-use assets	10,269	6,752
Interest expense on lease liabilities	8,645	8,070
Expense relating to short-term leases	1,798	1,467
	<b>20,712</b>	<b>16,289</b>

As at December 31, 2022, the Group is committed to Nil (2021: QR 0.37 million) short-term leases.

**7. OTHER NON-CURRENT ASSETS**

	2022 QR'000	2021 QR'000
Security deposit	1,143	249
Others	10,959	16,572
	<b>12,102</b>	<b>16,821</b>

**8. PREPAYMENTS AND OTHER ASSETS**

	2022 QR'000	2021 QR'000
Prepayments	18,655	12,728
Advance to suppliers (i)	6,704	4,570
Other debit balances (ii)	7,678	3,569
	<u>33,037</u>	<u>20,867</u>

- (i) The 2022 balance pertains to the advance payments made to the vendors for the costs of the construction of data centres and solution services contracts.
- (ii) The 2022 balance includes QR 4.78 million due from Shareholders (2021: Nil) representing amounts paid by the Company on behalf of the Shareholders in connection with the listing process.

**9. TRADE AND OTHER RECEIVABLES**

	2022 QR'000	2021 QR'000
Trade receivables	126,567	108,771
Less: Loss allowance	(5,256)	(5,525)
Trade receivables – net	121,311	103,246
Contract assets	10,872	5,932
	<u>132,183</u>	<u>109,178</u>

The Group measures the loss allowance for trade receivables and unbilled revenue at an amount equal to lifetime ECL. The expected credit losses on trade receivables and unbilled revenue are estimated using a provision matrix by reference to past default experience of the customers and an analysis of the customer's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

As at December 31, the ageing of account receivables is as follows:

Expected credit loss rate	0% Less than 90 Days	1% 91 to 180 Days	2% 181 to 365 days	13% More than 365 days	4% Total
<u>December 31, 2022</u>	<u>QR'000</u>	<u>QR'000</u>	<u>QR'000</u>	<u>QR'000</u>	<u>QR'000</u>
Estimated total gross carrying amount at default	46,318	18,172	26,015	36,062	126,567
Lifetime ECL	(18)	(163)	(432)	(4,643)	(5,256)
Net receivable	<u>46,300</u>	<u>18,009</u>	<u>25,583</u>	<u>31,419</u>	<u>121,311</u>

**9. TRADE AND OTHER RECEIVABLES (CONTINUED)**

Expected credit loss rate	0%	6%	7%	49%	5%
	Less than 90 Days	91 to 180 Days	181 to 365 days	More than 365 days	Total
<u>December 31, 2021</u>	<u>QR'000</u>	<u>QR'000</u>	<u>QR'000</u>	<u>QR'000</u>	<u>QR'000</u>
Estimated total gross carrying amount at default	70,827	19,578	11,009	7,357	108,771
Lifetime ECL	(4)	(1,127)	(787)	(3,607)	(5,525)
Net receivable	<u>70,823</u>	<u>18,451</u>	<u>10,222</u>	<u>3,750</u>	<u>103,246</u>

The following table shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in IFRS 9, all collectively assessed:

	<u>2022</u>	<u>2021</u>
	<u>QR'000</u>	<u>QR'000</u>
Balance as at January 1,	5,525	1,568
(Recovery)/provision during the year	(269)	3,957
Balance as at December 31,	<u>5,256</u>	<u>5,525</u>

**10. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents at the end of the financial year as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated statement of financial position as follows:

	<u>2022</u>	<u>2021</u>
	<u>QR'000</u>	<u>QR'000</u>
Cash on hand	5	5
Bank balances	43,400	55,504
Time deposits	160,000	180,186
Cash and cash equivalents	<u>203,405</u>	<u>235,695</u>

Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the Qatar Central Bank. Accordingly, Management estimates the loss allowance on balances with banks at the end of the reporting period at an amount equal to 12 month ECL. None of the balances with banks at the end of the reporting period are past due, and taking into account the historical default experience and the current credit ratings of the bank, the Management has assessed that there is no impairment, and hence have not recorded any loss allowances on these balances.

Time deposits generated interest income of QR 3.69 million for the year ended December 31, 2022 recorded under interest income in the statement of profit or loss and other comprehensive income (QR 2.19 million for the year ended December 31, 2021).

**11. SHARE CAPITAL**

	<u>2022</u> QR'000	<u>2021</u> QR'000
Authorised, issued and fully paid		
200 shares of nominal value 1,000 QR each	--	200
648,980 shares of nominal value 1,000 QR each (Note 13)	<u>648,980</u>	<u>--</u>

In accordance with the recent amendment of the QSTP company regulations dated October 18, 2022, and unanimous shareholder resolution, the Company will be reducing the nominal value per share to QR 1 as required by the QFMA for entities listed on the QSE. As of the date of issuance of these financial statements, the reduction of the nominal value per share to QR 1 was not finalised.

**12. STATUTORY RESERVE**

As required by the Company's Articles of Association, 10% of the profit for the year is to be transferred to the statutory reserve until the reserve reaches a minimum of 50% of the paid up share capital. As at December 31, 2022, the statutory reserve amounted QR 8.52 million (2021: QR 3.30 million). This reserve is not available for distribution.

**13. ADVANCES FROM SHAREHOLDERS**

This represented funds received from the shareholders to fund the working capital requirements of the Group. These funds were non-current in nature, interest free, unsecured and subordinated to all the liabilities of the Group.

Main shareholders of the Group have contributed the following:

	<u>2022</u> QR'000	<u>2021</u> QR'000
Qatar Foundation for Education, Science and Community Development	--	599,840
Ooredoo Q.P.S.C.	--	149,960
	<u>--</u>	<u>749,800</u>

During the year 2022, the Shareholders of the Group resolved to convert the advances from shareholders as follows:

	<u>2022</u> QR'000
Transferred to share capital	648,780
Transferred to retained earnings	101,020
	<u>749,800</u>

**14. EMPLOYEES' END OF SERVICE BENEFITS**

Movement in the employees' end of service benefits were as follows:

	2022 QR'000	2021 QR'000
<b>Balance as at January 1,</b>	9,666	10,125
Expense for the year	3,263	2,571
Payments during the year	(2,108)	(3,030)
<b>Balance as at December 31,</b>	<b>10,821</b>	<b>9,666</b>

**15. LEASE LIABILITIES**

	2022 QR'000	2021 QR'000
<b>Balance as at January 1,</b>	144,024	142,589
Additions/modifications	25,072	6,076
Accretion of finance cost	8,645	8,070
Lease payments	(13,667)	(12,711)
<b>Balance as at December 31,</b>	<b>164,074</b>	<b>144,024</b>

Presented in the consolidated financial position as follows:

	2022 QR'000	2021 QR'000
Non-current lease liabilities	155,791	139,552
Current lease liabilities	8,283	4,472
	<b>164,074</b>	<b>144,024</b>

	2022 QR'000	2021 QR'000
<i>Maturity analysis</i>		
Not later than 1 year	8,283	4,472
Later than 1 year and not later than 5 years	33,666	19,611
Later than 5 years	122,125	119,941
	<b>164,074</b>	<b>144,024</b>

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

**16. BORROWINGS**

	2022 QR'000	2021 QR'000
Non-current borrowings	134,858	148,406
Current borrowings	13,548	--
	<b>148,406</b>	<b>148,406</b>

The Group entered into a Facility Agreement with Dukhan Bank for QR 150 million on December 10, 2020 ("the facility") at Qatar Market Lending Rate (QMRL) subject to a minimum of 3.5% per annum, payable quarterly. The facility is repayable in 31 equal quarterly instalments of QR 3.39 million starting March 2023 and one final bullet payment of QR 45 million (30% of facility amount) in December 2030. The facility is secured by the assignment of the full contract values of each of MV2 & MV4 Colocation and Data Centre Leases with Microsoft QSTP LLC ("Microsoft") and Ministry of Communications and Information Technology ("MCIT") (previously "Ministry of Transport and Communications") favouring Dukhan Bank.

Borrowing finance costs incurred during the year amounted to QR 5.67 million (2021: QR 4.95 million). Amount recognized in the consolidated statement of profit or loss is QR 5.67 million (2021: QR 1.34 million) and the remaining has been capitalized as cost of property, plant and equipment (Note 5).

**17. TRADE AND OTHER PAYABLES**

	2022 QR'000	2021 QR'000
Trade payables (i)	28,113	27,416
Accrued expenses (ii)	78,139	78,657
Retention payable	7,458	10,632
Contract liability	4,924	7,208
Other current liabilities	70	252
	<b>118,704</b>	<b>124,165</b>

(i) As at December 31, 2022, the balance includes due to related parties amounting QR 2.29 million (2021: Nil). (Note 19)

(ii) As at December 31, 2022, the balance includes accrued assets of QR 20.92 million (2021: QR 20.03 million).

**18. DIVIDEND**

During the year 2022, the Board of Directors had proposed a cash dividend of QR 66 million related to the financial results of the years 2021 and 2020, amounting to QR 33 million each year. This was subsequently approved by the shareholders during the Annual General Assembly held during the year and was also paid out in 2022.



**19. RELATED PARTY DISCLOSURES**

Related parties, as defined in International Accounting Standard 24: *Related Party Disclosures*, include associate companies, major shareholders, directors and other key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties.

*a) Trading transactions*

The following are the transactions with related parties:

	2022	2021
	QR'000	QR'000
<b><i>Sale of goods and services:</i></b>		
Shareholders	63,679	69,496
Other affiliated companies	58,763	73,177
	<b>122,442</b>	<b>142,673</b>

*b) Balances arising from sales of goods/services*

The following are the balances arising on transactions with related parties:

	2022	2021
	QR'000	QR'000
Due from related parties:		
<i>Shareholders</i>	86,677	90,039
<i>Other affiliates</i>	32,243	60,754
	<b>118,920</b>	<b>150,793</b>
<i>Provision for loss allowance</i>	<b>(8,530)</b>	<b>(8,772)</b>
<b>At December 31</b>	<b>110,390</b>	<b>142,021</b>
Due to related parties (Note 17):		
<i>Shareholders</i>	1,369	--
<i>Other affiliates</i>	917	--
<b>At December 31</b>	<b>2,286</b>	<b>--</b>

The due from related parties arise mainly from sale of goods and services transactions. The receivables are unsecured in nature and earn no interest.

The Group measures the loss allowance for due from related parties at an amount equal to lifetime ECL. The expected credit losses on due from related parties are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

**19. RELATED PARTY DISCLOSURES (CONTINUED)**

The following table shows the movement in lifetime ECL that has been recognised for due from related parties in accordance with the simplified approach set out in IFRS 9 all collectively assessed:

	2022 QR'000	2021 QR'000
Balance as at January 1	8,772	9,462
Recovery during the year	(242)	(690)
Balance as at December 31	8,530	8,772

*c) Compensation of key management personnel*

The remuneration of directors and other members of key management during the year was as follows:

	2022 QR'000	2021 QR'000
Short-term benefits	13,377	10,914
Long-term benefits	88	--
	13,465	10,914

**20. REVENUE**

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

	2022 QR'000	2021 QR'000
<b>Revenue – at a point of time:</b>		
Solutions services	56,691	57,678
Master system integrator services	--	686
<b>Revenue – over time:</b>		
Data centre and managed services	231,220	198,187
Workplace services	16,888	25,244
Solutions services	21,736	23,901
Master system integrator services	14,898	14,579
Cloud services	11,444	8,155
	352,877	328,430

The current portion of the deferred revenue referred as “contract liability” in the consolidated statement of financial position amounting to QR 3.16 million (2021: QR 27.95 million) is expected to be recognised as revenue during 2023. The non-current portion of contract liability is expected to be recognized as revenue at least after 12-months from the reporting date.

The unsatisfied performance obligation as at reporting date amounted to QR 1,282.35 million (2021: QR 1,360.64 million).

**21. COST OF SALES**

	<b>2022</b>	2021
	<b>QR'000</b>	QR'000
Software, hardware and license cost	76,443	67,783
Outsourcing and third party cost	54,190	58,466
Depreciation of property, plant and equipment (Note 5)	49,779	45,670
Salaries, wages and other benefits	37,377	38,031
Data centre management costs	20,409	24,613
Depreciation of right-of-use assets (Note 6)	7,891	6,203
Others	123	119
	<b>246,212</b>	<b>240,885</b>

**22. GENERAL AND ADMINISTRATIVE EXPENSES**

	<b>2022</b>	2021
	<b>QR'000</b>	QR'000
Staff costs and allowances	30,833	22,978
Professional fees	2,915	3,024
Depreciation of right-of-use assets (Note 6)	2,378	549
Rent	1,798	1,467
Insurance	1,146	844
Marketing costs	1,083	229
Directors' remuneration	631	567
Office expenses	540	546
Depreciation of property, plant and equipment (Note 5)	391	281
(Recovery)/loss allowance (Notes 9 and 19)	(511)	3,267
Others	1,883	1,431
	<b>43,087</b>	<b>35,183</b>

**23. COMMITMENTS AND CONTINGENT LIABILITIES**

	<b>2022</b>	2021
	<b>QR'000</b>	QR'000
Performance guarantee	59,705	61,975
Tender and other guarantees	43,228	65,533

**24. FINANCIAL INSTRUMENTS**

Financial instruments represent any contractual agreement that creates a financial asset, financial liability or an equity instrument.

**(a) Fair value measurements**

Financial assets consist of bank balances, due from related parties and trade receivable. Financial liabilities consist of trade payables, lease liabilities and borrowings.

Management believes that the fair values of financial instruments are not materially different from their carrying values largely due to the short-term maturities of these instruments or are regularly repriced at market rates.

**(b) Reconciliation of liabilities arising from financing activities**

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

	At January 1, 2022 QR'000	Financing cash flows QR'000	Non-cash changes QR'000	At December 31, 2022 QR'000
Dividend paid	--	(66,000)	--	(66,000)
Lease liabilities	144,024	(13,667)	33,717	164,074
Borrowings	148,406	--	--	148,406
	<u>292,430</u>	<u>(79,667)</u>	<u>33,717</u>	<u>246,480</u>

	At January 1, 2021 QR'000	Financing cash flows QR'000	Non-cash changes QR'000	At December 31, 2021 QR'000
Lease liabilities	142,589	(12,711)	14,146	144,024
Borrowings	60,165	88,241	--	148,406
	<u>202,754</u>	<u>75,530</u>	<u>14,146</u>	<u>292,430</u>

**25. CAPITAL MANAGEMENT**

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximizing the return to the shareholders.

The capital structure of the Group comprises of capital, reserves, and retained earnings. The Company sets the amount of capital in proportion to risk. The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

**26. FINANCIAL RISK MANAGEMENT****Market risk management**

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Group's activities expose it primarily to the financial risks of changes in foreign currency risks and interest rate risks.

**Foreign currency risk management**

The Group undertakes certain transactions denominated in foreign currencies, consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed by entering the transactions substantially in Qatari Riyal (QR) and United States Dollar (USD), which is pegged to Qatari riyal.

**Interest rate risk management**

The Group's exposure to interest rate risk is limited as it borrows and deposits funds at market rates. The loan appearing in the books of the Company (Note 16) is carried at floating rate and the borrowing finance cost incurred during 2022 is QR 5.67 million (2021: QR 4.95 million). Interest income during 2022 is QR 3.69 million (2021: QR 2.19 million).

**Credit risk management**

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. As at December 31, 2022, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group arises from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise credit risk, the Group has tasked its management to develop and maintain the Group's credit risk gradings to categorise exposures according to their degree of risk of default.

The credit rating information is supplied by independent rating agencies where available and, if not available, the management uses other publicly available financial information and the Group's own trading records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

**26. FINANCIAL RISK MANAGEMENT (CONTINUED)****Credit risk management (continued)**

Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the central bank. Accordingly, management of the Group estimates the loss allowance on balances with banks at the end of the reporting period at an amount equal to 12 month ECL. None of the balances with banks at the end of the reporting period are past due, and considering the historical default experience and the current credit ratings of the banks, the management of the Group have assessed that there is no impairment, and hence have not recorded any loss allowances on these balances.

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Doubtful	When there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit impaired
In default	When there is evidence indicating the asset is credit-impaired.	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that there is a severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off

The tables below detail the credit quality of the Group's financial assets by credit risk rating grades:

December 31, 2022	Note	12-month or lifetime ECL	Gross carrying QR '000	Loss allowance QR '000	Net carrying Amount QR '000
Bank balances	10	12-month ECL	203,405	--	203,405
Trade receivables	9	Lifetime ECL	126,567	(5,256)	121,311
Unbilled revenue	9	Lifetime ECL	10,872	--	10,872
Due from related parties	19	Lifetime ECL	118,920	(8,530)	110,390
December 31, 2021	Note	12-month or lifetime ECL	Gross carrying QR '000	Loss allowance QR '000	Net carrying Amount QR '000
Bank balances	10	12-month ECL	235,695	--	235,695
Trade receivables	9	Lifetime ECL	108,771	(5,525)	103,246
Unbilled revenue	9	Lifetime ECL	5,932	--	5,932
Due from related parties	19	Lifetime ECL	150,793	(8,772)	142,021

**26. FINANCIAL RISK MANAGEMENT (CONTINUED)****Liquidity risk management**

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

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amounts disclosed in the table are the contractual discounted cash flows. Balances due within 12 months are equal to their carrying balances as the impact of discounting is not significant.

At December 31, 2022	Less than 1 year QR'000	Between 1 and 2 years QR'000	Between 2 and 5 years QR'000	Over 5 years QR'000	Total QR'000
Trade payables	28,113	--	--	--	28,113
Lease liabilities	8,283	8,619	25,047	122,125	164,074
Borrowings	13,548	13,548	40,644	80,666	148,406
	49,944	22,167	65,691	202,791	340,593

At December 31, 2021	Less than 1 year QR'000	Between 1 and 2 years QR'000	Between 2 and 5 years QR'000	Over 5 years QR'000	Total QR'000
Trade payables	27,416	--	--	--	27,416
Lease liabilities	4,472	4,700	14,911	119,941	144,024
Borrowings	--	13,548	40,644	94,214	148,406
	31,888	18,248	55,555	214,155	319,846

The following table details the Group's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Group's liquidity risk management as the liquidity is managed on a net asset and liability basis. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At December 31, 2022	Less than 1 year QR'000	Between 1 and 2 years QR'000
Trade and other receivables	132,183	--
Due from related parties	110,390	--
	242,573	--

At December 31, 2021	Less than 1 year QR'000	Between 1 and 2 years QR'000
Trade and other receivables	109,178	--
Due from related parties	142,021	--
	251,199	--

**MEEZA QSTP LLC**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended December 31, 2022

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**27. SUBSEQUENT EVENT**

The Group is in advanced stages of undergoing an Initial Public Offering (IPO) on the Qatar Stock Exchange Main Market. Book building to Qualified Investors (as defined by the Qatar Financial Markets Authority) was concluded on 6 March 2023, and the Group is now undergoing the necessary regulatory filings to proceed with the public subscription to individual and corporate investors.

**28. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS**

The consolidated financial statements were approved by the Board of Directors and authorised for issue on May 18, 2023.