

OMAN TELECOMMUNICATIONS COMPANY SAOG

**Consolidated Annual Financial Statements and
Independent Auditor's Report**

31 December 2025

C O N T E N T S

	Page
Independent Auditor's Report	1 – 7
Consolidated Statement of Financial Position	8
Consolidated Statement of Profit or Loss	9
Consolidated Statement of Profit or loss and Other Comprehensive Income	10
Consolidated Statement of Changes in Equity	11-12
Consolidated Statement of Cash Flows	13
Notes to the Consolidated Financial Statements	14 – 77



KPMG LLC
Children's Public Library Building
4th Floor, Shatti Al Qurum
P O Box 641, PC 112
Sultanate of Oman
Tel. +968 24 749600, www.kpmg.com/om

Independent auditors' report

To the Shareholders of Oman Telecommunication Company SAOG

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Oman Telecommunication Company SAOG ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Basis for Opinion

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

Key Audit Matters

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



Key Audit Matters (continued)

Revenue recognition

See Notes 2.3, 19 and 34 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
<p>Revenue recognition is considered a key audit matter because of:</p> <ul style="list-style-type: none"> - reliance on multiple, complex information technology (IT) systems and tools used in the initiation, processing and recording of revenue transactions; - variety of customer offerings with multiple pricing and tariff structures, which may frequently change during the course of the year; - the large volume of transactions; and - judgments involved in revenue recognition of multiple element arrangements. <p>Revenue recognition involves the exercise of several key judgments around the identification of performance obligations that the Group has in its contracts with its customers, determination of stand-alone selling prices, allocation of transaction prices to the various performance obligations and the timing of fulfilling those obligations.</p> <p>We also identified a risk of management override of controls through inappropriate manual topside revenue journal entries as revenue is a key performance indicator for measuring management performance.</p>	<p>Our procedures included, amongst others, those described below:</p> <ul style="list-style-type: none"> • We obtained an understanding of the Group's revenue recognition processes. This included identifying relevant IT systems, interfaces, controls and reports; • We evaluated the design and implementation and also tested the operating effectiveness of key controls (both manual and automated) over the initiation, measurement, and recognition of revenue. • We tested the reconciliations between the general ledgers and the relevant IT system reports for all significant revenue streams; • We performed substantive analytical procedures on significant revenue streams; • On a sample basis, we tested whether the corresponding revenue has been recognised during the year in accordance with underlying contractual arrangements; • On a sample basis, we evaluated the revenue recognition relating to multiple element arrangements with customers to determine the Standalone Selling Prices (SSPs) and tested the reasonableness of the transaction price allocation in accordance with IFRS 15; • On a sample basis, we tested the supporting evidence for manual journal entries posted to revenue accounts; and • We assessed the adequacy of disclosures presented in the consolidated financial statements in accordance with the applicable financial reporting framework.

Key Audit Matters (continued)

Assessment of carrying value of goodwill

See Notes 2.3 and 12 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
<p>The Group holds significant investments in telecommunication and related businesses in various geographical locations. The carrying value of goodwill as at 31 December 2025 amounted to RO 1,023,877 thousand.</p> <p>The carrying amount of the goodwill is assessed for impairment on the occurrence of a triggering event or at least annually in accordance with IAS 36 <i>Impairment of Assets</i>.</p> <p>The impairment testing of goodwill requires management to identify cash-generating units ("CGU") in accordance with IAS 36. For the CGU which contain goodwill, the determination of recoverable amount, being the higher of fair value less costs of disposal and value in use, requires judgment on the part of management. The testing then requires comparing the carrying value of each CGU to its recoverable amount, which was estimated as the present value of its future projected cash flows.</p> <p>The estimation of the recoverable amount involves significant judgments including key assumptions around the current and future market conditions in the various geographies in which the Group has operations, forecast cash flows and discount rates underpinning the recoverable amount. Therefore, we have considered the impairment assessment of goodwill as a key audit matter.</p>	<p>Our procedures included, amongst others, those described below:</p> <ul style="list-style-type: none"> • We obtained an understanding of the Group's impairment assessment process. This included identifying and evaluating the design and implementation of key controls relevant to the impairment assessment process; • With respect to the recoverable amount, we challenged the Group's methodology in relation to the key assumptions in the cash flows associated with the respective CGUs; • We engaged our valuation specialists to evaluate the reasonableness of the key assumptions in the valuation, such as the discount rate and terminal growth rate of the respective CGUs used in the impairment assessment models; • We tested the mathematical accuracy of the respective impairment assessment models; • We reconciled the cash flows used in the valuation workings with the business plans approved by the Group or the respective Board of Directors reflecting management's best estimate as at 31 December 2025; • We performed a retrospective review of the estimates used in cash flow projections by performing a comparison of historical projections with actual results to assess their reasonability; • We evaluated whether any impairment should be recognized during the year as a result of the impairment assessment; • We performed sensitivity analyses around the key assumptions; and • We assessed the adequacy of disclosures presented in the consolidated financial statements in accordance with the applicable financial reporting framework.

Key Audit Matters (continued)

Application of IAS 29 *Financial Reporting in Hyperinflationary Economies* on the Group's operations in Republic of Sudan

See Notes 2.3, 33, 34 and 35 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
<p>The Group has applied IAS 29 <i>Financial Reporting in Hyperinflationary Economies</i> ("IAS 29") to its operations in the Republic of Sudan, which management has determined to be a hyperinflationary economy, in its consolidated financial statements as at and for the year ended 31 December 2025, with retrospective application from November 2017.</p> <p>As a result, the financial information of the Group's operation in the Republic of Sudan included in the consolidated financial statements has been restated to reflect the current purchasing power as at the reporting date. Accordingly, comparative balances for the year ended 31 December 2024, and non-monetary balances at 1 January 2024 and 31 December 2024 were restated using relevant price indices as at 31 December 2025.</p> <p>The application of IAS 29 had a material impact on the consolidated financial statements and involves significant judgments and complexity, particularly in relation to the accuracy and completeness of historical financial information and the appropriateness of price indices applied.</p> <p>We have determined this to be a key audit matter, due to the extensive audit procedures required to assess the reasonableness of the Group's application of IAS 29 to its operations in the Republic of Sudan since November 2017.</p>	<p>Our procedures included, amongst others, those described below:</p> <ul style="list-style-type: none"> • Obtaining an understanding of management's assessment that the Republic of Sudan operates in a hyperinflationary economy, including assessing whether the indicators set out in IAS 29 were met; • Evaluating the design and implementation of management controls associated with the application of IAS 29 on operations in the Republic of Sudan; • Evaluating the methodology applied by management in calculating the periodic impact of IAS 29 to the Group's financial statements and assessed whether it was consistent with the requirements of IAS 29; • Assessing the completeness and accuracy of the historical financial data used by management in the IAS 29 computation; • Assessing the appropriateness of the general price indices applied by management by comparing them to publicly available independent sources; • Performing procedures to verify mathematical accuracy of the effects of IAS 29 on non-monetary balances and compared to management's analysis; • Testing the general mathematical accuracy of the Group's IAS 29 computation; and • Assessing the adequacy of the related disclosures presented in the consolidated financial statements in accordance with the applicable financial reporting framework.

Emphasis of matter - Political uncertainty in the Republic of Sudan

We draw attention to note 2.1 of the consolidated financial statements, which describes the management's assessment of the ongoing impact of the political uncertainty in the Republic of Sudan on the Group's operations and financial performance and related uncertainties. Our opinion is not modified in respect of this matter.

Other matter

The consolidated financial statements of the Group as at and for the year ended December 31, 2024, excluding the retrospective re-presentations described in Note 35, were audited by another auditor, who expressed a qualified opinion on those consolidated financial statements on 12 March 2025.

Other Information

Management is responsible for the other information. The other information comprises the Chairman's Report, the Corporate Governance Report and Management Discussion and Analysis Report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards and their preparation in compliance with the relevant requirements of the Financial Services Authority and the applicable provisions of the Commercial Companies Law of 2019, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those Charged with Governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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



Report on Other Legal and Regulatory Requirements

Further, we report that these financial statements as at and for the year ended 31 December 2025, comply, in all material respects, with the:

- relevant requirements of the Financial Services Authority; and
- applicable provisions of the Commercial Companies Law of 2019.

Mobeen Chaudhri

3 March 2026

KPMG
KPMG LLC



OMAN TELECOMMUNICATIONS COMPANY SAOG
Consolidated Statement of Financial Position as at

		31 December 2025	31 December 2024 (Restated)	1 January 2024 (Restated)
	Note(s)	‘000	‘000	‘000
ASSETS				
Current assets				
Cash and cash equivalents	4.1	409,498	296,513	428,635
Bank balances held in customers' account	4.2	52,014	19,846	15,975
Trade receivables and other current assets	5	1,609,144	1,484,268	1,284,462
Contract assets	19.2	160,863	139,631	125,754
Inventories	6	87,498	115,671	81,021
Investment securities at amortised cost	7	200	-	-
Investment securities at fair value through profit or loss	7	111,541	70,151	49,040
		<u>2,430,758</u>	<u>2,126,080</u>	<u>1,984,887</u>
Assets of disposal group classified as held for sale	8	402,429	119,123	6,254
Total Current assets		<u>2,833,187</u>	<u>2,245,203</u>	<u>1,991,141</u>
Non-current assets				
Contract assets	19.2	113,266	93,277	70,037
Investment securities at fair value through profit or loss	7	17,114	24,704	25,357
Investment securities at FVOCI	7	15,990	17,130	14,412
Investment securities at amortised cost	7	800	1,000	1,000
Investments in associates and joint venture	9	190,553	248,511	239,848
Other non-current assets	11	125,055	139,895	75,454
Deferred tax asset	14.2	32,167	32,005	28,428
Right of use of assets	10	369,671	311,581	257,787
Property and equipment	11	2,182,555	1,918,130	1,814,045
Intangible assets and goodwill	12	3,051,917	3,134,319	3,232,187
Total non-current assets		<u>6,099,088</u>	<u>5,920,552</u>	<u>5,758,555</u>
Total Assets		<u>8,932,275</u>	<u>8,165,755</u>	<u>7,749,696</u>
LIABILITIES AND EQUITY				
Current liabilities				
Trade and other payables	13	1,979,856	1,683,947	1,566,445
Contract liabilities	19.2	109,657	110,857	109,095
Income tax payables	14.1	42,893	37,729	32,181
Borrowings	15	363,517	894,825	487,100
Lease liabilities	16	60,817	45,327	45,653
		<u>2,556,740</u>	<u>2,772,685</u>	<u>2,240,474</u>
Liabilities of disposal group classified as held for sale	8, 16	100,780	41,048	1,244
Total Current liabilities		<u>2,657,520</u>	<u>2,813,733</u>	<u>2,241,718</u>
Non-current liabilities				
Borrowings	15	2,489,230	1,678,969	1,880,043
Lease liabilities	16	396,808	353,189	309,574
Contract liabilities	19.2	37,270	12,630	5,267
Other non-current liabilities	17.1	365,748	371,001	406,219
Total non-current liabilities		<u>3,289,056</u>	<u>2,415,789</u>	<u>2,601,103</u>
Total liabilities		<u>5,946,576</u>	<u>5,229,522</u>	<u>4,842,821</u>
Equity				
Share capital	18	75,000	75,000	75,000
Owns shares held by liquidity provider	18	(72)	(191)	-
Reserve on trading in liquidity shares	18	(909)	(1,815)	-
Legal reserve	18	25,000	25,000	25,000
Voluntary reserve	18	49,875	49,875	49,875
Capital contribution	18	7,288	7,288	7,288
Capital reserve	18	36,893	36,893	36,893
Foreign currency translation reserve	18	79,928	77,107	67,866
Investment fair valuation reserve	18	(5,484)	(4,911)	(4,932)
Other reserves	18	484	566	822
Retained earnings		449,404	402,318	388,378
Attributable to the Company's shareholders		<u>717,407</u>	<u>667,130</u>	<u>646,190</u>
Non-controlling interest		2,268,292	2,269,103	2,260,685
Total equity		<u>2,985,699</u>	<u>2,936,233</u>	<u>2,906,875</u>
Total Liabilities and Equity		<u>8,932,275</u>	<u>8,165,755</u>	<u>7,749,696</u>

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


CHAIRMAN




DIRECTOR


CHIEF EXECUTIVE OFFICER

OMAN TELECOMMUNICATIONS COMPANY SAOG

Consolidated Statement of Profit or Loss for the year ended 31 December

		2025	2024 (Restated)
	Note(s)	<u>₹ '000</u>	<u>₹ '000</u>
Continuing operations			
Revenue	19.1	3,413,055	3,062,656
Cost of operations*	20.1	(1,208,466)	(1,052,977)
Operating and administrative expenses	20.2	(992,350)	(896,214)
Allowance for expected credit loss on financial assets		(56,869)	(68,768)
Depreciation, amortization and impairment	10,11,12	(607,029)	(650,523)
Liability no longer required written back		-	13,213
Voluntary end of service		-	(3,041)
Interest income		13,750	12,185
Investment income	21	39,723	11,373
Share of results of associates and joint venture	9	42,026	7,546
Other (expense) / income		(68,243)	2,196
Gain on business combination**	8.2	53,088	29,345
Gain on sale and lease back transactions		-	1,659
Gain on disposal of subsidiary		24	-
Finance costs	22	(202,058)	(200,444)
(Loss) / gain from currency revaluation		(6,511)	20,352
Net monetary gain / (loss)	33	5,519	(64,413)
Profit before tax from continuing operations		425,659	224,145
Income tax expenses	23	(54,644)	(27,302)
Profit for the year from continuing operations		371,015	196,843
Discontinued operations			
Profit for the year after tax from discontinued operations	8	-	892
Profit for the year		371,015	197,735
Attributable to:			
Shareholders of the Company		88,423	54,153
Non-controlling interests		282,592	143,582
		371,015	197,735
Earnings per share (EPS)			
Basic and diluted – ₹	24	<u>0.118</u>	<u>0.072</u>
EPS – Continuing operations			
Basic and diluted – ₹	24	<u>0.118</u>	<u>0.072</u>

* Cost of operations comprises access charges, trading cost, dealer commission and royalties payable to regulatory authorities (refer note 20.1).

** This includes gain on step-up acquisition of a disposal group which will be discontinued (refer note 8.2).

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

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December

	2025	2024 (Restated)
	<u>’000</u>	<u>’000</u>
Profit for the year	371,015	197,735
Other comprehensive income:		
<i>Items that may be transferred or reclassified to consolidated statement of profit or loss in subsequent periods:</i>		
Exchange differences on translating foreign operations	5,897	51,297
Other reserves	305	(3,229)
	<u>6,202</u>	<u>48,068</u>
<i>Items that will not be reclassified to consolidated statement of profit or loss:</i>		
Changes in the fair value of equity investments at FVOCI	(2,613)	95
	<u>(2,613)</u>	<u>95</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	374,604	245,898
Total comprehensive income attributable to:		
Shareholders of the Company	90,589	63,159
Non-controlling interests	284,015	182,739
	<u>374,604</u>	<u>245,898</u>

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

OMAN TELECOMMUNICATIONS COMPANY SAOG

Consolidated Statement of Changes in Equity for the year ended 31 December 2025

	<i>Attributable to equity holders of the parent</i>												Non-controlling interests	Grand total
	Share capital	Own shares held by liquidity provider	Reserve on trading in equity shares	Legal reserve	Voluntary reserve	Capital contribution	Capital reserve	Foreign currency translation reserve	Fair value reserve	Other reserves	Retained earnings	Total		
	₹'000	₹'000	₹'000	₹'000	₹'000	₹'000	₹'000	₹'000	₹'000	₹'000	₹'000	₹'000	₹'000	₹'000
At 1 January 2025	75,000	(191)	(1,815)	25,000	49,875	7,288	36,893	77,107	(4,911)	566	402,318	667,130	2,269,103	2,936,233
Profit for the year	-	-	-	-	-	-	-	-	-	-	88,423	88,423	282,592	371,015
Other comprehensive income/(loss) for the year	-	-	-	-	-	-	-	2,821	(573)	(82)	-	2,166	1,423	3,589
Total comprehensive income/(loss) for the year	-	-	-	-	-	-	-	2,821	(573)	(82)	88,423	90,589	284,015	374,604
Trading in own shares	-	119	906	-	-	-	-	-	-	-	-	1,025	-	1,025
On acquisition of subsidiaries (notes 3 and 8.2)	-	-	-	-	-	-	-	-	-	-	-	-	28,433	28,433
Purchase of non-controlling interest	-	-	-	-	-	-	-	-	-	-	(87)	(87)	-	(87)
Disposal of subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	331	331
Dividends paid	-	-	-	-	-	-	-	-	-	-	(41,250)	(41,250)	(313,590)	(354,840)
At 31 December 2025	75,000	(72)	(909)	25,000	49,875	7,288	36,893	79,928	(5,484)	484	449,404	717,407	2,268,292	2,985,699

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

OMAN TELECOMMUNICATIONS COMPANY SAOG
Consolidated Statement of Changes in Equity for the year ended 31 December 2025
Attributable to equity holders of the parent

	Share capital <i>OMR</i> '000	Own shares held by liquidity provider <i>OMR</i> '000	Reserve on trading in equity shares <i>OMR</i> '000	Legal reserve <i>OMR</i> '000	Voluntary reserve <i>OMR</i> '000	Capital contribution <i>OMR</i> '000	Capital reserve <i>OMR</i> '000	Foreign currency translation reserve <i>OMR</i> '000	Fair value reserve <i>OMR</i> '000	Other reserves <i>OMR</i> '000	Retained earnings <i>OMR</i> '000	Total <i>OMR</i> '000	Non-controlling interests <i>OMR</i> '000	Grand total <i>OMR</i> '000
At 31 December 2023 (As previously reported)	75,000	-	-	25,000	49,875	7,288	36,893	(103,843)	(4,932)	822	560,200	646,303	2,260,845	2,907,148
Impact of hyperinflation adjustments (notes 33 and 34)	-	-	-	-	-	-	-	171,709	-	-	(171,822)	(113)	(160)	(273)
At 1 January 2024 (Restated)	75,000	-	-	25,000	49,875	7,288	36,893	67,866	(4,932)	822	388,378	646,190	2,260,685	2,906,875
Profit for the year (Restated)	-	-	-	-	-	-	-	-	-	-	54,153	54,153	143,582	197,735
Other comprehensive income / (loss) for the year (Restated)	-	-	-	-	-	-	-	9,241	21	(256)	-	9,006	39,157	48,163
Total comprehensive income/(loss) for the year (Restated)	-	-	-	-	-	-	-	9,241	21	(256)	54,153	63,159	182,739	245,898
Trading in own shares	-	(191)	(1,815)	-	-	-	-	-	-	-	-	(2,006)	-	(2,006)
On acquisition of subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	490	490
Capital introduced by minority shareholders	-	-	-	-	-	-	-	-	-	-	-	-	506	506
IAS 29 Impacts related to South Sudan	-	-	-	-	-	-	-	-	-	-	992	992	3,536	4,528
Dividends paid	-	-	-	-	-	-	-	-	-	-	(41,205)	(41,205)	(178,853)	(220,058)
At 31 December 2024 (Restated)	75,000	(191)	(1,815)	25,000	49,875	7,288	36,893	77,107	(4,911)	566	402,318	667,130	2,269,103	2,936,233

OMAN TELECOMMUNICATIONS COMPANY SAOG
Consolidated Statement of Cash Flows for the year ended 31 December

		2025	2024 (Restated)
	Notes	S'000	S'000
Cash flows from operating activities			
Profit for the year before tax from continuing operations		425,659	224,145
Profit for the year before tax from discontinuing operations		-	892
Profit for the year before tax		425,659	225,037
Adjustments for:			
Depreciation, amortization and impairment	10,11,12	607,029	650,523
Expected Credit Loss on financial assets		56,869	68,768
Interest income		(13,750)	(12,185)
Investment income	21	(39,723)	(11,373)
Share of results of associates and joint venture	9	(42,026)	(7,546)
Gain on sale and lease back transactions		-	(1,659)
Gain on disposal of discontinued operations and sale of subsidiary		(24)	-
Gain on business combination		(53,088)	(29,345)
Finance costs	22	202,058	200,444
Gain / (loss) from currency revaluation		6,511	(20,352)
Net monetary (gain) / loss		(5,519)	64,413
Gain on sale of property and equipment		(2,072)	(907)
Cash flows from operating activities before working capital changes		1,141,924	1,125,818
Increase in bank balances held in customers account		7,983	(3,639)
Increase in trade and other receivables		(183,493)	(284,002)
Decrease / (increase) in inventories		28,351	(33,083)
Increase / (decrease) in trade and other payables and deferred revenue		(23,786)	(5,634)
<i>Cash generated from operations</i>		970,979	799,460
Income tax		(35,855)	(22,354)
<i>Net cash from operating activities</i>		935,124	777,106
Cash flows from investing activities			
Deposits maturing after three months and other bank deposits under lien		(28,032)	(1,992)
Purchase of financial instruments		(6,099)	(14,552)
Proceeds from sale of financial instruments		9,510	2,635
Investment in associate		(275)	(3,012)
Acquisition of property and equipment		(406,129)	(333,347)
Proceeds from disposal of property and equipment		18,770	7,471
Acquisition of intangible assets (net)		(63,607)	(59,142)
Proceeds from sale of telecom assets (sale and lease back)	8	-	7,592
Acquisition of subsidiaries, net of cash acquired	3	(12,338)	(59,566)
Interest received		7,887	6,273
Dividends received		4,322	3,906
<i>Net cash used in investing activities</i>		(475,991)	(443,734)
Cash flows from financing activities			
Proceeds from borrowings		1,180,404	964,494
Repayment of borrowings		(942,753)	(895,678)
Payments against payable towards sale and lease back-financing		(9,760)	(9,421)
Repayment of lease liabilities	16	(77,666)	(91,445)
Acquisition of own shares through liquidity provider		1,025	(2,006)
Dividends paid to Company's shareholders		(41,250)	(41,250)
Dividends paid to minority shareholders of subsidiaries		(308,635)	(189,771)
Share capital introduced by minority shareholder in subsidiary		2,547	506
Finance costs paid		(162,350)	(163,393)
<i>Net cash used in financing activities</i>		(358,438)	(427,964)
Net increase / (decrease) in cash and cash equivalents		100,695	(94,592)
Effects of exchange rate changes on cash and cash equivalents		(4,575)	(36,182)
Cash and cash equivalents at beginning of year		296,511	427,285
Derecognition of subsidiary		(25)	-
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	4.1	392,606	296,511

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

1. Incorporation and activities

Oman Telecommunications Company SAOG (the “Parent Company” or the “Company”) is an Omani joint stock company registered under the Commercial Companies Law of the Sultanate of Oman. The Company’s principal place of business is located at Madinat al Irfan, Muscat, Sultanate of Oman. The Company’s shares are listed on Muscat Stock Exchange.

The principal activities of the Company are establishment, operation, maintenance and development of telecommunication services in the Sultanate of Oman. The Company and its subsidiaries (“the Group”) along with its associates provides telecommunications services in Sultanate of Oman and 8 other countries (refer to note 3 for details).

The Company is a subsidiary of United International Telecommunications Investment and Projects LLC which is wholly owned by Oman Investment Authority. The Company is ultimately controlled by the Government of Sultanate of Oman through Oman Investment Authority.

These consolidated financial statements were authorized and approved for issue by the Board of Directors of the Company on 2 March 2026 and are subject to approval of the shareholders at their forthcoming Annual General Meeting.

2. Basis of preparation and material accounting policies

2.1 Basis of preparation

These consolidated financial statements have been prepared in conformity with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and disclosure requirements as per the Commercial Companies Law 2019 of Sultanate of Oman. These consolidated financial statements are prepared under the historical cost basis of measurement adjusted for the effects of inflation where entities operate in hyperinflationary economies and modified by the revaluation at fair value of financial assets held as “at fair value through profit or loss”, “at fair value through other comprehensive income” and “derivative financial instruments”. These consolidated financial statements have been presented in Omani Rials (﷮), which is also the Parent Company’s functional currency rounded to the nearest thousand.

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that may affect the reported amounts of assets and liabilities and disclosure of contingent assets and contingent liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. It also requires management to exercise its judgment in the process of applying the accounting policies. The areas involving a high degree of judgment or complexity or areas where assumptions and estimates are significant to these consolidated financial statements are disclosed in note 34.

South Sudan

The economy of Republic of South Sudan became hyperinflationary in 2016. Accordingly, the results, cash flows and financial position of the Group’s subsidiary in South Sudan have been expressed in terms of the measuring unit current at the reporting date in accordance with IAS 29: Financial Reporting in Hyperinflationary Economies. The methods used to measure the fair value and adjustments made to the accounts of Group’s entities that operate in the hyperinflationary economies are discussed further in the accounting policies and in the respective notes.

Sudan

In 2015, the Group noted that the economy of Sudan, where the Group has subsidiaries, may be hyperinflationary from the beginning of 2015. This was based on the general price index showing the cumulative three-year rate of inflation exceeding 100% at that time. However, International Accounting Standard, IAS 29: Financial Reporting in Hyperinflationary Economies, does not establish an absolute rate at which hyperinflation is deemed to arise and states that it is a matter of judgment when restatement of financial statements in accordance with this Standard becomes necessary. In addition, the Group noted that in the 2014 International Monetary Fund (IMF) Sudan country report, the cumulative projected three year inflation rate outlook for Sudan in 2016 to be around 57% and thus,

applying IAS 29 in 2015, could have entailed going in and out of hyperinflation within a short period which was confirmed when Sudan went out of hyperinflation in 2016. Therefore, the Group did not account for its operations in Sudan using IAS 29. Sudan has been again declared as hyperinflationary in 2018.

Based on the above matters, during the year, the Group reassessed the situation in Sudan and concluded that the economy of Sudan has been hyperinflationary from 1 January 2015 (cumulative three-year inflation exceeding 100% since 2015). Accordingly, the Group, has decided to apply IAS 29 retrospectively from 15 November 2017, the date when the Group acquired an indirect stake in the subsidiaries located in Sudan. The Group therefore restated comparative information as detailed in note 35.

The methods used to measure the adjustments made to the accounts of Group's entities that operate in the hyperinflationary economies (Sudan and South Sudan) are discussed further in the accounting policies and in the respective notes.

Political uncertainty in Sudan

A violent power struggle erupted on 15 April 2023, in Khartoum, the capital of Sudan, involving the two primary factions of the ruling military regime. This conflict has directly affected the Group's operations and its telecommunication assets, as certain areas in Sudan continue to experience high levels of hostility or temporary control by opposing forces. Given the Group's extensive presence and service provision across Sudan, these events have had an adverse impact on the country's economy and consequently, on the Group's business and operational outcomes.

As of the issuance date of these consolidated financial statements, the Group has not incurred any significant damage to crucial assets that would hinder its ability to sustain operations.

Since 15 April 2023, continuous monitoring of network and base station equipment has been in place, particularly in areas experiencing significant downtime. Various actions, such as reallocation of network traffic, capacity expansion, and other measures aimed at restoring network coverage and ensuring satisfactory network performance, are being implemented. Zain Sudan is actively involved in performing essential network maintenance, repairs and optimizations utilizing both its current equipment and external resources.

The Group has taken appropriate actions to ensure the continuity of communication services and operations. The management has prepared and reviewed the updated financial forecasts for the year, taking into consideration most likely and possible downside scenarios for the ongoing business impacts of the war. These forecasts were based on the following key assumptions:

- there will be no substantial increase in the intensity of hostilities, thereby not adversely impacting the number of active sites significantly;
- Zain Sudan will have the capability to conduct maintenance and repair tasks in the affected territories of Sudan, ensuring a satisfactory level of network performance in regions where it is feasible while considering the physical security of technical specialists;
- there will be no significant fluctuations in the fuel rate, foreign exchange rates and other major costs during the course of the conflict;
- Zain Sudan will be able to ensure the uninterrupted functioning of its crucial IT infrastructure, aligning with management's implemented measures and incident response and disaster recovery plans;
- the generated revenue from service and product sales will be sufficient for Zain Sudan to meet both operating expenses and essential capital investments.

Based on these forecasts, considering possible adverse scenarios, management reasonably expects that the Group possesses adequate resources to effectively handle its operations in Sudan. Management will maintain ongoing monitoring of the potential repercussions and will proactively implement all available measures to minimize any adverse consequences.

Zain Sudan currently holds agreements with suppliers of network equipment and transportation routes for its delivery that are accessible in all regions of Sudan, except for North and South Darfur, South Kordofan and some parts of North Kordofan, which are facing the most significant impact from the ongoing hostilities.

If a worst-case scenario unfolds with widespread hostilities across Sudan, it can be anticipated that the Group's operations in Sudan may encounter further disruptions.

After evaluating the revised forecasts, management has examined Zain Sudan's capability to operate as a going concern at the time of releasing these consolidated financial statements. As a result, it has been determined that there are no significant uncertainties that could impede Zain Sudan's infrastructure and operations, thereby casting significant doubt on its ability to continue as a going concern. Consequently, Zain Sudan is expected to be able to realize its assets and fulfill its obligations in the ordinary course of business. Accordingly, the management of Zain Sudan has concluded that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Going concern

The directors have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the Consolidated financial statements.

2.2 New and revised accounting standards

The accounting policies used in the preparation of these consolidated financial statements are consistent with those used in the previous year except for the following new and amended IASB Standards during the year.

2.2.1 New and amended IFRS Standards that are effective for the current year

The Group has applied the following new and revised IFRS Accounting Standards that have been issued and effective:

Amendments to IAS 21 – Lack of exchangeability

For annual reporting periods beginning on or after 1 January 2025, *Lack of Exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates* specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of an entity's financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows. The amendments had no material impact on the Group's consolidated financial statements.

2.2.2 IFRS Accounting Standards issued but not effective

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

Amendments to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments

On 30 May 2024, the IASB issued Amendments to IFRS 9 and IFRS 7, Amendments to the Classification and Measurement of Financial Instruments (the Amendments). The Amendments include:

- A clarification that a financial liability is derecognised on the 'settlement date' and introduce an accounting policy choice (if specific conditions are met) to derecognise financial liabilities settled using an electronic payment system before the settlement date
- Additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed
- Clarifications on what constitute 'non-recourse features' and what are the characteristics of contractually linked instruments
- The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI)

The Amendments are effective for annual periods starting on or after 1 January 2026. Early adoption is permitted, with an option to early adopt the amendments for classification of financial assets and related disclosures only. The Group is currently not intending to early adopt the Amendments.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

It also requires disclosure of newly defined management-defined performance measures, which are subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes.

Narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards. IFRS 18, and the amendments to the other standards, are effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed.

The Group is currently working to identify all impacts the amendments will have on the primary consolidated financial statements and notes to the consolidated financial statements.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards. IFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted.

The management does not expect the adoption of the Standards and Interpretations listed above except IFRS 18 to have a material impact on the consolidated financial statements of the Group in future periods.

At the date of authorization of these financial statements, the following new and revised IFRS Standards have also been issued but are not yet effective where the management does not expect the Standards and Interpretations to have a material impact on the consolidated financial statements of the Group in future periods:

- Contracts referencing nature dependent electricity (1 Jan 26)
- Annual improvements to IFRS Accounting Standards - Volume 11 (1 Jan 26)
- Sale or Contribution of assets between an Investor and its associate or joint venture - Amendments to IFRS 10 and IAS 28 (To be determined)

2.3 Material accounting policies

2.3.1 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 and IAS 19 respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held interests (including joint operations) in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

2.3.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Group made up to 31 December each year. Control is achieved when the Group:

- 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 affect its returns.

The Group 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 Group 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 Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and

any additional facts and circumstances that indicate that the Group 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 Group obtains control over the subsidiary and ceases when the Group 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 Group gains control until the date when the Group 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.

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

2.3.3 Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the 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 effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

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

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.

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

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

Interest income is recognised in profit or loss and is included in the "interest income" line item.

(ii) Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'investment income' line item in profit or loss.

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency ('accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, trade receivables, contract assets, as well as on financial guarantee contracts. 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 and contract assets. 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.

(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.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

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 a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, there is sufficient doubt about the ultimate collectability; or the customer is past due for more than 90 days.

(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;
- (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.

(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 guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

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 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 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 profit or loss, but is transferred to retained earnings.

Financial liabilities

Financial liabilities measured subsequently at amortised cost.

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 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 profit or loss.

Financial guarantee contract liabilities

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL and do not arise from a transfer of an asset, are measured subsequently at the higher of:

- The amount of the loss allowance determined in accordance with IFRS 9 (see financial assets above)
- The amount recognised initially less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

Derivative financial instruments and hedging activities

The Group enters into derivative financial instruments to manage its exposure to interest rate. Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both a legally enforceable right and intention to offset.

Hedge accounting

For hedge accounting, the Group designates derivatives as either hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge) or hedges of a net investment in a foreign operation (net investment hedge).

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

Fair value hedges

The fair value change on qualifying hedging instruments is recognised in profit or loss except when the hedging instrument hedges an equity instrument designated at FVTOCI in which case it is recognised in other comprehensive income. The carrying amount of a hedged item not already measured at fair value is adjusted for the fair value change attributable to the hedged risk with a corresponding entry in profit or loss. For debt instruments measured at FVTOCI, the carrying amount is not adjusted as it is already at fair value, but the hedging gain or loss is recognised in profit or loss instead of other comprehensive income. When the hedged item is an equity instrument designated at FVTOCI, the hedging gain or loss remains in other comprehensive income to match that of the hedging instrument. Where hedging gains or losses are recognised in profit or loss, they are recognised in the same line as the hedged item.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from

inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Group expects that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in cash flow hedge reserve is reclassified immediately to profit or loss.

Hedges of net investments in foreign operations

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the foreign currency forward contracts relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated in the foreign currency translation reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line item. Gains and losses on the hedging instrument accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal or partial disposal of the foreign operation.

Offsetting financial assets and financial liabilities

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

2.3.4 Cash and cash equivalents

Cash on hand, demand and time deposits with banks whose original maturities do not exceed three months are classified as cash and cash equivalents in the consolidated statement of cash flows.

2.3.5 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average cost method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

2.3.6 Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5.

Under the equity method, an investment in an associate or a joint venture is recognised initially in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture. When the Group retains an interest in the former associate or a joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date, and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the associate or a joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or a joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the associate or joint venture is disposed of.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a Group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

The Group applies IFRS 9, including the impairment requirements, to long-term interests in an associate or joint venture to which the equity method is not applied and which form part of the net investment in the investee. Furthermore, in applying IFRS 9 to long-term interests, the Group does not take into account adjustments to their carrying amount required by IAS 28 (i.e. adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28).

2.3.7 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

Property and equipment are depreciated on a straight-line basis over their estimated economic useful lives, which are as follows:

	Years
Buildings and leasehold improvements	3-50
Telecommunications and other equipment	3-20

These assets are reviewed periodically for impairment. If there is an indication that the carrying value of an asset is greater than its recoverable amount, the asset is written down to its recoverable amount, and the resultant impairment loss is taken to the consolidated statement of profit or loss. The residual value, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

Assets in hyper inflationary economies are restated by applying the change in the general price indices from the date of acquisition to the current reporting date. Depreciation on these assets are based on the restated amounts.

2.3.8 Intangible assets and goodwill*Intangible assets acquired separately*

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives which are disclosed in note 12. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Indefeasible right of use (IRUs)

IRU are the rights to use a portion of the capacity of a terrestrial or submarine transmission cable granted for a fixed period. IRUs are recognised at cost as an asset when the Group has the specific indefeasible right to use an identified portion of the underlying asset, generally optical fibers and the duration of the right is for the major part of the underlying asset's economic life. They are amortised on a straight-line basis over the shorter of the expected period of use and the life of the contract which ranges between 10 to 20 years.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are recognised initially at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

De-recognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Goodwill

Goodwill is initially recognised and measured as set out in note 2.3.1 above.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

The recoverable amount is the higher of fair value less costs to sell 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 risk specific to the asset for which the estimates of future cash flows have not been adjusted. The Group prepares formal four to five year plans for its businesses. These plans are used for the value in use calculation. Long range growth rates are used for cash flows into perpetuity beyond the four to five year period. Fair value less costs to sell is determined with reference to published quoted prices.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of an associate and joint venture is described in note 2.3.6 above.

2.3.9 Impairment of property and equipment right-of-use of assets and intangible assets excluding goodwill

At each reporting date, the Group reviews the carrying amounts of its property and equipment, right-of-use of assets and intangible 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 to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with an indefinite useful life are tested for impairment at least annually and whenever there is an indication at the end of a reporting period that the asset may be impaired.

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 for which the estimates of future cash flows have not been adjusted.

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, 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 (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years.

2.3.10 Fair value measurement

Fair values

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

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

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

For financial instruments quoted in an active market, fair value is determined by reference to quoted market prices. Bid prices are used for assets and offer prices are used for liabilities.

For unquoted financial instruments, fair value is determined by reference to the market value of a similar investment, discounted cash flows, other appropriate valuation models or brokers' quotes.

For financial instruments carried at amortized cost, the fair value is estimated by discounting future cash flows at the current market rate of return for similar financial instruments.

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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

2.3.11 Taxation

The income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Group supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

International Tax Reform – Pillar Two Model Rules

Income taxes arising from tax law enacted or substantively enacted to implement the Pillar II (Minimum tax) model rules published by the OECD Base Erosion and Profit Shifting sets out a top-up tax liability calculation based on the principles in the Pillar II model rules which describes tax law that implements qualified domestic minimum top-up taxes. IASB have issued a series of amendments to IAS 12 “Income Taxes”. In periods in which Pillar Two legislation is enacted or substantively enacted but not yet in effect, the Group shall disclose known or reasonably estimable information that helps users of financial statements understand the entity’s exposure to Pillar Two income taxes arising from that legislation. In accordance with the provisions of these amendments, the Group applies the mandatory and temporary exception not to recognise deferred taxes associated with this additional taxation. Refer note 23 for further information.

2.3.12 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 that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. 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 the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a 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 under it.

2.3.13 Post-employment benefits

The Group is liable to make defined contributions to State Plans and lump sum payments under defined benefit plans to employees at cessation of employment, in accordance with the laws of the place where they are deemed to be employed. The defined benefit plan is unfunded and is computed as the amount payable to employees as a result of involuntary termination on the consolidated statement of financial position date. This basis is considered to be a reliable approximation of the present value of the final obligation.

2.3.14 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.

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 Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses

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 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 'Impairment of property and equipment right-of-use of assets and intangible assets excluding goodwill' 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.

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. For a contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Sale and leaseback

The Group enters into sale and leaseback transactions whereby it sells certain assets to a third-party and immediately leases them back. Where sale proceeds received are judged to reflect the fair value, any gain or loss arising on disposal is recognised in the statement of profit or loss, to the extent that it relates to the rights that have been transferred. Gains and losses that relate to the rights that have been retained are included in the carrying amount of the right of use asset recognised at commencement of the lease. Where sale proceeds received are not at the fair value, any below market terms are recognised as a prepayment of lease payments, and above market terms are recognised as additional financing provided by the lessor.

The Group as lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Subsequent to initial recognition, the Group regularly reviews the estimated unguaranteed residual value and applies the impairment requirements of IFRS 9, recognising an allowance for expected credit losses on the lease receivables.

When a contract includes lease and non-lease components, the Group applies IFRS 15 to allocate consideration under the contract to each component.

2.3.15 Revenue

Revenues from operations consist of recurring revenues, such as billings to customers for monthly subscription fees, roaming, leased line and airtime usage fees, and non-recurring revenues, such as one-time connection fees, and telephone equipment and accessory sales.

Handsets and telecommunication services

Revenue from mobile and fixed telecommunication services provided to postpaid and prepaid customers is recognised as services are transferred. When the customer performs first, for example, by prepaying its promised consideration, the Group has a contract liability. If the Group performs first by satisfying a performance obligation, the Group has a contract asset. Consideration received from the sale of prepaid credit is recognised as contract liability until such time the customer uses the services when it is recognised as revenue.

The Group provides subsidized handsets to its customers along with mobile telecommunication services. The contract's transaction price is allocated to each performance obligation based on their relative stand-alone selling price. This results in reallocation of a portion of revenue from trading revenue to service revenue and correspondingly creation of a contract assets. Contract asset represents receivable from customers that has not yet legally come into existence. The standalone selling prices are determined based on observable prices. Revenue from device sales is recognised when the device is delivered to the customer. This usually occurs when a customer signs the contract. For devices sold separately, customer pays in full at the point of sale. Revenue from voice, messaging, internet services etc. are included in the bundled package and are recognised as the services are rendered during the period of the contract.

Value added services - Principal vs. agent

Revenue from value added services (VAS) sharing arrangements depend on the analysis of the facts and circumstances surrounding these transactions. Revenue from VAS is recognised when the Group performs the related service and, depending on the Group's control or lack of control on the services transferred to the customer, is recognised either at the gross amount billed to the customer or the amount receivable by the Group as commission for facilitating the service.

Significant financing component

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

Commissions and other contract costs

Certain incremental costs incurred in acquiring a contract with a customer is deferred on the consolidated statement of financial position and amortised as revenue is recognised under the related contract; this will generally lead to the later recognition of charges for some commissions payable to third party distributors and employees.

Intermediaries are given incentives by the Group to acquire new customers and upgrade existing customers. Activation commission and renewal commission paid on post-paid connections are amortized over the period of the

contract. In case of prepaid customers, commission costs are expensed when incurred. However, the Group may choose to expense such commission costs if the amortization period of the resulting asset is one year or less or if it is not significant.

Customer loyalty programs

The Group operates a customer loyalty program that provides a variety of benefits for customers. The Group allocates the consideration received between products and services in a bundle including loyalty points as separate performance obligation based on their stand-alone selling prices.

Installation and maintenance contracts

The Group also enters into installation and maintenance contracts where the revenue is recognised over time based on the cost-to-completion method. The related costs are recognised in profit or loss when they are incurred. Advances received are included in contract liabilities.

Interest income is recognised on a time proportion basis using the effective yield method and dividend income is recognised when the right to receive payment is established.

The 'effective interest rate' is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset.

In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

2.3.16 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets (including property and equipment) are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

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

2.3.17 Borrowing costs

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.3.18 Foreign currencies

In preparing the financial statements of the Group entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are 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 translated at the rates prevailing at the date when the fair value was determined. Nonmonetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a foreign exchange translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in a foreign exchange translation reserve in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

2.3.19 Financial reporting in hyperinflationary economies

The financial statements of subsidiaries whose functional currencies are the currencies of hyperinflationary economies are adjusted in terms of the measuring unit current at the end of the reporting period.

In the first period of application, the adjustments determined at the beginning of the period are recognised directly in equity as an adjustment to opening retained earnings. In subsequent periods, the prior period adjustments related to components of owners' equity and differences arising on translation of comparative amounts are accounted for in other comprehensive income.

Items in the consolidated statement of financial position not already expressed in terms of the measuring unit current at the reporting period, such as non-monetary items carried at cost or cost less depreciation, are restated by applying a general price index. The restated cost, or cost less depreciation, of each item is determined by applying to its historical cost and accumulated depreciation the change in a general price index from the date of acquisition to the end of the reporting period. An impairment loss is recognised in profit or loss if the restated amount of a nonmonetary item exceeds its estimated recoverable amount.

All items recognised in the income statement are restated by applying the change in the general price index from the dates when the items of income and expenses were initially earned or incurred.

Gains or losses on the net monetary position are recognised in profit or loss.

All items in the consolidated statement of cash flows are expressed in terms of the general price index at the end of the reporting period.

2.3.20 Non-current assets held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment in an associate or, a portion of an investment in an associate, the investment, or the portion of the investment in the associate, that will be disposed of is classified as held for sale when the criteria described above are met. The Group then ceases to apply the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate that has not been classified as held for sale continues to be accounted for using the equity method.

2.3.21 Contingencies

Contingent assets are not recognised as an asset until realisation becomes virtually certain. Contingent liabilities, other than those arising on acquisition of subsidiaries, are not recognised as a liability unless as a result of past events it is probable that an outflow of economic resources will be required to settle a present, legal or constructive obligation; and the amount can be reliably estimated. Contingent liabilities arising in a business combination are recognised if their fair value can be measured reliably.

2.3.22 Current versus non-current classification

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

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

Or

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

All other assets are classified as non-current.

A liability is current when:

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

Or

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

the reporting periods

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

2.3.23 Directors' remuneration

Directors' remuneration is computed in accordance with the provisions of the Commercial Companies Law and the requirements of the Financial Services Authority in Oman and, in case of subsidiaries, in accordance with the relevant laws and regulations.

2.3.24 Dividend distribution

The Board of directors adopts a prudent dividend policy, which complies with regulatory requirements applicable in the Sultanate of Oman. Dividends are distributed in accordance with the Company's Memorandum of Association and are subject to the approval of shareholders. Dividend distribution to the Company's shareholders is recognised as a liability in the group's financial statements only in the year in which the dividends are approved by the Company's shareholders.

3. Subsidiaries and Associates/Joint Venture

The principal subsidiaries and associates are:

Subsidiary	Country of incorporation	Percentage of ownership		Nature of business
		2025	2024	
Oztel Holdings SPC Limited	UAE	100%	100%	Special purpose vehicle for acquiring shares in Zain group
OTEL Sukuk Limited	Cayman Island	100%	100%	Special purpose vehicle for issuing Sukuk
Omantel International Limited	Cayman Island	100%	100%	Engaged in International Wholesale business
Mobile Telecommunications K.S.C.P (Zain Group-MTC) (Refer note below)	Kuwait	21.9%	21.9%	Mobile telecommunication services in Kuwait and eight other countries
Oman Data Park LLC	Oman	100%	100%	Engaged in the provision of data services
Omantel France SAS	France	100%	100%	Engaged in provision of wholesale services
Infoline LLC	Oman	100%	100%	Engaged in provision of IT enabled and outsourced services
Internet of Things LLC *	Oman	-	100%	Engaged in developments of app and services for smart and M2M communication
Frontier Technology LLC **	Oman	-	51%	Engaged in provision of ICT solutions
Global Financial Technology LLC	Oman	67.6%	55%	Engaged in management and operations of data processing facilities
Future Cities SAOC ***	Oman	-	51%	Engaged in provision of Smart IOT solutions
Associate				
Oman Fibre Optic Company SAOC	Oman	40.96%	40.96%	Engaged in the manufacture and design of optical fibre and cables
Equinix Muscat LLC	Oman	50%	50%	Engaged in the provision of Data centre services

Notes to the Consolidated Financial Statements – 31 December 2025

Majan Telecommunications LLC (Renna)	Oman	40%	40%	Mobile telecommunication services in Sultanate of Oman
Pearl REIF Fund	Oman	24.07%	24.07%	Real Estate investment Trust Fund
Etlag Services LLC	Oman	25%	25%	Integrated space launch facility provider

Acquisition of Zain group

On 15 November 2017, Oztel holding SPC Limited (SPV), which is wholly owned by the parent company, acquired control over Mobile Telecommunications Company K.S.C.P (Zain group) through a step-up acquisition of 12.07% equity interest. This acquisition is in addition to the 9.84% of the shareholding acquired by the SPV on 24 August 2017 resulting in an acquisition of total shareholding of 21.91% in Zain group. The Group concluded that it is able to control Zain Group through its majority representation on the board of directors and accordingly considered it as a subsidiary effective from that period (refer note 33)

Non-controlling interest

The Group recognised non-controlling interest in Zain group at its fair value on initial recognition. The summarised financial information of Zain Group is set out in Note 26.

As of 31 December 2025, the fair value of the Group's investment in Zain Group being its quoted market share price on the Kuwait stock exchange amounted to ~~5~~ 606.3 million (2024: ~~5~~ 554.1 million)

Shareholding directly held by Zain Group

Subsidiary	Country of incorporation	Percentage of ownership	
		2025	2024
Zain International B.V. ("ZIBV")	Netherlands	100%	100%
Pella Investment Company ("Pella")	Jordan	96.516%	96.516%
Zain Bahrain B.S.C ("MTCB")	Bahrain	65.11%	65.11%
Sudanese Mobile Telephone (Zain) Company Limited ("Zain Sudan")	Sudan	100%	100%
South Sudanese Mobile Telephone Company Limited ("Zain South Sudan")	South Sudan	100%	100%
Al Khatem Telecoms Company ("Al Khatem")	Iraq	76%	76%
Atheer Telecom Iraq Limited ("Atheer")	Cayman Islands	76%	76%
Mobile Telecommunications Company Saudi Arabia ("SMTC")	Kingdom of Saudi Arabia	37.045%	37.045%
ZainTech Solutions FZ-LLC ("Zain Tech")	UAE	100%	100%
Zain Fintech Holding W.L.L ("Zain Fintech")	Bahrain	100%	100%
Zain Ventures Holding Company W.L.L ("Zain Venture")	Bahrain	100%	100%
IHS Netherlands GCC B.V. ("IHS")	Netherlands	100%	100%
Iraq Wallet for Financial Payment Via Mobile Phone and Internet Services Company - Limited Liability Company ("Zain Cash Iraq")	Iraq	50.95%	-
TASC Towers Holding Limited ("TASC")	UAE	99.64%	-

Pella owns 100% of Jordan Mobile Telecommunications Services Co. JSC – “JMTC” and 99.1% of Al Mouakhaa Lil Kadamat Al-Logistya Wal Al-Itisalat (“Mada Jordan”). Al Khatem owns 100% of Atheer. Zain Tech owns 100% of BIOS and 65% of Adfolks. JMTC, MTCB, Zain Sudan, Zain South Sudan, Atheer and SMTC operate the cellular mobile telecommunications network in Jordan, Bahrain, Sudan, South Sudan, Iraq and the Kingdom of Saudi Arabia (KSA) respectively. MTCL managed the state owned cellular mobile telecommunications network in Lebanon. Mada Jordan provides WiMAX services in Jordan. Zain Tech provides network consultancy and cloud solutions in MENA region. Zain Ventures is engaged in activities of holding companies. Zain Fintech is engaged in activities of holding companies. IHS provides tower infrastructure services.

SMTC

In July 2018, the Group concluded that it is able to control SMTC through its majority representation on the board of directors and accordingly considered it as a subsidiary effective from that period.

Future Cities SAOC

During the year the shares held by the Company in Future cities SAOC was transferred to Oman Data Park LLC, a wholly owned subsidiary of the Company.

*The Company underwent liquidation during the year.

** During the year Parent company disposed their ownership stake in the subsidiary.

*** Shareholding directly held by Future cities SAOC

	Country of incorporation	Percentage of ownership	
		2025	2024
Subsidiary			
Ibn Firas Drones Centre LLC	Oman	55%	55%
Modern Network Enterprises SPC	Oman	60%	-
Associate			
Advanced payment LLC	Oman	30%	-

Acquisition of Subsidiaries

Zain Cash Iraq

During 2025, the Group obtained 50.95% equity interest of Iraq Wallet for Financial Payment Via Mobile Phone and Internet Services Company - Limited Liability Company (“Zain Cash Iraq”) for a purchase consideration of US\$ 25.25 million (₹ 9.7 million). The net cash inflow on acquisition amounts to US\$ 6.714 million (₹ 2.58 million) as the payment was made in previous years. The recognised amount of net assets of Zain Cash Iraq as at the date of acquisition was US\$ 10.783 million (₹ 4.1 million), resulting in a provisional goodwill of US\$ 19.751 million (₹ 7.6 million). Subsequently, the Group finalized the Purchase Price Allocation (“PPA”) exercise of Zain Cash Iraq, and accordingly the consolidated financial statements have been adjusted to reflect the PPA adjustment to the provisional amounts. The adjustments resulted in an increase in ‘License’ by US\$ 17.163 million (₹ 6.58 million), increase in ‘Customer relationship’ by US\$ 0.347 million (₹ 0.13 million), increase in ‘non-controlling interest’ by US\$ 8.589 million (₹ 3.3 million) and decrease in Goodwill by US\$ 8.921 million (₹ 3.42 million) in the Group’s consolidated financial statements as at the acquisition date. Zain Cash Iraq is a limited liability company incorporated in Iraq engaged in providing its customers with electronic wallets.

Modern Network Enterprises SPC Oman

In March 2025, the Group through Future Cities SAOC, acquired 60% shareholding in Modern Network Enterprises SPC (“MNE”) for a purchase consideration of ₹ 1.8 million of which an amount of ₹ 0.54 Mn was paid during the year. The net cash outflow (net of cash and cash equivalents acquired) on acquisition amounts to ₹ 0.540 Mn. The recognised amount of net assets of MNE as at the date of acquisition was ₹ 0.387 Mn resulting in a goodwill of ₹ 1.477 Mn. MNE is a company incorporated in Sultanate of Oman and is engaged in providing Smart city solutions.

Specialized Technical Services Company BVI

In March 2024, the Group, through Zain Tech, acquired 100% equity interest of Specialized Technical Services Company BVI (“STS”) for a purchase consideration of US\$ 25.759 million (﷮ 9.87 million) of which an amount of US\$ 16.697 million (﷮ 6.4 million) was paid during the year. The net cash outflow (net of cash and cash equivalents acquired) on acquisition amounts to US\$ 10.067 million (﷮ 3.87 million). The recognised amount of net assets of STS as at the date of acquisition was US\$ 13.600 million (﷮ 5.21 million), resulting in a provisional goodwill of US\$ 12.159 million (﷮ 4.66 million). During 2025, the Group finalized the Purchase Price Allocation (“PPA”) exercise of STS and the cumulative impact of these PPA related adjustments was not material to the consolidated financial statements of the Group. STS is a company incorporated in British Virgin Islands engaged in providing digital transformation solutions in Jordan, KSA and other countries.

4.1 Cash and cash equivalents

Cash and cash equivalents include the following:

	2025	2024
	﷮ '000	﷮ '000
Cash on hand and at banks	280,447	278,286
Short-term deposits with banks	143,427	48,786
Government certificates of deposits held by subsidiaries	2	2
	<u>423,876</u>	<u>327,074</u>
Allowance for expected credit loss (refer note 29)	(14,378)	(30,561)
Cash and cash equivalents in the consolidated statement of financial position	409,498	296,513
Bank overdrafts	(16,890)	-
Government certificates of deposits with maturities exceeding three months held by subsidiaries	(2)	(2)
Cash and cash equivalents in the consolidated statement of cash flows	<u>392,606</u>	<u>296,511</u>

4.2 Bank balances held in customers’ account

Bank balances held in customers’ Account as part of electronic payment services provided by the Group are presented separately from cash and cash equivalents in the statement of financial position of the Group. The regulations in respective locations require that these balances with banks are held in a manner to ensure that these balances are not co-mingled with the Group’s cash and cash equivalents.

5. Trade receivables and other current assets

	2025	2024
	﷮ '000	﷮ '000
Trade receivables:		
Customers	843,777	790,485
Distributors	31,597	40,777
Other operators (interconnect)	118,299	131,825
Roaming partners	33,490	26,227
Allowance for expected credit loss (refer note 29)	(294,991)	(279,386)
	<u>732,172</u>	<u>709,928</u>
Other current assets:		
Accrued income	39,167	40,817
Staff	3,475	3,200
Deposits and other receivables	412,746	327,526
Prepayments and advances	199,094	210,523
Others (refer note below)*	197,754	197,947
Other bank deposits under lien**	31,268	2,851
Allowance for Expected credit loss (refer note 29)	(6,532)	(8,524)
	<u>876,972</u>	<u>774,340</u>
	<u>1,609,144</u>	<u>1,484,268</u>

Notes to the Consolidated Financial Statements – 31 December 2025

* In 2011, MTC paid US\$ 473 million (equivalent to ~~ﷲ~~ 181.66 million) to settle the guarantees provided by the MTC to lending banks for loans to a founding shareholder of SMTC. The Group has been pursuing legal action for its recovery and in November 2016 the London Arbitration Court upheld the Group's right to recover the US\$ 473 million paid in addition to interest and costs. The Company has initiated the legal procedures necessary to enforce the arbitration award in and outside KSA. In 2010, MTC paid US\$ 40 million (equivalent to ~~ﷲ~~ 15.35 million) to settle guarantees provided by the MTC to lending bank for loans to a founding shareholder of SMTC. In 2013, the Group won a legal action for the recovery of that amount and is currently pursuing further legal action for its implementation in KSA at the High Supreme Court.

** Other bank deposits under lien mainly includes bank deposits held under lien by banks for letter of credit (LOC) issued by a subsidiary in Sudan in favour of a vendor.

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2025	2024
	ﷲ '000	ﷲ '000
Omani Riyals	127,885	113,532
Kuwaiti Dinar	87,372	105,980
US Dollar	387,373	417,327
Bahraini Dinar	14,360	14,525
Sudanese Pound	41,643	11,958
Jordanian Dinar	50,029	47,595
Iraqi Dinar	200,599	127,623
Saudi Riyals	674,293	603,976
Others	25,590	41,752
	1,609,144	1,484,268

6. Inventories

	2025	2024
	ﷲ '000	ﷲ '000
Handsets and accessories	96,258	125,110
Provision for obsolescence	(8,760)	(9,439)
	87,498	115,671

7. Investment securities

	2025	2024
	ﷲ '000	ﷲ '000
<i>Current investments - At fair value through profit or loss</i>		
Unquoted equities	30,141	18,553
Quoted equities	5,559	5,977
Funds -mandatorily at FVTPL	5,147	4,187
Other funds	70,694	41,434
	111,541	70,151
<i>Noncurrent investments</i>		
<i>At fair value through profit or loss</i>		
Funds -mandatorily at FVTPL	10,295	18,080
Unquoted equities- designated at inception	6,819	6,624
	17,114	24,704
<i>At fair value through other comprehensive income</i>		
Quoted equities- designated at inception	4,398	3,955
Funds	3,910	3,602
Unquoted equities - designated at inception	7,682	9,573
	15,990	17,130
<i>Debt securities at amortised costs</i>		
Current	200	-
Non-current	800	1,000
	1,000	1,000

Investment securities are denominated in the following currencies:

	2025	2024
	﷮ '000	﷮ '000
Omani Rial	10,672	16,309
Kuwaiti Dinar	9,517	8,043
US Dollar	117,810	81,555
Other currencies	7,646	7,078
	<u>145,645</u>	<u>112,985</u>

8. Assets and liabilities of disposal group classified as held for sale and Discontinued operations**8.1 Assets and liabilities of disposal group held for sale***Iraq*

The Group has classified certain network equipment amounting to US\$ 72.57 million (﷮ 27.82 million) as held for sale during the year ended 31 December 2025, on the basis that management is committed to a plan to sell this network equipment and the transaction is expected to be completed within one year. As of 31 December 2025, network equipment worth US\$ 38.30 million (﷮ 14.68 million) was transferred to the vendor.

8.2 Discontinued operations

In December 2023, the Group entered into definitive agreements with Ooredoo Group Q.P.S.C (“Ooredoo”) to combine both parties’ passive infrastructure (tower) assets through a cash-and-share transaction. Under the proposed structure, the Group and Ooredoo will each contribute assets and cash to a newly formed tower company and are expected to retain an equal equity interest in this company. The transaction (including initial market closings) is in progress and is expected to be completed in the first half of 2026.

TASC and IHS are expected to be included in the transaction as part of the Group’s tower assets. Accordingly, the Group intends to dilute its ownership interests in TASC and IHS within 12 months and continues to actively engage with Ooredoo. On this basis, TASC and IHS are classified as held for sale.

IHS

In December 2024, IHS became a wholly owned subsidiary of the Group (previously accounted for as an associate with a 30% interest) and was classified as held for sale upon acquisition. As at 31 December 2025, the disposal process remained ongoing and the Group continues to actively pursue the sale, which is considered highly probable. Accordingly, IHS continues to be classified as held for sale as at 31 December 2025.

Details of the purchase consideration and IHS acquired exclusively with a view to resale are as follows:

	2025	2024
	﷮ '000	﷮ '000
Fair value less cost to sell	78,075	78,075
Total liabilities of IHS	31,491	41,048
Total assets of IHS	<u>109,566</u>	<u>119,123</u>

IHS is engaged in the business of tower infrastructure services in Kuwait.

In 2024, the net cash outflow on acquisition of IHS amounted to US\$ 139.800 million (﷮ 53.86 million). The Group remeasured its previously held equity interest at fair value and recognised a gain of US\$ 55.406 million (﷮ 21.245 million) in 2024 along with gain from eliminations of intercompany balances from existing lease relationships amounting to US\$ 21.109 million (﷮ 8.1 million).

TASC

In Q4 2025, TASC Board approved the appointment of a Group representative as Chief Executive Officer. In addition, the Group increased its ownership interest in TASC from 92.87% to 99.64% for a purchase consideration of US\$30.875 million (﷮ 11.81 million).

Details of TASC acquisition (representing a subsidiary acquired exclusively with a view to resale) are as follows:

	<u>﷮ '000</u>
Consideration transferred in cash	11,807
Acquisition date fair value of the previously held equity interest	<u>162,329</u>
Total purchase consideration	174,136
The related assets and liabilities are presented below:	
	<u>31 December</u>
	<u>2025</u>
	<u>﷮ '000</u>
Fair value less cost to sell	174,136
Non-controlling interest	18,882
Total liabilities of TASC	<u>86,707</u>
Total assets of TASC	<u>279,725</u>

The net cash outflow on acquisition of the above subsidiary amounted to US\$ 30.875 million (﷮ 11.81 million).

The acquisition date fair value of the Group's previously held voting equity interest in TASC, was estimated at US\$ 423.320 million (﷮ 162.33 million). Since the business combination was achieved in stages, the Group remeasured the previously held equity holding at fair value and recognised the resultant gain of US\$ 137.9 million (﷮ 53.1 million) in the consolidated statement of profit or loss.

9. Investments in associates and joint venture

Investments in associates

	2025	2024
	₹ '000	₹ '000
Oman Fibre Optic Co SAOC	9,535	9,988
Majan Telecommunications LLC	5,410	5,266
Equinix Muscat LLC	4,272	4,152
Pearl REIF Fund	16,752	15,766
Etlq services LLC	3,910	1,262
TASC Towers Holding Limited (refer note below)	-	98,136
Others	2,131	1,202
	42,010	135,772

Summarised financial information in respect of associates is set out below.

	2025	2024
	₹ '000	₹ '000
Total assets	196,586	388,057
Total liabilities	88,575	162,026
Equity attributable to owners of the Parent Company	32,682	136,931
Equity attributable to others	75,329	89,100
	108,011	226,031
Revenue and income	48,291	109,816
Total comprehensive income for the year	14,143	9,465
Share of profit attributable to owners of the parent company	6,078	2,429

In Q4 2025, the Group concluded that it obtained control over TASC and, accordingly, accounted for TASC as a subsidiary of the Group which is now classified as held for sale (previously an associate of the Group) (refer note 8.2).

Investments in joint venture

This includes Group's ~~₹~~ 148.54 million (31 December 2024 - ~~₹~~ 112.73 million) interest in the joint venture, Zain Al Ajjal S.A. that owns 31% of the equity shares and voting rights of Wana Corporate (a Moroccan joint stock company that is specialized in the telecom sector in that country). This underlying investment is accounted for at fair value through profit or loss in the joint venture. This investment materially represents the total assets of the joint venture. The investment in joint venture is accounted for using the equity method. During the year ended 31 December 2025, the Group's share of results amounting to ~~₹~~ 35.948 million represents the Group's share of fair valuation gain related to Wana Corporate in the books of Zain Ajjal.

10. Right of use of assets

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

	SAR'000		
	Land and building	Cellular and other equipment	Total
31 December 2025			
As at 1 January 2025	250,555	61,026	311,581
Acquisition of subsidiaries	138	-	138
Additions	88,504	40,717	129,221
Amortisation	(52,728)	(17,211)	(69,939)
Retirements and modifications	(4,158)	4,610	452
Derecognition of subsidiary	(36)	-	(36)
Exchange adjustments	(2,647)	(724)	(3,371)
Impact of hyperinflation adjustments (note 33)	1,625	-	1,625
Closing balance as at 31 December 2025	<u>281,253</u>	<u>88,418</u>	<u>369,671</u>
31 December 2024			
Balance as at 31 December 2023	203,923	53,864	257,787
Cumulative impact of hyperinflation and related exchange adjustments (note 33)	12,602	-	12,602
Additional Impairment arising from application of IAS 29	(12,602)	-	(12,602)
As at 1 January 2024 (Restated)	203,923	53,864	257,787
Acquisition of subsidiaries	789	-	789
Additions	84,229	15,089	99,318
Amortisation	(47,223)	(15,475)	(62,698)
Retirements and modifications	6,640	6,744	13,384
Transfer from assets held for sale	3,976	-	3,976
Impairment (refer note 2.1)	(75)	-	(75)
Impact of hyperinflation adjustments (note 33)	1,700	-	1,700
Additional impairment arising from application of IAS 29 (note 34)	(1,700)	-	(1,700)
Exchange adjustments	(1,704)	804	(900)
Closing balance as at 31 December 2024 (Restated)	<u>250,555</u>	<u>61,026</u>	<u>311,581</u>

The total amount recorded in consolidated statement of profit or loss for right of use assets in the year 2024 includes a reversal of SAR 30 million (~~SAR~~ 3.072 million) with respect to site rent.

Land and building comprises mainly of telecommunication sites on lease. Cellular and other equipment majorly comprises telecommunications equipment. The Group does not have any lease contracts with variable lease payments which are not included in the measurement of the lease liabilities.

The Group's leasing activities and how these are accounted for:

The Group mostly leases indoor and outdoor spaces for installation of its telecommunications sites. Rental contracts are typically made for fixed periods of 1 to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

11. Property and equipment

	Land and buildings and leasehold improvements	Telecom and other equipment	Projects in Progress	Total
	S'000	S'000	S'000	S'000
Cost				
As at 31 December 2023 (As previously reported)	176,840	5,327,348	316,139	5,820,327
Cumulative impact of hyperinflation and related exchange adjustments (note 33)	178,665	823,950	34,970	1,037,585
As at 1 January 2024 (Restated)	355,505	6,151,298	351,109	6,857,912
Acquisition of subsidiaries (note 3)	-	3,112	-	3,112
Additions	1,133	64,348	409,327	474,808
Transfers/Reclassification	3,635	277,915	(298,413)	(16,863)
Transfer from assets held for sale	-	5,020	-	5,020
Disposals/write off (including disposal of subsidiary)	(94)	(21,758)	(234)	(22,086)
Impact of hyperinflation adjustments (note 33)	1,617	22,865	36,545	61,027
Exchange adjustments	182	29,416	(23,704)	5,894
As at 31 December 2024 (Restated) and 1 January 2025	361,978	6,532,216	474,630	7,368,824
Acquisition of subsidiaries (note 3)	-	1,457	703	2,160
Additions	439	65,871	543,507	609,817
Transfers / reclassification	13,549	329,581	(372,038)	(28,908)
Derecognition of subsidiary	-	(569)	-	(569)
Transfer to non-current assets held for sale	-	(100,731)	-	(100,731)
Disposals / write off	(163)	(37,159)	-	(37,322)
Impact of hyperinflation adjustments	168	20,436	21,718	42,322
Exchange adjustments	(1,048)	(14,121)	(20,264)	(35,433)
As at 31 December 2025	374,923	6,796,981	648,256	7,820,160
Accumulated depreciation and impairment				
As at 31 December 2023 (As previously reported)	96,176	3,898,272	11,835	4,006,283
Cumulative impact of hyperinflation and related exchange adjustments (note 33)	178,665	823,950	34,969	1,037,584
As at 1 January 2024 (Restated)	274,841	4,722,222	46,804	5,043,867
Acquisition of subsidiaries (note 3)	-	2,215	-	2,215
Charge for the year	4,839	314,227	-	319,066
Transfers / reclassification	-	4	-	4
Transfer from assets held for sale	-	2,655	-	2,655
Disposals / write off (including disposal of subsidiary)	(90)	(15,432)	-	(15,522)
Impairment (note 2.1)	733	7,739	3,613	12,085
Impact of hyperinflation adjustments (note 33)	107	7,039	-	7,146
Additional impairment arising from application of IAS 29 (note 34)	1,510	15,825	36,545	53,880
Exchange adjustment	750	31,593	(7,045)	25,298
As at 31 December 2024 (Restated)	282,690	5,088,087	79,917	5,450,694

Notes to the Consolidated Financial Statements – 31 December 2025

	Land and buildings and leasehold improvements	Telecom and other equipment	Projects in Progress	Total
	₹ '000	₹ '000	₹ '000	₹ '000
As at 1 January 2025	282,690	5,088,087	79,917	5,450,694
Acquisition of subsidiaries (note 3)	19	731	-	750
Charge for the year	4,978	316,188	-	321,166
Derecognition of subsidiary	-	(426)	-	(426)
Transfer to non-current assets held for sale	-	(72,859)	-	(72,859)
Disposals / write off	(151)	(35,328)	-	(35,479)
Impairment (refer note below)	-	6,403	-	6,403
Impact of hyperinflation adjustments	(36)	(6,395)	(115)	(6,546)
Exchange adjustment	(496)	(24,184)	(1,418)	(26,098)
As at 31 December 2025	287,004	5,272,217	78,384	5,637,605
Net book value				
As at 31 December 2025	87,919	1,524,764	569,872	2,182,555
As at 31 December 2024 (Restated)	79,288	1,444,129	394,713	1,918,130

Exchange adjustments in previous year includes effect of hyperinflationary restatement of property and equipment in Zain Sudan and Zain South Sudan and were based on the respective price index changes.

Other non-current assets : Include advances of ₹ 115.8 million (2024: ₹ 120.98 million) paid for project in progress.

During the year, property and equipment amounting to US\$ 16.63 million (₹ 6.4 million) in South Sudan were impaired as the recoverable value is lower than the carrying value (refer note 13 for key assumptions used).

12. Intangible assets and goodwill

	Licences and spectrum			Capital	Total
	Goodwill	fees	Others	Work in Progress	
	₹ '000	₹ '000	₹ '000	₹ '000	₹ '000
Cost					
As at 31 December 2023 (As previously reported)	1,004,996	3,741,555	1,129,586	12,722	5,888,859
Cumulative impact of hyperinflation and related exchange adjustments (note 33)	-	90,003	20,360	-	110,363
As at 1 January 2024 (Restated)	1,004,996	3,831,558	1,149,946	12,722	5,999,222
On acquisition of subsidiaries	3,680	2,431	-	-	6,111
Additions	-	19,263	28,460	2,681	50,404
Disposals	(501)	(8,222)	(1)	-	(8,724)
Impact of hyperinflation adjustments (note 33)	-	8,042	502	-	8,544
Transfers / reclassification	-	-	(30)	-	(30)
Exchange adjustments	10,279	48,738	8,089	176	67,282
As at 31 December 2024 (Restated) and 1 January 2025	1,018,454	3,901,810	1,186,966	15,579	6,122,809
On acquisition of subsidiaries (note 3)	9,138	2	4,341	-	13,481
Additions	1,477	57,502	56,879	4,258	120,116
Impact of purchase price allocation (note 3)	(4,993)	6,607	133	-	1,747
Derecognition of subsidiary	(302)	-	(623)	-	(925)
Disposals	-	-	(8,046)	-	(8,046)
Impact of hyperinflation adjustments	-	794	60	-	854
Transfers / reclassification	-	-	1,726	-	1,726
Exchange adjustments	103	(25,526)	(165)	(41)	(25,629)
As at 31 December 2025	1,023,877	3,941,189	1,241,271	19,796	6,226,133
Accumulated amortization and impairment					
As at 31 December 2023 (As previously reported)	-	2,006,465	649,918	-	2,656,383
Cumulative impact of hyperinflation and related exchange adjustments (note 33)	-	90,003	20,540	-	110,543
As at 1 January 2024 (Restated)	-	2,096,468	670,567	-	2,767,035
On acquisition of subsidiaries (note 3)	-	23	-	-	23
Charge for the year	-	121,261	66,794	-	188,055
Related to disposals	-	(8,013)	(1)	-	(8,014)
Impairment	-	-	769	-	769
Impact of hyperinflation adjustments (note 33)	-	1,998	159	-	2,157
Additional impairment on application of IAS 29 (note 34)	-	6,044	343	-	6,387
Transfers / reclassification	-	170	113	-	283
Exchange adjustments	-	27,639	4,156	-	31,795
As at 31 December 2024 (Restated)	-	2,245,590	742,900	-	2,988,490

Notes to the Consolidated Financial Statements – 31 December 2025

	Licences and spectrum		Capital Work		Total
	Goodwill	fees	Others	in Progress	
	₹ '000	₹ '000	₹ '000	₹ '000	₹ '000
As at 1 January 2025	-	2,245,590	742,900	-	2,988,490
On acquisition of subsidiaries (note 3)	-	-	1,999	-	1,999
Charge for the year	-	118,979	83,368	-	202,347
Related to disposals	-	-	(8,018)	-	(8,018)
Derecognition of subsidiary	-	-	(393)	-	(393)
Impairment	-	-	7,174	-	7,174
Impact of hyperinflation	-	794	60	-	854
Exchange adjustments	-	(12,442)	(5,795)	-	(18,237)
As at 31 December 2025	-	2,352,921	821,295	-	3,174,216
Net book value					
As at 31 December 2025	1,023,877	1,588,268	419,976	19,796	3,051,917
As at 31 December 2024 (Restated)	1,018,454	1,656,220	444,066	15,579	3,134,319

Goodwill has been allocated to each country of operation as that is the Cash Generating Unit (CGU) which is expected to benefit from the synergies of the business combination. It is also the lowest level at which goodwill is monitored for impairment purposes. Goodwill and the CGU to which it has been allocated are as follows:

	2025	2024
	₹ '000	₹ '000
Zain Kuwait	197,071	197,071
Zain Jordan (Pella)	181,892	181,891
Atheer	230,808	231,033
SMTC (including subsidiaries)	388,759	388,183
Zain Tech (including subsidiaries)*	16,912	18,490
Others **	8,435	1,786
	1,023,877	1,018,454

*This includes goodwill arising from acquisition of BIOS, STS and Adfolks.

** This includes goodwill arising from acquisition of Zain Cash Iraq and Modern Network Enterprises SPC, Oman (note 3).

Impairment testing

The Group determines whether goodwill or intangible assets with indefinite useful lives are impaired, at least on an annual basis. This requires an estimation of the recoverable amount of the CGUs to which these items are allocated. The Group determines the recoverable amounts of all CGUs based on value in use. Group management used the following approach to determine values to be assigned to the following key assumptions, in the value in use calculations:

Key assumption Basis used to determine value to be assigned to key assumption

Growth rate Increase in competition expected but no significant change in market share of any CGU as a result of ongoing service quality improvements and expected growth from technology and license upgrades. The growth rates are consistent with forecasts included in industry and country reports.

Compounded annual growth within the five-year period in revenue of up to 1.5% (2024: 2.1%) for Zain Kuwait, 9.9% (2024: 9.92%) for Atheer 1.98% (2024: 1.8%) for Pella and SMTC 4.2% (2024:2.6%) during the projected five-year period. Value assigned reflects past experience and changes in economic environment.

Key assumption Basis used to determine value to be assigned to key assumption

Cash flows beyond the four to five year period have been extrapolated using a growth rate of up to of 2.6% (2024:2.6%) for Zain Kuwait, 7.1% (2024:7.2%) for Atheer, 2.5% (2024:2.5%) for Pella and SMTC 5.4% (2024:5.5%). This growth rate does not exceed the long-term average growth rate of the market in which the CGU operates.

Capital expenditure The cash flow forecasts for capital expenditure are based on experience and include the ongoing capital expenditure required to continue rolling out networks to deliver target voice and data products and services and meeting license obligations. Capital expenditure includes cash outflows for the purchase of property and equipment and other intangible assets.

Discount rate Discount rates of 6.3% (2024: 8.1%) for Zain Kuwait, 10.5% (2024: 14.9%) for Atheer 8% (2024: 11.2%) for Pella and SMTC 6.3% (2023: 8.2%). Discount rates reflect specific risks relating to the relevant CGU.

The Group has performed a sensitivity analysis by varying these input factors by a reasonably possible margin and assessing whether the change in input factors results in any of the goodwill allocated to appropriate cash generating units being impaired. These calculations use cash flow projections based on financial budgets approved by management covering a five year period. The recoverable amounts of all CGUs were higher than the carrying amount of the CGUs .

On application of IAS 29, the group completely impaired its carrying value of Brand that was allocated to Zain Sudan.

These calculations are based on cash flow projections derived from management-approved financial budgets covering a five-year period. The recoverable amounts of all CGUs, other than Zain Bahrain, exceeded their respective carrying amounts. In case of Zain Bahrain the Group impaired its carrying value of Brand for ~~₹~~ 7.258 Mn.

License and spectrum

	End of amortisation period	2025	2024
		₹ '000	₹ '000
Mobile licence and Spectrum-Sultanate of Oman	2034	46,887	52,595
Fixed licence and Spectrum-Sultanate of Oman	2029	3,133	3,706
License – SMTC	2047	1,104,579	1,167,284
License – Atheer	2030	99,650	120,163
License – Pella	2026 to 2036	159,756	167,237
Spectrum – SMTC	2032 to 2034	140,118	115,142
Spectrum-Atheer	2027	14,498	12,287
Others		19,647	17,806
		1,588,268	1,656,220

Others

Others include Brand and customer relationships acquired as part of business combinations which are amortised over a period of 4 to 20 years.

13. Trade and other payables

	2025	2024
	<u>ﷵ '000</u>	<u>ﷵ '000</u>
Trade payables and accruals	1,546,771	1,286,907
Due to roaming partners	29,822	28,776
Due to other operators (interconnect)	14,063	46,635
Dues to regulatory authorities (refer below)	99,310	88,765
Taxes payable	92,995	95,979
Dividend payable	26,273	19,983
Other payables	170,622	116,902
	<u>1,979,856</u>	<u>1,683,947</u>

Dues to regulatory authorities includes:

Oman

- i) Royalty payable to Telecommunication regulatory Authority (TRA) for year 2025 for ﷵ 34.8 million (2024: 31.8 million). In accordance with fixed and mobile licences and as permitted by the TRA, the Company is required to pay royalty at the rate of 10% (2024-10%) and 10% (2024: 12%) respectively of its pre defined revenue.
- ii) ﷵ 3.873 million (2024: 1.495 million) payable to Telecommunication Regulatory authority (TRA) Oman by the Company (Refer note 17)

KSA

Due to regulatory authorities include amount of SAR 168.143 million (ﷵ 17.06 million) (2024: ﷵ 41.1 million) payable by SMTC to Ministry of Finance.

14.1 Income tax payables

	2025	2024
	<u>ﷵ '000</u>	<u>ﷵ '000</u>
Oman	8,338	14,891
Atheer – Iraq	7,626	7,932
Pella – Jordan	8,661	6,912
Sudan	11,615	3,907
Other	6,653	4,087
	<u>42,893</u>	<u>37,729</u>

Parent Company-Oman

Tax assessments for Parent Company (Sultanate of Oman) are finalized for tax years until 2021.

During 2023, Oman tax authority carried a reassessment for the tax year 2017 raising a demand for ﷵ 1.8 million disallowing certain write offs with respect to an investment in an erstwhile subsidiary. The Company filed an objection against the reassessment order which was decided against the Company. The Company filed a grievance with the tax committee.

For tax year 2019, Oman tax authority raised a demand for ﷵ 2.5 million disallowing certain write offs on debtors and inventories. The Company filed an objection against the order which was decided against the Company. The Company filed a grievance with the tax committee. The Company believes that no additional tax liability will arise upon completion of the assessments for the remaining tax years.

14.2 Deferred tax asset

31 December 2025	Opening balance	Recognised in profit or loss	De recognition of subsidiary	Closing balance
	<u>₹ '000</u>	<u>₹ '000</u>	<u>₹ '000</u>	<u>₹ '000</u>
<i>Deferred tax liabilities</i>				
Property and equipment	(3,806)	186	-	(3,620)
Investment securities at FVTPL	(806)	(201)	-	(1,007)
	(4,612)	(15)	-	(4,627)
<i>Deferred tax assets</i>				
Trade and other receivables	15,778	937	-	16,715
Inventories	422	(58)	-	364
Right of use assets and lease liabilities	19,333	(831)	-	18,502
Impairment of subsidiary	355	(355)	-	-
Tax losses	492	589	(177)	904
Others	237	72	-	309
	36,617	354	(177)	36,794
Net Deferred tax asset	32,005	339	(177)	32,167

31 December 2024	Opening balance	Recognised in profit or loss	Closing balance
	<u>₹ '000</u>	<u>₹ '000</u>	<u>₹ '000</u>
<i>Deferred tax liabilities</i>			
Property and equipment	(3,969)	162	(3,807)
Investment securities at FVTPL	(942)	136	(806)
	(4,911)	298	(4,613)
<i>Deferred tax assets</i>			
Trade and other receivables	12,774	3,181	15,955
Inventories	144	278	422
Right of use assets and lease liabilities	20,312	(977)	19,335
Impairment of subsidiary	-	355	355
Tax losses	109	206	315
Others	0	236	236
	33,339	3,279	36,618
Net Deferred tax asset	28,428	3,577	32,005

15. Borrowings

	2025	2024
	<u>ﷵ '000</u>	<u>ﷵ '000</u>
<i>Parent Company</i>		
Short term loan	10,000	37,500
Long term loan	2,675	5,198
	<u>12,675</u>	<u>42,698</u>
<i>Oztel</i>		
Bonds – current	2,545	2,590
Bonds – non-current	263,953	263,127
	<u>266,498</u>	<u>265,717</u>
<i>OTEL Sukuk Ltd</i>		
Sukuk – non current	192,550	192,550
<i>Oman Data Park</i>		
Long term loans	15,931	9,823
<i>Mobile Telecommunications Company-Kuwait</i>		
Short term loans	65,728	49,890
Long term loans	1,033,779	824,572
	<u>1,099,507</u>	<u>874,462</u>
<i>SMTC</i>		
Short term loans	17,251	51,186
Long term loans	851,621	590,138
Payable to Ministry of Finance-KSA (Murhaba facility)	-	199,158
	<u>868,872</u>	<u>840,482</u>
<i>Zain Jordan</i>		
Short term loans	11,069	8,119
Long term loans	101,284	99,776
	<u>112,353</u>	<u>107,895</u>
<i>Atheer</i>		
Bank overdrafts	16,890	-
Long term loans	249,705	230,645
	<u>266,595</u>	<u>230,645</u>
<i>Future cities SAOC</i>		
Long term loan	12,523	6,865
<i>Others</i>		
Short term loans	886	195
Long term loans	4,357	2,462
	<u>5,243</u>	<u>2,657</u>
	<u>2,852,747</u>	<u>2,573,794</u>

Reconciliation of movements of borrowings to cash flows from financing activities:

	2025	2024
	<u>ﷵ '000</u>	<u>ﷵ '000</u>
Opening balance	2,573,794	2,367,146
Acquisition of a subsidiary	-	2,883
Accretion of interest	19,122	18,567
Proceeds from bank borrowings	1,180,404	964,494
Repayment of bank borrowings	(942,753)	(839,234)
Net proceeds from bank overdraft	16,890	-
Increase from capex vendor financing facility – “CAPEX facility” (non- cash item)	26,866	75,015
Payment of interest	(17,576)	(17,681)
Effect of change in foreign exchange rates	(4,000)	2,604
	<u>2,852,747</u>	<u>2,573,794</u>

The current and non-current amounts are as follows:

Notes to the Consolidated Financial Statements – 31 December 2025

	2025	2024
	₹ '000	₹ '000
Current liabilities	363,517	894,825
Non-current liabilities	2,489,230	1,678,969
	2,852,747	2,573,794

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	2025	2024
	₹ '000	₹ '000
US Dollar	952,372	1,032,785
Kuwaiti Dinar	963,472	731,822
Saudi Riyals	868,872	744,414
Jordanian Dinar	17,073	10,585
Omani Rial	38,454	54,188
Others	12,504	-
	2,852,747	2,573,794

The effective interest rate as at 31 December 2025 was 5.5% (2024 –5.6%) per annum.

As of 31 December 2025, the Group is compliant with the principal covenant ratios, which include:

- consolidated net borrowings to adjusted consolidated Earnings Before Interest Tax Depreciation and Amortisation (EBITDA);
- adjusted consolidated EBITDA to adjusted consolidated net interest payable;
- consolidated net borrowings to consolidated net worth (equity).

Also, the Group expects to comply with the covenants during 12 months after the reporting date.

Parent Company and Oztel

Short term loan

During the year the Parent Company :

- drawn down ~~₹~~ 318.9 million (31 December 2024: ~~₹~~ 221 million) from a revolving credit facility of ~~₹~~ 235 million.
- repaid ~~₹~~ 346.4 million (31 December 2023: ~~₹~~ 208.5 million) from a revolving credit facility of ~~₹~~ 235 million.

The facility carries a fixed margin over the one year cost of fixed deposit of the bank. The loan is unsecured.

Long term loans

Export credit loan with an outstanding balance of USD 6.9 million (~~₹~~ 2.7 million) (2024-USD 13.5 million (~~₹~~ 5.2 million)) from a consortium of banks to finance the procurement of capital equipment. The loan is unsecured. The facility carries an interest of 2.28% p.a.

Bonds

The bond is denominated in US Dollars and is listed on the Irish stock exchange . It is a 10 years bond with face value of USD 688.1 million (~~₹~~ 265.717 million) (2024: USD 688.1 million (~~₹~~ 265.717 million)) with a coupon rate of 6.63% per annum. The bonds are due for payment in year 2028. The effective interest on the bond is 7.09%. The fair value of the bond as at 31 December 2025 is USD 715.2 million (~~₹~~ 275.4 million) (31 December 2024: USD 710.1 million (~~₹~~ 273.46 million))

OTEL Sukuk Limited

The bond is denominated in US Dollars with a face value of USD 500 million (~~﷮~~ 192.550 million) and is issued for a period of 7 years with a coupon rate of 5.375% per annum. The bond is due for repayment in the year 2031. The fair value of the Sukuk as at 31 December 2025 is USD 508.9 million (~~﷮~~ 196.0 million). (31 December 2024: USD 498.4 million (~~﷮~~ 191.9 million)).

Oman Data Park (ODP)

During the year, ODP

-drawn down loans amounting to ~~﷮~~ 7.684 million (31 December 2024: ~~﷮~~ 2.102 million) of a long term facility
- repaid loans amounting to ~~﷮~~ 1.677 million (31 December 2024: ~~﷮~~ 1.033 million) of a long term facility

Long term loans include:

a) Senior Facility loan

The senior facility loan for ~~﷮~~ 4.2 million (31 December 2024: ~~﷮~~ 5.048 million) carries an interest rate of 5.25% (2024: 4.5%) till August 2025 thereafter 1.50% plus CBO Bank Deposit Rate per annum. The loan is repayable in quarterly instalments commencing from 1 January 2026, with the last instalment scheduled on 31 January 2030.

b) Project loan 1

ODP obtained a project loan for ~~﷮~~ 0.9 Mn and carries an interest rate of 5.25% per annum (2024: 4.5%). The carrying amount of loan as at 31 December 2025 is ~~﷮~~ 0.021 Mn (2024: ~~﷮~~ 318,315).The loan repayable in 48 monthly instalments commencing from 31 March 2021, with the last instalment scheduled on 31 January 2026.

c) Project loan 2

During 2023, ODP obtained a facility of ~~﷮~~ 3.83 million and which carries an interest rate of 5.65% per annum (2024: 4.5%).The carrying amount of loan facility utilised as at 31 December 2025 is ~~﷮~~ 3.657 million (2024: ~~﷮~~ 3.352 million). The loan is repayable in 120 monthly instalments which commenced from 2 April 2025.

d) Project loan 3

During the year 2024, ODP enhanced its loan limit from ~~﷮~~ 4.9 million to ~~﷮~~ 8.95 million which carries interest of 5.65% till Oct 2025 thereafter linked with 1 year weighted average private sector time deposit rate published by Central Bank of Oman+ 1.75 % per annum. The carrying amount of loan facility utilised as at 31 December 2025 is ~~﷮~~ 5.426 million (2024: ~~﷮~~ 0.841 million). The will be repaid in 26 half yearly instalments starting from December 2026.

e) Project loan 4

During 2025, ODP obtained a facility of A 5,000,000 which carries an interest rate of 5% per annum for 5 years.The carrying amount of loan facility utilised as at 31 December 2025 is A 2,613,734. The loan will be repaid in 20 quarterly instalments which commenced from March 2025.

The loans are subject to applicable financial covenants and DSRA requirements. The loan is secured by:

- Legal / commercial mortgage over the Parent Company's all present and future, moveable and immovable assets.
- Pledge over all the project accounts.

Mobile Telecommunications Company K.S.C.P (MTC)

During the year, the Company has;

- drawn down loans amounting to ~~₹~~ 244.89 million from the existing facilities (31 December 2024 - ~~₹~~ 437.69 million). This includes:
 - ~~₹~~ 112.6 million of a revolving credit facility amounting to ~~₹~~ 525.4 million.
 - ~~₹~~ 37.5 million of a revolving credit facility amounting to ~~₹~~ 37.5 million.
 - ~~₹~~ 25.0 million of a revolving credit facility amounting to ~~₹~~ 125.1 million.
 - ~~₹~~ 22.5 million of a long-term facility amounting to ~~₹~~ 116.3 million.
 - ~~₹~~ 18.7 million of a long-term facility amounting to ~~₹~~ 68.8 million.
 - ~~₹~~ 15.9 million of a long-term facility amounting to ~~₹~~ 15.9 million.

repaid loans amounting to ~~₹~~ 19.3 million (31 December 2024 – ~~₹~~ 294.5 million). This includes:

- ~~₹~~ 12.5 million of a revolving credit facility amounting to ~~₹~~ 125.1 million.

The above facilities carry a fixed margin over three month CME term Secured Overnight Financing Rate (CME term SOFR) or over Central Bank Discount rate and are unsecured.

SMTC

Term loans include:

- 1) During the year, SMTC obtained a new Islamic Shariah compliant facility amounting to SAR 1,934 million (~~₹~~ 197.0 million) repayable in a single bullet payment upon its maturity on 17 February 2030. The facility obtained is on commercial terms, where the profit is payable on a quarterly basis based on a fixed margin and three months SAIBOR. This facility was utilized by SMTC to repay in full the amount payable to Ministry of Finance – KSA.
- 2) In 2024, SMTC availed facilities of SAR 1,125 million (~~₹~~ 115.17 million) to fund for the CAPEX payment against several projects and SAR 500 million (~~₹~~ 51.18 million) for receivables discounting.

SMTC have availed SAR 1,012.21 million (~~₹~~ 103.1 million) (31 December 2024: SAR 736 million equivalent to ~~₹~~ 75.34 million) of the CAPEX facility as at the reporting period.

The interest amounting to SAR 59.310 million (~~₹~~ 6.04 million) (31 December 2024: SAR 21.270 million equivalent to ~~₹~~ 2.18 million) has been capitalized by SMTC during period, based on effective interest rate of the loan.

During the year, SMTC has fully paid the receivables discounting banking facility amounting to SAR 500 million (~~₹~~ 50.94 million).

- 3) During the year, a subsidiary of SMTC availed working capital Murabaha facility of SAR 200 million (~~₹~~ 20.37 million) to fund for the short-term expenditure and be repayable within twelve months. The subsidiary of SMTC have availed SAR 170 million (~~₹~~ 17.32 million) from this facility as at the reporting period.
- 4) During the year, SMTC signed SAR 5,500 million (~~₹~~ 560.3 million) syndicated Murabaha facility with commercial banks at three months SAIBOR plus margin. The proceeds of the loan have been used to pay existing Murabaha facility as mentioned below and receivables discounting banking facility, both maturing on 30 September 2025, amounting to SAR 4,700.800 million (~~₹~~ 478.92 million) and SAR 500 million (~~₹~~ 50.94 million). Unused facility amounting to SAR 300 million (~~₹~~ 30.56 million) is withdrawn for CAPEX payment in line with SMTC's CAPEX needs. The loan is repayable after one year grace period and in accordance with the terms of the agreement.
- 5) During the year, SMTC closed and paid the long-term facility amounting to SAR 4,700.800 million (~~₹~~ 478.92 million) in full and total unused working capital facility against Murabaha Finance Agreement amounting to SAR 1,000 million (~~₹~~ 101.9 million) has been cancelled.

Zain Jordan

Long term loans include:

- 1) US\$ 160 million (~~₪~~ 61.3 million) (31 December 2024 – US\$ 160 million equivalent to ~~₪~~ 61.4 million) term loan from a commercial bank which is repayable by 1 October 2030.
- 2) US\$ 100 million (~~₪~~ 38.34 million) (31 December 2024 – US\$ 100 million equivalent to ~~₪~~ 38.37 million) term loan from a commercial bank which is repayable by 31 August 2030.

Atheer

Long term loans include:

- 1) US\$ 105 million (~~₪~~ 40.26 million) (31 December 2024 – US\$ 105 million equivalent to ~~₪~~ 40.29 million) term loan from a commercial bank which is repayable by 30 June 2026.
- 2) US\$ 131 million (~~₪~~ 50.22 million) (31 December 2024 – US\$ 71 million equivalent to ~~₪~~ 27.25 million) revolving credit facilities from a commercial bank which is repayable by 17 December 2027. This includes converted term loan amounting to US\$ 50 million (~~₪~~ 19.17 million).
- 3) US\$ 100 million (~~₪~~ 38.26 million) (31 December 2024 – US\$ 100 million equivalent to ~~₪~~ 38.38 million) term loan from a commercial bank which is repayable by 30 July 2026.
- 4) US\$ 60 million (~~₪~~ 23.00 million) (31 December 2024 – US\$ 50 million equivalent to ~~₪~~ 19.18 million) term loan from a commercial bank which is repayable by 24 April 2027.
- 5) US\$ 125 million (~~₪~~ 47.92 million) (31 December 2024 – US\$ 125 million equivalent to ~~₪~~ 47.97 million) term loan from a commercial bank which is repayable by 1 May 2029.
- 6) US\$ 100 million (~~₪~~ 38.34 million) (31 December 2024 – US\$ 100 million equivalent to ~~₪~~ 38.38 million) term loan from a commercial bank which is repayable by 19 August 2027.
- 7) IQD 40 billion (~~₪~~ 11.62 million) (31 December 2024 - nil) term loan from a commercial bank which is repayable by 8 April 2027. The facility is guaranteed by the Immediate Parent of Atheer and carries a fixed interest rate.

These facilities are guaranteed by the MTC except point number 7 mentioned above and carries a floating interest rate of a fixed margin over three month term SOFR.

Future cities SAOC

Long term loans include:

- 1) ~~₪~~ 2.339 million term loan (2024- ~~₪~~ 3.570 million) from a commercial bank which is repayable by 31 July 2027. The loan is secured by assignment of receivables.
- 2) ~~₪~~ 10.185 million term loan (2024- ~~₪~~ 3.295) from a commercial bank whose repayment starts from December 2026 after the moratorium period.

16. Lease liabilities

	2025	2024
	<u>ﷵ '000</u>	<u>ﷵ '000</u>
Balance as of 1 January	398,516	355,227
Acquisition of subsidiary	172	843
Additions	127,496	99,272
Accretion of interest	28,464	24,082
Payments	(77,666)	(91,445)
Retirements and modification	363	8,985
De-recognition of subsidiary	(35)	-
Transfers (to) / from liabilities of disposal group classified as held for sale	(15,493)	792
Exchange adjustments	(4,192)	760
Closing balance as at 31 December		
(excluding liabilities of disposal group classified as held for sale)	<u>457,625</u>	<u>398,516</u>
Current	60,817	45,327
Non-current	396,808	353,189
	<u>457,625</u>	<u>398,516</u>

The maturity analysis of the lease liabilities is given in note 29 to the consolidated financial statements. The weighted average lessee's incremental borrowing rate applied to the lease liabilities was in the range of 4% to 21% (2024: 3.8% to 21%).

The carrying amounts of the lease liabilities are denominated in the following currencies:

	2025	2023
	<u>ﷵ '000</u>	<u>ﷵ '000</u>
Omani Rials	141,062	133,970
Saudi Riyals	184,023	152,432
US Dollar	12,440	14,988
Jordanian dinar	15,776	16,056
Bahraini dinar	21,333	21,770
Kuwaiti Dinar	19,927	16,895
Others	63,064	42,405
	<u>457,625</u>	<u>398,516</u>

17.1 Other non-current liabilities

	2025	2024
	<u>ﷵ '000</u>	(Restated) <u>ﷵ '000</u>
Due to Telecommunication Regulatory Authority – Oman (refer note below)	5,346	6,930
Due for acquisition of Spectrum - KSA	171,223	178,993
Payable towards sale and lease back-financing	78,918	85,625
Customer deposits	3,231	3,235
Post-employment benefits	80,438	74,834
Others	26,592	21,384
	<u>365,748</u>	<u>371,001</u>

Oman

During 2024, the Parent company agreed to settle a government royalty claim related to certain areas of Wholesale revenue from 2013-2019. The settlement is for the amount of ﷵ 10 million and will be payable in 5 equal instalments starting from 31 December 2025. It resulted in a gain of ﷵ 13.2 million to the statement of profit or loss in 2024. From 2020 onwards royalty claims are not applicable on the disputed revenues. The amount payable was discounted using an effective interest rate of 6%. The current portion amounting to ﷵ 3.873 Mn million is recorded under trade and other payables.

17.2 Deferred government grant (Oman)

	2025	2024
	S'000	S'000
Balance as of 1 January	4,226	-
Recognised during the year	-	4,226
Offset in statement of profit or loss during the year	(272)	-
Closing balance as at 31 December	3,954	4,226

The Parent company in Oman received a conditional waiver of 3% of fixed line royalty from the Telecommunication Regulatory Authority (TRA) from 2022 to 2024.

For the waiver relating to 2022, the Company is required to invest in specific sites agreed upon with the TRA. The Company entered into an agreement with a third party (contractor) to complete the work associated with this grant. The grant conditions require the work to be completed on the sites before 31 December 2024. During 2024, the specified conditions were met and has accordingly recognised the amount relating to 2022 as a deferred government grant and will be offset in the statement of profit or loss against the depreciation of the related assets.

For 2023 and 2024 the Company agreed with TRA to invest in specific mobile sites. The amounts will be recognised as deferred government grant upon completion of the sites.

18. Share capital and reserves

Share capital (par value of S 0.100 per share)

	2025	2024
	No. of shares	No. of shares
Authorised, Issued and fully paid up	750,000,000	750,000,000
	S'000	S'000
Authorised, Issued and fully paid up	75,000	75,000

Shareholders of the Company who own not less than 10% of the Company's shares at the reporting date are as follows:

	2025		2024	
	Shares held	%	Shares held	%
United International Telecommunications Investment and Projects LLC	382,500,345	51	382,500,345	51

Own shares held by liquidity provider

The Parent company engaged a third party licensed liquidity provider on Muscat Securities Exchange (MSX) to facilitate the selling and buying of its own shares. At 31 December 2025 the liquidity provider held S 0.072 million (31 December 2024: S 0.191 million) of the shares on behalf of the Company at par value.

The premium recognised on trading in its shares is recorded as "Reserve on trading in own shares". Such reserve which amounted to S 0.909 million (31 December 2024: S 1.81 million) is classified under equity. Included under the reserve is a net loss of S 0.223 million (31 December S 0.227 million) realized during the year.

Legal reserve

In accordance with the Oman Commercial Companies Law of 2019, annual appropriations of 10% of the profit for the year are made to this reserve until the accumulated balance of the reserve is equal to one third of the value of the respective Omani entity's paid-up share capital. This reserve is not available for distribution. As the reserve equals one third of paid-up share capital, the Company has discontinued the transfer.

Voluntary reserve

In accordance with the Board of Directors' Resolution No.16T/5/2000, the Parent Company transfer 10% of its annual net profits to a distributable voluntary reserve until it becomes equal to one-half of the entity's paid up share capital. As the reserve equals at least half of paid-up share capital, the Company has discontinued the transfer.

Capital contribution

The excess of the valuation of the fixed licence of the Parent company over the amounts paid to Telecommunication Regulatory Authority, Oman in year 2004 is recognised as a non-distributable capital contribution within equity.

Capital reserve

This is a non-distributable reserve and represents the fair value in excess of the amount paid for the mobile license, which expired in February 2019.

Foreign currency translation reserve

Foreign currency translation reserve mainly represents foreign exchange translation losses arising mainly from Zain Sudan and Zain South Sudan.

Other reserves

Other reserves mainly includes hedge reserves gain amounting to ~~o~~ 0.23 million in 2025 (2024: ~~o~~ 0.5 million).

Dividend – 2024

The annual general meeting of shareholders for the year ended 31 December 2024 held on 30 March 2025 approved distribution of final dividends of 55 baisa per share for 2024 (31 December 2023- 55 baisa)

Proposed dividend for year 2025

The Board of Directors, subject to the approval of shareholders, recommends distribution of a final dividend of 55 baisa per share (2024 - 55 baisa per share) to the registered shareholders, after obtaining the approval at AGM.

Unclaimed dividend

During the year unclaimed dividends of ~~o~~ 44,122 (2024-~~o~~ 44,256) was transferred to Investor protection trust fund.

19. Revenue**19.1 Disaggregated revenue information**

The total revenue disaggregated by major service lines is:

	2025	2024 (Restated)
	o '000	o '000
Airtime, data, subscription and other services - Over time	2,955,147	2,696,996
Trading income - Point in time	457,908	365,660
	<u>3,413,055</u>	<u>3,062,656</u>

The total revenue disaggregated by primary geographical market and timing of revenue recognition is disclosed in note 25.

The Group has recognised the following contract assets and liabilities related to contract with customers;

19.2 Contract balances**Contract assets**

	<u>2025</u>	<u>2024</u>
	<u>﷮ '000</u>	<u>﷮ '000</u>
Assets relating to sale of handsets		
Current and non-current	276,058	235,283
Expected Credit loss (ECL)	(1,929)	(2,375)
	<u>274,129</u>	<u>232,908</u>

The amount is disclosed in the statement of financial position as follows:

	<u>2025</u>	<u>2024</u>
	<u>﷮ '000</u>	<u>﷮ '000</u>
Current	160,863	139,631
Non-current	113,266	93,277
	<u>274,129</u>	<u>232,908</u>

Contract liabilities

	<u>2025</u>	<u>2024</u>
	<u>﷮ '000</u>	<u>﷮ '000</u>
Deferred revenue - Prepaid customers - Current	73,587	75,536
Billing in advance - Others - Current	36,070	35,321
	109,657	110,857
Deferred government grants - Non-current (refer note 17.2)	37,270	12,630
	<u>146,927</u>	<u>123,487</u>

20.1 Cost of operations

Cost of operations comprises access charges, trading cost, dealer commission and regulatory revenue sharing. Cost of operations does not include repairs and maintenance, license and spectrum cost, staff costs and other directly attributable costs.

20.2 Operating and administrative expenses

Operating and administrative expenses also includes staff costs of ~~﷮~~ 330.594 million (2024 (Restated) – ~~﷮~~ 312.485 million).

21. Investment income

	<u>2025</u>	<u>2024</u>
	<u>﷮ '000</u>	<u>﷮ '000</u>
Gain from investment securities at mandatorily at FVTPL	966	413
Gain from investment securities designated at inception as FVTPL	37,853	10,088
Dividend income	904	872
	<u>39,723</u>	<u>11,373</u>

22. Finance cost

	2025	2024 (Restated)
	ﷲ '000	ﷲ '000
Interest on borrowings	150,430	138,127
Interest on lease liabilities	32,851	28,734
Interest relating to license and spectrum payable	13,884	12,220
Interest payable to Ministry of Finance KSA	2,238	16,258
Others	2,655	5,105
	202,058	200,444

23. Income tax expenses

This represents the income tax of the Parent company and other tax expenses of subsidiaries.

	2025	2024 (Restated)
	ﷲ '000	ﷲ '000
<i>Income tax expense</i>		
Corporate income tax	38,107	34,350
Zakat	8,813	(1,283) ⁽¹⁾
Reversal of Deferred tax liabilities	-	(5,765)
Domestic minimum top up tax (DMTT)	6,937	-
Income inclusion rule (IIR)	787	-
	54,644	27,302

The tax rate applicable to the Group in different jurisdictions is in the range of 15% to 35% (2024: 7% to 26%) whereas the effective tax rate is in the range of 8.6% to 31.6% (2024: 11% to 24%).

⁽¹⁾ This amount is stated after recognising Zakat expense of SAR 33.890 million (ﷲ 3.5 million) recorded in 2024 by Zain KSA, along with a reversal of excess provisions from prior years arising from regulatory changes in KSA. In March 2024, the Zakat, Tax and Customs Authority (ZATCA), KSA announced the issuance of a new regulation replacing the existing regulation. SMTC reassessed the provision and consequently reversed excess provision charged in prior years, amounting to SAR 75.770 million (ﷲ 7.8 million).

Pillar 2 Income taxes

The Group is within the scope of the Organization for Economic Co-operation and Development (OECD) Inclusive Framework on Base Erosion and Profit Shifting (BEPS) Pillar Two model rules, which require multinational enterprise (MNE) groups with consolidated revenues exceeding EUR 750 million to be subject to a minimum effective tax rate of 15% in each jurisdiction in which they operate.

The Group operates in various jurisdictions, out of those, from the material jurisdictions, only Oman, Kuwait, Bahrain, UAE and Netherlands have enacted the Pillar Two legislation.

On 31 December 2024, the State of Kuwait enacted Law No. 157 of 2024 (the Law) introducing a Domestic Minimum Top-Up Tax (DMTT) effective from 1 January 2025. The Law provides that a top-up tax shall be payable on the taxable income at a rate equal to the difference between 15% and the effective tax rate of all constituent entities of the MNE group operating within Kuwait. The taxable income and effective tax rate are computed in accordance with the executive regulations issued through Ministerial Resolution No. 55 of 2025. The Law effectively replaces the existing National Labour Support Tax (NLST) and Zakat tax regimes in Kuwait for MNEs within the scope of this Law.

Notes to the Consolidated Financial Statements – 31 December 2025

In 2025, Sultanate of Oman introduced Income inclusion rules effective from 1 January 2025. As at 31 December 2025, the BEPS Pillar Two was not considered to be substantively enacted from the perspective of IAS 12 – Income Taxes by the Parent company since the corresponding regulations / clarifications were yet to be prescribed.

The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

Other jurisdictions are still in the process of evaluating the implementation of the Pillar Two legislation.

24. Earnings per share

Basic and diluted earnings per share based on weighted average number of shares outstanding during the year are as follows:

	2025	2024 (Restated)
	Omani Rial '000	Omani Rial '000
Profit for the year attributable to shareholders of the Company		
From continuing operations	88,423	53,261
From discontinued operations	-	892
	No of shares	No of Shares
Weighted average number of shares*	747,278,434	748,906,248
	Omani Rial	Omani Rial
Basic and diluted earnings per share		
From continuing operations	0.118	0.071
From discontinuing operations	-	0.000

*The weighted average number of shares takes into account the weighted average effect of change in treasury shares during the year.

25. Segment information

The Company and its subsidiaries operate in a single business segment, telecommunications and related services. Apart from its operations in Oman, the Company operates through Zain Group in 8 countries. This forms the basis of the geographical segments.

Based on the disclosure criterion, the Group has identified its telecommunications operations in Oman, Kuwait, Jordan, Sudan, Iraq, Bahrain and KSA as the basis for disclosing the segment information.

OMAN TELECOMMUNICATIONS COMPANY SAOG

Notes to the Consolidated Financial Statements – 31 December 2025

31 December 2025	Oman '000	Kuwait '000	Jordan '000	Sudan '000	Iraq '000	Bahrain '000	KSA '000	Others '000	Elimination	Total '000
Segment revenues – airtime, data, subscriptions (Over time)	593,854	321,297	210,049	248,191	475,624	66,349	971,052	187,799	(119,068)	2,955,147
Segment revenues - trading income (Point in time)	82,247	161,997	18,162	6,240	19,986	17,528	151,711	37	-	457,908
Net profit before interest and tax	60,586	74,755	47,615	129,371	95,247	(727)	131,309	(13,226)	-	524,930
Interest income	2,656	4,186	215	1,830	522	363	1,509	3,811	-	15,092
Investment income	2,008	-	-	-	-	-	-	-	-	2,008
Share of results of associates and joint venture	6,459	-	-	-	-	-	-	-	(2,400)	4,059
Dividend income from Zain group	70,955	-	-	-	-	-	-	-	(70,955)	-
Finance costs	(44,486)	(1,416)	(13,656)	(1,415)	(28,032)	(1,588)	(69,509)	(1,434)	-	(161,536)
Income tax expenses	(2,724)	1,112	(8,062)	(18,042)	(11,621)	-	(1,082)	(1,173)	-	(41,592)
	95,454	78,637	26,112	111,744	56,116	(1,952)	62,227	(12,022)	(73,355)	342,961
<i>Unallocated items:</i>										
Investment income										37,715
Share of results of associates and joint venture										37,967
Others (including unallocated income tax and finance costs net of elimination)										(47,628)
Profit for the year										371,015
Segment assets including allocated goodwill	1,831,420	1,119,294	651,935	227,621	1,135,466	129,559	3,221,221	595,314	(850,336)	8,061,494
ROU asset	103,687	33,884	12,486	4,433	46,356	20,722	142,126	5,977	-	369,671
<i>Unallocated items:</i>										
Investment securities at FVTPL										105,982
Investment securities at FVOCI										15,990
Investment in associates and joint venture										135,543
Others (net of eliminations)										243,595
Consolidated assets										8,932,275
Segment liabilities	447,999	453,674	179,222	98,144	377,974	36,666	763,718	570,145	-	2,927,542
Lease liabilities (Current & non-current)	141,058	30,902	15,499	2,582	55,990	21,333	184,022	6,239	-	457,625
Borrowings	500,177	-	112,353	-	266,594	-	868,872	5,246	-	1,753,242
	1,089,234	484,576	307,074	100,726	700,558	57,999	1,816,612	581,630	-	5,138,409
<i>Unallocated items:</i>										
Borrowings										1,099,505
Others (net of eliminations)										(291,346)
Consolidated liabilities										5,946,568
Net consolidated assets										2,985,707
Capital expenditure incurred during the year	136,732	105,029	33,911	37,811	213,210	13,702	137,476	26,461	-	704,332
Unallocated (net of eliminations)										2,638
Total capital expenditure										706,970
Depreciation and amortization	109,618	86,171	38,239	6,572	75,332	20,178	187,692	14,205	-	538,007
Amortization of ROU assets	12,024	11,503	1,918	1,350	5,594	4,754	31,553	1,197	-	69,893
Unallocated										(871)
Total depreciation and amortization										607,029

OMAN TELECOMMUNICATIONS COMPANY SAOG

Notes to the Consolidated Financial Statements – 31 December 2025

31 December 2024	Oman	Kuwait	Jordan	Sudan (Restated)	Iraq	Bahrain	KSA	Others	Elimination	Total (Restated)
	₹'000	₹'000	₹'000	₹'000	₹'000	₹'000	₹'000	₹'000		₹'000
Segment revenues – airtime, data, subscriptions (Over time)	560,246	306,211	199,949	129,650	412,275	63,167	940,744	84,754	-	2,694,996
Segment revenues - trading income (Point in time)	62,304	160,648	13,598	2,668	2,077	15,457	119,726	100	(10,918)	365,660
Net profit before interest and tax	71,595	104,612	49,388	(61,653)	83,841	6,101	132,366	(12,740)	-	373,510
Interest income	1,959	3,259	413	1,461	946	407	3,305	276	-	12,026
Investment income	966	-	-	-	-	-	-	-	-	966
Gain from discontinued operations and sale and leaseback transactions	-	-	-	-	-	-	2,160	-	(501)	1,659
Share of results of associates and joint venture	5,632	-	-	-	-	-	-	-	(1,514)	4,118
Dividend income from Zain group	41,526	-	-	-	-	-	-	-	(41,526)	-
Finance costs	(42,772)	(1,304)	(13,533)	(1,840)	(29,829)	(1,266)	(75,190)	(843)	-	(166,577)
Income tax expenses	(9,458)	-	(9,380)	(4,212)	(7,630)	-	-	79	-	(30,601)
	69,448	106,567	26,888	(66,244)	47,328	5,242	62,641	(13,228)	(43,541)	195,101
<i>Unallocated items:</i>										
Investment income										10,407
Share of results of associates and joint venture										3,428
Others (including unallocated income tax and finance costs net of elimination)										(11,201)
Profit for the year										<u>197,735</u>
Segment assets including allocated goodwill	1,796,319	1,061,092	649,050	60,690	1,046,728	131,085	3,214,742	261,505	(850,336)	7,370,875
ROU asset	96,047	34,364	12,889	1,301	30,193	21,430	112,419	2,938	-	311,581
<i>Unallocated items:</i>										
Investment securities at FVTPL										64,174
Investment securities at FVOCI										17,130
Investment in associates and joint venture										210,566
Others (net of eliminations)										191,429
Consolidated assets										<u>8,165,755</u>
Segment liabilities	446,639	323,434	191,770	55,702	255,746	32,987	793,375	279,884	-	2,379,537
Lease liabilities (Current & non-current)	133,970	30,025	15,753	1,531	40,179	21,770	152,431	2,857	-	398,516
Borrowings	517,654	-	107,895	-	230,645	-	840,483	2,657	-	1,699,334
	1,098,263	353,459	315,418	57,233	526,570	54,757	1,786,289	285,398	-	4,477,387
<i>Unallocated items:</i>										
Borrowings										874,460
Others (net of eliminations)										(122,325)
Consolidated liabilities										<u>5,229,522</u>
Net consolidated assets										<u>2,936,233</u>
Capital expenditure incurred during the year	98,006	48,537	34,694	49,152	93,527	12,591	151,684	14,351	-	502,542
Unallocated (net of eliminations)										1,921
Total capital expenditure										<u>504,463</u>
Depreciation and amortization	97,218	85,835	35,051	75,507	79,170	14,677	189,805	7,966	-	585,229
Amortization of ROU assets	11,664	9,207	1,789	1,719	4,315	4,565	26,585	658	-	60,502
Unallocated										4,792
Total depreciation and amortization										<u>650,523</u>

26. Subsidiaries with significant non-controlling interests

The summarized financial information for the Group's subsidiaries that have significant non-controlling interests is set out below.

	Zain Group	
	2025	2024 (Restated)
	₹ '000	₹ '000
Current assets	2,598,757	1,934,118
Non-current assets	4,496,134	4,346,061
Current liabilities	(2,377,232)	(2,415,215)
Non-current liabilities	(2,572,725)	(1,716,614)
Equity attributable to:		
- Owners of the Company	(124,523)	(120,560)
- Non-controlling interests	2,144,933	2,148,356
Revenue	2,736,954	2,498,953
Profit for the year	346,514	171,326
Other comprehensive income	3,591	48,164
Total comprehensive income	350,105	219,490
Total comprehensive income attributable to:		
- Company's shareholders	66,539	34,944
- Non-controlling interests	283,566	184,546
	350,105	219,490
Cash dividend paid to non-controlling Interests	(308,635)	(189,771)
Net cash from operating activities	788,255	573,311
Net cash used in investing activities	(364,510)	(305,171)
Net cash flow used in financing activities	(311,259)	(360,763)
Net increase / (decrease) in cash flows	112,486	(92,623)

27. Related party transactions

The Group has entered into transactions with related parties on terms approved by management. Transactions and balances with related parties (in addition to those disclosed in other notes) are as follows:

	2025	2024
	₹ '000	₹ '000
Transactions with associate companies		
Revenue	8,205	8,369
Cost of operations and other expenses	4,481	49,873
Dividend income from associate	3,419	3,034
Key management compensation (excluding Directors' remuneration)		
Salaries and other short term employee benefits	2,114	1,720
Post-employment benefits	67	57
Directors' remuneration	300	293
Balances with associate companies		
Trade receivables	2,152	41,869
Other receivables	-	15,814
Trade payables	114	19,279

Notes to the Consolidated Financial Statements – 31 December 2025

Government of Sultanate of Oman (the Government) indirectly owns 51% (2023: 51%) of the Company's shares. The Company has applied the exemptions in IAS 24: Related Parties – related to transaction with the Government and other entities controlled, jointly controlled or significantly influenced by the Government. In this respect, the Company has disclosed the below information, to meet the disclosure requirements of IAS 24:

Revenues related to transactions with government and government entities for the year ended 31 December 2024 amounted to ~~₹~~ 32.1 million (2024: ~~₹~~ 25.6 million). As of 31 December 2025, trade receivables from government and government entities amounted to ~~₹~~ 19.6 million (2024: ~~₹~~ 28.7 million).

28. Commitments and contingencies

	2025	2024
	₹ '000	₹ '000
Capital commitments	472,105	512,203
Uncalled share capital of investee companies	760	819
Letters of guarantee and credit	87,638	84,413

In addition, legal proceedings have been initiated by and against the Group in some jurisdictions. On the basis of information currently available and the advice of the legal advisors, Group management is of the opinion that the outcome of these proceedings is unlikely to have a material adverse effect on the consolidated financial position or the consolidated performance of the Group.

Atheer - Iraq

- a. On 10 September 2023, the Communication and Media Commission of Iraq ("CMC") imposed a fine of US\$ 75 million (~~₹~~ 28.7 million) on Atheer for failing to meet 4G QoS ('Quality of Service') KPIs for the year 2022. Atheer believes that there is an error in the fine calculation regarding coverage obligation. On 9 October 2023, Atheer challenged the decision before the Appeals Board. On 13 June 2024, the Appeals Board issued a decision in favor of CMC. On 7th July 2024, Atheer submitted a petition to the Board of Commissioners (the legislative body of the CMC), articulating that the petition stems from a fundamental error, requesting them to cancel the fine. On 19 August 2024, the CMC rejected the petition and issued a demand to pay the fine amount. On 27 August 2024, the Atheer's attorneys filed another appeal, urging the Appeals Board to correct its decision on the grounds that it is fundamentally flawed as explained above. In August 2024, a new fine amounting to US\$ 1 million (~~₹~~ 0.384 million) was imposed by CMC for failing to meet 4G QoS KPIs for the second half of year 2023. This amount is significantly lower as compared to the fine levied for year 2022 and first half of year 2023. Furthermore, a new QoS regulation is expected to be issued, which may support Atheer's case in challenging the fine.

During the year ended 31 December 2025, the Appeals Board issued final and binding decisions on US\$ 66.8 million (~~₹~~ 25.61 million) out of the total US\$ 75 million (~~₹~~ 28.75 million) fine, reducing that portion to US\$ 2.310 million (~~₹~~ 0.885 million). These final outcomes reflect both the correction of material calculation errors and the application of the updated regulatory criteria. The decisions issued by the CMC Appeals Board are definitive, irrevocable, and carry full legal force. The remaining fine of US\$ 8.200 million (~~₹~~ 3.14 million) is currently under review by the Appeal Court, following a similar process and based on the new QoS regulations. Atheer believes that this remaining fine amount is expected to be reduced to approximately US\$ 1 million (~~₹~~ 0.384 million).

- b. Newroz Telecom, based in the Kurdistan region, has initiated a preliminary lawsuit in the first instance court against Atheer and Huawei. The claim is predicated on allegations that the unlicensed installation of 4G equipment has caused harm to Newroz Telecom's infrastructure requesting US\$ 50 million (~~₹~~ 19.2 million) from Atheer and Huawei jointly. Atheer operates under a national license issued by the CMC, the competent federal authority. The CMC is anticipated to issue a statement to the court affirming Atheer's lawful nationwide authorization to provide 4G services, as well as confirming that Huawei holds the necessary credentials as an authorized vendor for the equipment supplied. Atheer has submitted both formal and substantive defenses and is currently awaiting the plaintiff's responses. The court has notified the plaintiff to reply to Atheer's statements. Based on the attorney's report, the Group believes that it has strong legal grounds and compelling arguments to successfully challenge and revoke the opposing claim.

Pella - Jordan

Pella is a defendant in multiple lawsuits amounting to ~~₪~~ 9.45 million (31 December 2024 – ~~₪~~ 9.43 million). Based on the report of its attorneys, the Group is of the view that the outcome of these proceedings will be favorable.

SMTC

- a. SMTC received withholding tax (“WHT”) assessments from Zakat, Tax and Customs Authority (“ZATCA”) for an additional amount of SAR 100 million (~~₪~~ 10.24 million) for certain withholding tax items for the years from 2015 to 2021. SMTC has appealed these assessments against the relevant committees. SMTC believes that the outcome of those appeals will be in its favor with no material financial impact.
- b. SMTC was also subjected to WHT, for the years from 2012 to 2021, on International Interconnect traffic from ZATCA for payments made to International Operators and SMTC has received WHT assessment from ZATCA with respect to this. For the assessments received from ZATCA, SMTC has rejected these claims and appealed at various judiciary bodies against these assessments. In the process of appealing against these claims, SMTC had paid an amount of SAR 8.37 million (~~₪~~ 0.857 million) and created a provision of SAR 148.18 million (~~₪~~ 15.168 million).

However, during the year ended 31 December 2024, SMTC received communication from ZATCA that the dues for WHT on International traffic will be borne by the Government. Accordingly, SMTC has reversed a provision of SAR 148.18 million (~~₪~~ 15.168 million) during the previous year. The amount paid of SR 8.37 million (~~₪~~ 0.857 million) will be settled by SMTC with dues payable to ZATCA for other ongoing assessments. There is no change in the status during the period ended 31 December 2025.

29. Financial risk management

The Group’s financial assets have been categorized as follows:

	Amortized costs	At fair value through profit or loss	Fair value through other comprehensive income
	₪ ’000	₪ ’000	₪ ’000
31 December 2025			
Cash and cash equivalents	409,498	-	-
Bank balances held in customer account	52,014	-	-
Trade and other receivables	1,499,707	-	-
Contract assets	274,129	-	-
Investment securities	1,000	128,655	15,990
Other assets	15,378	-	-
	<u>2,251,726</u>	<u>128,655</u>	<u>15,990</u>
31 December 2024			
Cash and cash equivalents	296,513	-	-
Bank balances held in customer account	19,846	-	-
Trade and other receivables	1,280,367	-	-
Contract assets	232,908	-	-
Investment securities	1,000	94,855	17,130
Other assets	14,416	-	-
	<u>1,845,050</u>	<u>94,855</u>	<u>17,130</u>

Financial risk factors

The Group's use of financial instruments exposes it to a variety of financial risks such as market risk, credit risk and liquidity risk. The Group continuously reviews its risk exposures and takes measures to limit them to acceptable levels. The Board of Directors has the overall responsibility for the establishment and oversight of the Group's risk management framework and developing and monitoring the risk management policies in close co-operation with the Group's operating units. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Group's activities. The Group through its training and management standards and procedures aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Group's Board Committee oversees how management monitors compliance with the risk management policies and procedures and reviews adequacy of the risk management framework in relation to the risks faced by the Group. The Board Committee is assisted in its oversight role by the Internal audit and the Group risk management department. The significant risks that the Group is exposed to are discussed below:

(a) Market risk**(i) Foreign exchange risk**

Foreign currency risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

Group management has set up a policy that requires Group companies to manage their foreign exchange risk against their functional currency. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

The Group is primarily exposed to foreign currency risk as a result of foreign exchange gains / losses on translation of foreign currency denominated assets and liabilities such as trade and other receivables, trade and other payables and due to banks. The impact on the post tax consolidated profit arising from a 10% weakening / strengthening of the functional currency against the major currencies to which the Group is exposed is given below:

Currency	2025	2024
	﷮ '000	﷮ '000
US Dollar	5,475	13,369
Euro	584	811
Sudanese Pound	9,255	4,385
Other	8,678	5,923

(ii) Equity price risk

This is the risk that the value of financial instruments will fluctuate as a result of changes in market prices, whether these changes are caused by factors specific to individual instrument or its issuer or factors affecting all instruments, traded in the market. The Group is exposed to equity securities price risk because of investments held by the Group and classified in the consolidated statement of financial position as FVOCI. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

The effect on the consolidated profit as a result of changes in fair value of equity instruments classified as 'at fair value through profit or loss' and the effect on equity of equity instruments classified as 'fair value through other comprehensive income' arising from a 5% increase/ decrease in equity market index, with all other variables held constant is as follows:

Market indices	2025		2024	
	Impact on net profit	Effect on equity	Impact on net profit	Effect on Equity
	± '000	± '000	± '000	± '000
Increase/decrease in market index	±1,052	±1,013	±1,413	±1,402

Profit for the year would increase / decrease as a result of gains / losses on equity securities classified as 'at fair value through profit or loss'. Equity would increase / decrease as a result of gains / losses on equity securities classified as 'Investment at fair value through Other comprehensive income'.

(iii) Cash flow and fair value interest rate risk

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

The Group's interest rate risk arises from short-term bank deposits and bank borrowings carried at amortized cost. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The Group's borrowings at variable rates are denominated mainly in US Dollars. The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Group calculates the impact on consolidated statement of profit or loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major interest-bearing positions. The Group manages interest rate risk by monitoring interest rate movements and by using Interest Rate Swaps to hedge interest rate risk exposures. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied.

At 31 December 2025, if interest rates at that date had been 50 basis points higher/lower with all other variables held constant, consolidated profit for the year would have been lower/higher by ~~±~~ 10.932 million (2024: ~~±~~ 9.063 million).

b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation causing the other party to incur a financial loss. Financial assets, which potentially subject the Group to credit risk, consist principally of fixed and short notice bank deposits, trade and other receivables, contract assets and loans to associates.

The Group manages the credit risk on bank balances by placing fixed and short term bank deposits with high credit rating financial institutions. Credit risk with respect to trade receivables and contract assets is limited due to dispersion across large number of customers. Group manages credit risk of customers by continuously monitoring and using experienced collection agencies to recover past due outstanding amounts. Credit risk of distributors, roaming and interconnect operators, due from associates and others including third parties on whose behalf financial guarantees are issued by the Group is managed by periodic evaluation of their credit worthiness or obtaining bank guarantees in certain cases.

Expected credit loss (ECL) measurement

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition wherein if a financial instrument that is not credit-impaired on initial recognition is classified in Stage 1. If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to Stage 2 but is not yet deemed to be credit-impaired and if the financial instrument is credit-impaired, the financial instrument is then moved to Stage 3.

Significant increase in credit risk

When determining whether the risk of default has increased significantly since initial recognition, the Group considers quantitative, qualitative information and backstop indicators and analysis based on the Group's historical experience and expert credit risk assessment, including forward-looking information. For customer, distributors, roaming and interconnect trade receivables significant increase in credit risk criteria does not apply since the group is using simplified approach which requires use of lifetime expected loss provision.

For amounts due from banks, the Group uses the low credit risk exemption as permitted by IFRS 9 based on the external rating agency credit grades. If the financial instrument is rated below BBB- (sub investment grade) on the reporting date, the Group considers it as significant increase in credit risk.

Financial instrument is determined to have low credit risk if:

- The financial instrument has a low risk of default,
- The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
- 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.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

Credit impaired assets

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, there is sufficient doubt about the ultimate collectability; or the customer is past due for more than 90 days.

Incorporation of forward looking information

The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. The Group has performed historical analysis and identified Gross Domestic Product (GDP) of each geography in which they operate as the key economic variables impacting credit risk and ECL for each portfolio. Relevant macro-economic adjustments are applied to capture variations from economic scenarios. These reflect reasonable and supportable forecasts of future macro-economic conditions that are not captured within the base ECL calculations. Incorporating forward-looking information increases the degree of judgement required as to how changes in GDP will affect ECLs. The methodologies and assumptions including any forecasts of future economic conditions are reviewed regularly.

Notes to the Consolidated Financial Statements – 31 December 2025

The following table contains an analysis of the maximum credit risk exposure of financial instruments for which an ECL allowance is recognised:

	ECL staging				
	Stage 1	Stage 2	Stage 3	Simplified approach	
	12-month	Lifetime	Lifetime	Lifetime	
	’000	’000	’000	’000	’000
					Total
At 31 December 2025					
Cash and cash equivalents	324,958	85,953	12,965	-	423,876
Less: ECL	(590)	(937)	(12,851)	-	(14,378)
	324,368	85,016	114	-	409,498
Customers	-	-	-	843,777	843,777
Distributors	-	-	-	31,597	31,597
Contract assets	-	-	-	276,058	276,058
Less: ECL	-	-	-	(288,350)	(288,350)
	-	-	-	863,082	863,082
Roaming partners	-	-	-	33,490	33,490
Other operators (interconnect)	-	-	-	118,299	118,299
Less: ECL	-	-	-	(8,570)	(8,570)
	-	-	-	143,219	143,219
Other receivables	-	400,487	-	11,953	412,440
Other bank deposits under lien	31,268	-	-	-	31,268
Less: ECL	(240)	(5,360)	-	(932)	(6,532)
	31,028	395,127	-	11,021	437,176
At 31 December 2024					
Cash and cash equivalents	180,455	114,341	32,278	-	327,074
Less: ECL	(219)	(1,394)	(28,948)	-	(30,561)
	180,236	112,947	3,330	-	296,513
Customers	-	-	-	790,485	790,485
Distributors	-	-	-	40,777	40,777
Contract assets	-	-	-	235,283	235,283
Less: ECL	-	-	-	(273,782)	(273,782)
	-	-	-	792,763	792,763
Roaming partners	-	-	-	26,227	26,227
Other operators (interconnect)	-	-	-	131,825	131,825
Less: ECL	-	-	-	(7,979)	(7,979)
	-	-	-	150,073	150,073
Other receivables	-	234,090	-	7,334	241,424
Other bank deposits under lien	2,851	-	-	-	2,851
Less: ECL	(25)	(7,567)	-	(932)	(8,524)
	2,826	226,523	-	6,402	235,751

Refer note 4, 5 and note 19 for the related expected credit loss on financial assets.

ECL allowance of trade receivables, contract assets and other current assets are assessed as follows:

	31 December 2025	31 December 2024
	’000	’000
Collectively assessed	287,107	272,470
Individually assessed	16,343	17,815

Notes to the Consolidated Financial Statements – 31 December 2025

303,450	290,285
----------------	---------

The following table shows the movement in the loss allowance that has been recognised for trade and other receivables and contract assets:

	Collectively assessed	Individually assessed	Total
	S'000	S'000	S'000
1 January 2024	283,146	19,262	302,408
On business combination	(956)	(55)	(1,011)
Amounts written off	(74,787)	(3,448)	(78,235)
Foreign exchange gains and losses	(1,480)	(165)	(1,645)
Net increase in loss allowance	66,547	2,221	68,768
31 December 2024	<u>272,470</u>	<u>17,815</u>	<u>290,285</u>
On business combination	583	21	604
Amounts written off	(38,785)	(2,819)	(41,604)
Foreign exchange gains and losses	(2,650)	(54)	(2,704)
Net increase in loss allowance	55,489	1,380	56,869
31 December 2025	<u>287,107</u>	<u>16,343</u>	<u>303,450</u>

For customer, distributor and contract assets the Group uses a provision matrix based on the historic default rates observed and adjusted for forward looking factors to measure ECL as given below.

Aging brackets of postpaid trade receivables	31 December 2025			31 December 2024		
	Estimated total gross carrying amount at default	Expected credit loss rate	Lifetime ECL	Estimated total gross carrying amount at default	Expected credit loss rate	Lifetime ECL
	S'000	%	S'000	S'000	%	S'000
Not due / upto 30 days	494,981	2%	10,068	555,229	1%	7,487
31 – 60 days	68,137	4%	2,859	49,691	8%	3,793
61 – 90 days	45,510	5%	2,418	37,545	12%	4,355
91 – 180 days	83,001	17%	14,269	75,642	18%	13,961
> 180 days	455,464	57%	257,493	408,858	60%	244,186
	<u>1,147,093</u>		<u>287,107</u>	<u>1,126,965</u>		<u>273,782</u>

Credit quality of roaming, interconnect and other balances:

	31 December 2025	31 December 2024
	S'000	S'000
Credit quality – Performing	562,187	412,169
Impaired	2,042	1,879
Expected credit loss	(15,101)	(16,503)
	<u>549,128</u>	<u>397,545</u>

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

Notes to the Consolidated Financial Statements – 31 December 2025

(c) Liquidity risk

Liquidity risk is the risk that the Group may not be able to meet its funding requirements. The Group manages this risk by maintaining sufficient cash and marketable securities, availability of funding from committed credit facilities and its ability to close out market positions on short notice. The Company's Board of Directors increases capital or borrowings based on ongoing review of funding requirements.

The Group has committed to provide working capital and other financial support to some of its affiliates (refer note 3). Other than the total cash and cash equivalents of ~~₹~~ 82.25 million (2024 – ~~₹~~ 26.45 million) equivalent held in Sudan, South Sudan and Lebanon, all other cash and cash equivalents are maintained in freely convertible currencies.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the consolidated statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	₹ '000	₹ '000	₹ '000	₹ '000
At 31 December 2025				
Borrowings	481,981	422,666	2,108,890	295,937
Trade and other payables	1,886,851	-	-	-
Other non-current liabilities	127,421	49,567	108,663	200,651
Lease liabilities	78,420	64,371	166,388	273,199
At 31 December 2024				
Borrowings	1,011,475	429,274	1,246,647	232,006
Trade and other payables	1,587,967	-	-	-
Other non-current liabilities	101,799	65,469	124,630	134,023
Lease liabilities	63,744	61,713	155,949	253,517

30. Derivative financial instruments

In the ordinary course of business, the Group uses derivative financial instruments to manage its exposure to fluctuations in interest and foreign exchange rates. A derivative financial instrument is a financial contract between two parties where payments are dependent upon movements in price of one or more underlying financial instruments, reference rate or index.

The table below shows the positive and negative fair values of derivative financial instruments, together with the notional amounts analysed by the term to maturity. The notional amount is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured.

The notional amounts indicate the volume of transactions outstanding at the year end and are not indicative of either market or credit risk. All derivative contracts are fair valued based on observable market data.

	Notional amounts by term to maturity		
	Positive	Negative	Notional
	fair value	fair value	amount
	₹'000	₹'000	₹'000
At 31 December 2025			
<i>Derivatives held for hedging:</i>			
<i>Cash flow hedges</i> - Receive 3-month LIBOR/ SIBOR, pay fixed interest rate	-	-	-
Interest rate swaps (maturing after one year)	-	-	-
At 31 December 2024			
<i>Derivatives held for hedging:</i>			
<i>Cash flow hedges</i> - Receive 3-month LIBOR/ SIBOR, pay fixed interest rate	-	-	-
Interest rate swaps (maturing after one year)	2,918	-	157,747

Profit rate swaps are contractual agreements between two parties to exchange interest based on notional value in a single currency for a fixed period of time. The Group uses profit rate swaps to hedge changes in interest rate risk arising from floating rate borrowings.

31. Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide return on investment to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In managing capital, the Group considers the financial covenants in various loan agreements that require the Group to maintain specific levels of debt-equity and leverage ratios.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity, as shown in the consolidated statement of financial position, plus net debt.

The gearing ratios at the consolidated statement of financial position dates were as follows:

	2025	2024
	₹'000	₹'000
Total borrowings including lease liabilities (refer note 15 and 16)	3,310,372	2,972,310
Less: Cash and cash equivalents (refer note 4)	(409,498)	(296,513)
Net debt	2,900,874	2,675,797
Total equity	2,985,705	2,936,233
Total capital	5,855,311	5,609,179
Gearing ratio	49.54%	47.70%

Notes to the Consolidated Financial Statements – 31 December 2025

32. Fair value of financial instruments

The fair value hierarchy of the Group's financial instruments is as follows.

31 December 2025

	Level 1	Level 2	Level 3	Total
	₹ '000	₹ '000	₹ '000	₹ '000
Financial assets at fair value:				
Investments at fair value through profit or loss	5,559	22,139	100,957	128,655
Investments at fair value through other comprehensive income	4,398	3,910	7,682	15,990
Total assets	9,957	26,049	108,639	144,645

31 December 2024

	Level 1	Level 2	Level 3	Total
	₹ '000	₹ '000	₹ '000	₹ '000
Financial assets at fair value:				
Investments at fair value through profit or loss	5,977	28,507	60,371	94,855
Investments at fair value through other comprehensive income	3,955	3,602	9,573	17,130
Derivative asset held for hedging	-	2,918	-	2,918
Total assets	9,932	35,027	69,944	114,903

Fair values of the financial instruments carried at amortized cost approximate their carrying value. This is based on level 3 inputs, with the discount rate that reflects the credit risk of counterparties, being the most significant input.

During the year, there were no transfers between any of the fair value hierarchy levels.

33. Hyperinflation-Sudan and South Sudan**Net monetary gain/ (loss)**

The Republic of South Sudan economy had become hyperinflationary in 2016. During the year, the Group also applied hyperinflation accounting (IAS 29) in Sudan since 2017. Accordingly, the results, cash flows and financial position of the Group's subsidiary in Sudan and South Sudan have been expressed in terms of the measuring unit current at the reporting date in accordance with IAS 29 Financial Reporting. The effect on the net monetary position is included in the consolidated statement of profit or loss as 'net monetary gain'. The adjustment has been calculated by means of conversion factors derived from the Consumer Price Index (CPI) obtained from the Central Bank of Sudan.

The conversion factors used to adjust the financial statements of the subsidiaries in hyperinflationary economies are as follows:

Sudan:

	Index	Conversion Factor (2025)	Conversion Factor (2024)	Conversion Factor (2023)
31 December 2017	862.02	757.57	435.38	151.26
31 December 2018	1,490.77	438.06	251.76	87.47
31 December 2019	2,340.66	279.00	160.34	55.71
31 December 2020	8,644.06	75.55	43.42	15.08
31 December 2021	36,149.45	18.07	10.38	3.61
31 December 2022	67,707.91	9.64	5.54	1.93
31 December 2023	130,391.10	5.01	2.88	1
31 December 2024	375,310.50	1.74	1	
31 December 2025	653,040.27	1		

South Sudan:

	Index	Conversion Factor (2025)	Conversion Factor (2024)
31 December 2017	4,502.21	14.08	11.28
31 December 2018	6,305.98	10.05	8.05
31 December 2019	10,656.52	5.95	4.77
31 December 2020	16,840.60	3.76	3.02
31 December 2021	19,066.61	3.32	2.66
31 December 2022	13,622.24	4.65	3.73
31 December 2023	14,400.00	4.40	3.53
31 December 2024	50,782.65	1.25	1.00
31 December 2025	63,395.40	1.00	

The IAS 29 adjustment is affected as follows:

- a) Financial statements prepared in the currency of a hyperinflationary economy are stated after applying the measuring unit current at statement of financial position date applicable for each of the respective years. Monetary assets and liabilities are not restated because they are already expressed in terms of the monetary unit current at the statement of financial position date. Monetary items are money held and items to be recovered or paid in money;
- b) Non-monetary assets and liabilities that are not carried at amounts current at the statement of financial position date and components of shareholders' equity are restated by applying the relevant conversion factors;
- c) All items in the income statement are adjusted by applying the relevant average or year-end conversion factors; and
- d) The effect on the net monetary position of the Group is included in the consolidated statement of profit or loss as 'Net monetary gain / (loss)'.

For the consolidation of foreign operations operating in hyperinflationary economies refer note 2.3.18.

34. Significant accounting judgments and estimates

In accordance with the accounting policies contained in IFRS and adopted by the Group, management makes the following judgments and estimations that may significantly affect amounts reported in these consolidated financial statements.

Judgments

Business combinations

To allocate the cost of a business combination management exercises significant judgment to determine identifiable assets, liabilities and contingent liabilities whose fair value can be reliably measured, to determine provisional values on initial accounting and final values of a business combination and to determine the amount of goodwill and the Cash Generating Unit to which it should be allocated.

Consolidation of entities in which the Group holds less than a majority of voting right (de facto control)

Management have concluded that the parent company controls Zain Group even though it holds less than half of the voting rights of the subsidiary based on the rights acquired under the transaction. Management reviewed the size and the dispersion of voting rights of other dominant shareholders in relation to its size and concluded that it will not be possible for them to act in concert to outvote the Parent company on key matters at shareholders meeting. While reaching this conclusion, Management has reviewed the voting pattern of the other dominant shareholder as passive in nature based on their voting pattern at prior shareholders meeting. Management also held discussions with the dominant shareholders to confirm their understanding.

In addition, Parent Company has a majority representation on the Board of Directors of Zain group which gives them the right to appoint, remove and set the remuneration of management who are responsible for directing the relevant activities of Zain group. Parent company through its representation on the Board of Directors also has the right to enter/alter any significant transactions of Zain Group to realise possible synergies contemplated under the transaction for the benefit of the Group.

The Group considers that it controls SMTC though it owns less than 50% of the voting rights. In assessing whether the Group has de-facto control, the management exercised significant judgment which takes into account many factors such as it being the single largest shareholder in SMTC, its majority representation in the Board, voting patterns of other dominant shareholders etc. If the Group had concluded that the ownership interest was insufficient to give the Group control in SMTC, it would instead have been classified as an associate and the Group would have accounted for it using the equity method of accounting.

Identifying performance obligations in a bundled sale of equipment and installation services

The Group provides telecommunications services that are either sold separately or bundled together with the sale of equipment (handsets) to a customer. The Group uses judgement in determining whether equipment and services are capable of being distinct. The fact that the Group regularly sells both equipment and services on a stand-alone basis indicates that the customer can benefit from both products on their own. Consequently, the Group allocated a portion of the transaction price to the equipment and the services based on relative stand-alone selling prices.

Principal versus agent considerations

Revenue from value added services (VAS) sharing arrangements depend on the analysis of the facts and circumstances surrounding these transactions. The determination of whether the Group is acting as an agent or principal in these transactions require significant judgement and depends on the following factors:

- The Group is primarily responsible for fulfilling the promise to provide the service.
- Whether the Group has inventory risk
- Whether the Group has discretion in establishing the price

Consideration of significant financing component in a contract

The Group sells bundled services on a monthly payment scheme over a period of one to two years.

In concluding whether there is a significant financing component in a contract requires significant judgements and is dependent on the length of time between the customers payment and the transfer of equipment to the customer, as well as the prevailing interest rates in the market. The Group has concluded that there is no significant financing component in its contract with customers after such assessment.

Assets held for sale

The Group has announced its decision to sell some of the telecom tower assets in Kuwait. The entity holding these towers is recorded under “assets and liabilities of disposal group classified as held for sale”. This is considered to have met the criteria as held for sale for the following reasons:

- a. These assets are available for immediate sale and can be sold to the buyer in its current condition
- b. The actions to complete the sale were initiated and expected to be completed within one year from the date of initial classification
- c. A potential buyer has been identified and negotiations as at the reporting date are at an advance stage

These assets continued to be classified as non-current assets held for sale as the Group is committed to its plan to sell the assets and the delay was caused due to events and circumstances beyond the Group’s control.

Classification of equity investments

On acquisition of an equity investment security, the Group decides whether it should be classified as fair value through profit or loss or fair value through other comprehensive income.

Contingent liabilities

Contingent liabilities are potential liabilities that arise from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Provisions for liabilities are recorded when a loss is considered probable and can be reasonably estimated. The determination of whether or not a provision should be recorded for any potential liabilities or litigation is based on management's judgment.

Hyperinflation

The Group exercises significant judgement in determining the onset of hyperinflation in countries in which it operates and whether the functional currency of its subsidiaries, associates or joint venture is the currency of a hyperinflationary economy.

Various characteristics of the economic environment of each country are taken into account. These characteristics include, but are not limited to, whether:

- the general population prefers to keep its wealth in non-monetary assets or in a relatively stable foreign currency;
- prices are quoted in a relatively stable foreign currency;
- sales or purchase prices take expected losses of purchasing power during a short credit period into account;
- interest rates, wages and prices are linked to a price index; and
- the cumulative inflation rate over three years is approaching, or exceeds, 100%.

Management exercises judgement as to when a restatement of the financial statements of a Group entity becomes necessary.

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 and termination options are included in a number of leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. Extension options (or periods after termination options) are only included in the lease term if the lessee is reasonably certain to extend (or not to terminate) the lease. 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 Company's incremental borrowing rate ("IBR"). Management has applied judgments and estimates to determine the IBR at the commencement of lease.

Sources of estimation uncertainty

Fair values - unquoted equity investments and business combinations

The valuation techniques for unquoted equity investments and identifiable assets, liabilities and contingent liabilities arising in a business combination make use of estimates such as future cash flows, discount factors, yield curves, current market prices adjusted for market, credit and model risks and related costs and other valuation techniques commonly used by market participants where appropriate.

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

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

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in note 29.

Tangible and intangible assets

The Group estimates useful lives and residual values of tangible assets and intangible assets with definite useful lives. Changes in technology or intended period of use of these assets as well as changes in business prospects or economic industry factors may cause the estimate useful of life of these assets to change.

Taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises a liability for anticipated taxes based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Any changes in the estimates and assumptions used as well as the use of different, but equally reasonable estimates and assumptions may have an impact on the carrying values of the deferred tax assets.

Impairment of non-financial asset

The Group annually tests goodwill for impairment to determine their recoverable amounts based on value-in-use calculations or at fair value less costs to sell. The value in use includes estimates on growth rates of future cash flows, number of years used in the cash flow model and the discount rates. The fair value less cost to sell estimate is based on recent/intended market transactions and the related EBITDA multiples used in such transactions.

Provision for legal cases

The Group is involved in various legal and regulatory proceedings that arise in the normal course of business. Management assesses the likelihood of an adverse outcome for each case based on advice from external legal counsel, the current status of the proceedings, historical experience, and other relevant factors. Provisions are recognised only when it is determined that an outflow of economic resources is probable and a reliable estimate of the obligation can be made, in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets. Due to the inherent uncertainties associated with litigation, the actual outcomes of these matters may differ from the estimates made as at the reporting date and the recognition of provisions involves significant estimation and judgment.

35. Reclassification

Certain previous year figures were reclassified to conform to current year presentation. Such reclassifications are not material and have not affected previously reported profit or equity. In accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and IAS 1 Preparation of Financial Statements, the comparative information has been restated to give effect to the following:

Notes to the Consolidated Financial Statements – 31 December 2025

Restatement due to application of IAS 29 for subsidiaries in Sudan

During the current year, the management applied IAS 29 retrospectively from 2017. A summary of the impact of the above matter is as follows:

As at 1 January 2024

Consolidated statement of financial position

	SAR '000s		
	As reported	Effect of restatement	As restated
Assets			
Inventories	81,006	15	81,021
Right of use assets	257,787	-	257,787
Property and equipment	1,814,044	1	1,814,045
Intangible assets and goodwill	3,232,476	(289)	3,232,187
Other assets	2,364,656	-	2,364,656
Total assets	7,749,969	(273)	7,749,696
Equity			
Foreign currency translation reserve	(103,843)	171,709	67,866
Retained earnings	560,200	(171,822)	388,378
Non-controlling interests	2,260,845	(160)	2,260,685
Other equity	189,946	-	189,946
Total equity	2,907,148	(273)	2,906,875
Total liabilities	4,842,821	-	4,842,821
Total liabilities and equity	7,749,969	(273)	7,749,696

As at 31 December 2024

Consolidated statement of financial position

	SAR '000s		
	As previously stated	Effect of restatement	As restated
Assets			
Inventories	115,662	9	115,671
Right of use assets	311,581	-	311,581
Property and equipment	1,918,130	-	1,918,130
Intangible assets and goodwill	3,134,409	(90)	3,134,319
Other assets	2,686,054	-	2,686,054
Total assets	8,165,836	(81)	8,165,755
Other non-current liabilities	376,776	(5,775)	371,001
Other liabilities	4,858,521	-	4,858,521
Total liabilities	5,235,297	(5,775)	5,229,522
Equity			
Foreign currency translation reserve*	(119,797)	196,904	77,107
Retained earnings*	598,037	(195,719)	402,318
Non-controlling interests	2,264,594	4,509	2,269,103
Other equity	187,705	-	187,705
Total equity	2,930,539	5,694	2,936,233
Total liabilities and equity	8,165,836	(81)	8,165,755

*Includes IAS 29 adjustment from South Sudan

For the year ended 31 December 2024*Consolidated statement of profit or loss and other comprehensive income*

	 '000s		
	As previously stated	Effect of restatement	As restated
Revenue	3,030,083	32,573	3,062,656
Cost of operations	(1,049,849)	(3,128)	(1,052,977)
Operating and administrative expenses	(884,048)	(12,166)	(896,214)
Expected credit loss on financial assets (ECL)	(68,201)	(567)	(68,768)
Depreciation, amortization and impairment	(582,748)	(67,775) ⁽¹⁾	(650,523)
Interest income	12,037	148	12,185
Other Income / (expenses)	2,758	(562)	2,196
Finance costs	(200,041)	(403)	(200,444)
Foreign exchange gain	14,449	5,903	20,352
Net monetary gain / (loss)	2,014	(66,427)	(64,413)
Profit before taxes	336,549	(112,404)	224,145
Income tax expenses	(30,642)	3,340	(27,302)
Profit for the year from continuing operations	305,907	(109,064)	196,843
Profit for the year	306,799	(109,064)	197,735
Profit attributable to:			
Owners of the company	78,052	(23,899)	54,153
Non-controlling interests	228,747	(85,165)	143,582

⁽¹⁾ Upon application of IAS 29 to its subsidiaries in Sudan, the Group recognised an additional impairment loss of ~~SDG~~ 67.775 million in 2024 on Zain Sudan and Kuwait Sudanese Holding Company as the adjusted carrying amount was higher than the recoverable amount of the cash generating unit as at 31 December 2024 and the respective assets. The recoverable amount of Zain Sudan determined based on the value in use calculation was SDG 273,200 million (~~SDG~~ 52.7 million). These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. The recoverable amounts of all CGUs other than Zain Sudan were higher than the carrying amount of the CGUs. (refer note 13 for key assumptions used).

Consolidated statement of other comprehensive income

	 '000		
	As reported	Effect of restatement	As restated
Profit for the year	306,799	(109,064)	197,735
Foreign exchange differences on translating foreign operations	(63,734)	115,031	51,297
Other comprehensive loss for the year	(66,868)	115,031	48,163
Total comprehensive income for the year	239,931	5,967	245,898
Total comprehensive income attributable to:			
Owners of the company	61,863	1,296	63,159
Non-controlling interests	178,068	4,671	182,739

Notes to the Consolidated Financial Statements – 31 December 2025

Consolidated statement of cash flows

	‘000		
	As reported	Effect of restatement	As restated
Profit for the year before tax from continuing operations	336,549	(112,404)	224,145
Depreciation, amortization and impairment	582,748	67,775	650,523
ECL on financial assets	68,201	567	68,768
Interest income	(12,037)	(148)	(12,185)
Finance costs	200,041	403	200,444
Foreign exchange gain	(14,449)	(5,903)	(20,352)
Net monetary gain / (loss)	(2,014)	66,427	64,413
Operating cash flows before working capital changes	1,109,101	16,717	1,125,818
Increase / (decrease) in trade and other receivables	(283,442)	(560)	(284,002) ⁽²⁾
Increase / (decrease) in trade and other payables	(37,544)	31,910	(5,634) ⁽²⁾
Net cash from operating activities	729,039	48,067	777,106
Acquisition of property and equipment	(334,254)	907	(333,347) ⁽²⁾
Proceeds from disposal of property and equipment	-	7,471	7,471 ⁽²⁾
Cash flows from investing activities	(452,112)	8,378	(443,734) ⁽²⁾
Repayment of borrowings	(839,234)	(56,444)	(895,678) ⁽²⁾
Cash flows from financing activities	(371,520)	(56,444)	(427,964) ⁽²⁾

⁽²⁾ Certain corresponding amounts have been reclassified by the Group, where necessary, for the purpose of better presentation and to align with current year presentation.