MOBILE TELECOMMUNICATIONS COMPANY SAUDI ARABIA
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2025

MOBILE TELECOMMUNICATIONS COMPANY SAUDI ARABIA
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2025

KPMG Professional Services Company
Roshn Front, Airport Road
P.O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Commercial Registration No 1010425494

Headquarters in Riyadh

شركة كي بي إم جي للاستشارات المهنية مساهمة مهنية
واجهة روشن، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

Independent Auditor's Report

To the Shareholders of Mobile Telecommunications Company Saudi Arabia

Opinion

We have audited the consolidated financial statements of **Mobile Telecommunications Company Saudi Arabia** ("the Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including 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 that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), that is endorsed in the Kingdom of Saudi Arabia, as applicable to audits of the financial statements of public interest entities. We have fulfilled our other ethical responsibilities in accordance with the Code's requirements. 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 year. 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.

Independent Auditor's Report

To the Shareholders of Mobile Telecommunications Company Saudi Arabia (continued)

Revenue Recognition

See Note 4 and 26 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
Revenue recognition is considered a key audit matter because of: • 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, • judgments and estimates involved in revenue recognition of multiple element arrangements; and • large volume of transactions. Revenue recognition involves the exercise of a number of key judgments and estimates around the identification of performance obligations that the Group has jn its contracts with the customers, determination of standalone selling prices, allocation of transaction prices to the various performance obligations and the timing of fulfilling those obligations. We also identified a risk of management override through inappropriate manual topside revenue journal entries as revenue is a key performance indicator for management performance. Refer to notes 4 for accounting policies and critical accounting judgements and key sources of estimation uncertainty.	Our procedures included, amongst others, those described below: . • Assessed the Group's revenue recognition policy for compliance with IFRS 15 and relevant regulatory guidance endorsed by the Saudi Organization for Chartered and Professional Accountants. • We obtained an understanding of the Group's revenue and billing processes. This included evaluating controls, IT systems, interfaces, and reports across all stages, from contract initiation to final measurement, recognition, and recording, • We involved specific team members with IT knowledge to evaluate the design and operating effectiveness of both general IT controls and application controls embedded within key IT systems and applications. It included evaluating interface integrity, and testing automated controls over relevant data flows of significant revenue streams across various systems; • We tested the reconciliations between the general ledgers and the relevant IT system reports for all the key revenue streams; • We undertook analytical reviews and performed substantive analytical procedures on significant revenue streams; • On a sample basis, we tested whether the revenue recognised during the year agrees with underlying contractual arrangements; • On a sample basis, we evaluated the revenue recognition relating to multiple performance obligations with customers in accordance with the applicable financial reporting framework, and, • On a sample basis, we tested supporting evidence for manual journal entries posted to revenue accounts.

Independent Auditor's Report

To the Shareholders of Mobile Telecommunications Company Saudi Arabia (continued)

Capitalization of Property and Equipment (PPE)	
See Note 4 and 12 to the consolidated financial statements.	
The key audit matter	**How the matter was addressed in our audit**
The Group has a substantial capital expenditure plan and incurs significant annual expenditures related to the development and maintenance of infrastructure assets and network-related equipment. Costs associated with the upgrading or enhancement of the network are treated as capital expenditures, while expenditures incurred to maintain the network's operating capacity are expensed in the same year in which they are incurred. Determining whether costs meet the capitalization criteria prescribed by IAS 16 'Property, Plant and Equipment' involves management applying significant judgment regarding the classification, timing, and appropriateness of costs capitalized. This includes the evaluation of whether expenditures enhance or maintain the network's operating capacity. Given the materiality of these amounts, reliance on management's assumptions, and the complexity of judgments involved (especially in distinguishing capital costs from operational expenses), this matter is considered a key audit matter. Refer to Note 4 for the accounting policy on capitalization of property and equipment and Note 12 for related disclosures.	Our audit procedures included, among others, the following: • Evaluation of policies and key judgments: Assessed the Group's capitalization policy for compliance with IAS 16 and relevant regulatory guidance endorsed by the Saudi Organization for Chartered and Professional Accountants. • Controls testing: Evaluate the design, implementations, governing the capitalization and depreciation of property and equipment, including relevant IT systems. • Sample testing of capitalized expenditures: On a sample basis, we performed test of details on costs capitalized during the year ended 31 December 2025 which included examination of management's assessment as to whether the costs met the criteria for capitalization under IFRS • Disclosures: Assessed the adequacy and completeness of disclosures regarding the Group's PPE capitalization policy, judgments, and material balances in the consolidated financial statements.

Other Matters

The consolidated financial statements of the Group for the year ended 31 December 2024, were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 21 Sha'ban 1446 H corresponding to 20 February 2025.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the (consolidated) financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Independent Auditor's Report

To the To the Shareholders of Mobile Telecommunications Company Saudi Arabia (continued)

Other Information (continued)

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

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

When we read the annual report, when made available to us, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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 that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations for Companies and Company's By-laws 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, the Board of Directors, are responsible for overseeing the Group's financial reporting process.

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

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

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism 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.

Independent Auditor's Report

To the To the Shareholders of Mobile Telecommunications Company Saudi Arabia (continued)

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

- 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, then we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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 of **Mobile Telecommunication Company Saudi Arabia** ("the Company") and its subsidiaries ("the Group").

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 auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG Professional Services Company

كي بي إم جي للاستشارات المهنية
ترخيص رقم ٤٦
س.ت ١٠١٠٤٢٥٤٩٤
Lic No. 46
C.R. 1010425494
R : 2
KPMG
KPMG Professional Services

Fahad Mubark Al Dossari
License No: 469

Al Riyadh, 16 February 2026
Corresponding to: 28 Sha'aban 1447H

MOBILE TELECOMMUNICATIONS COMPANY SAUDI ARABIA
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025
(All amounts in ⃁ thousands unless otherwise stated)

	Note	2025	2024
ASSETS			
Non-current assets			
Property and equipment	12	**4,769,761**	4,977,368
Intangible assets and goodwill	14	**13,270,363**	13,556,680
Right of use assets	11	**1,400,608**	1,098,144
Capital advances	13	**840,269**	901,595
Long term prepaid expenses		**39,077**	8,477
Investment in an associate and joint venture	10	**13,072**	8,973
Contract assets	8	**277,969**	271,341
Total non-current assets		**20,611,119**	20,822,578
Current assets			
Inventories	9	**180,506**	263,180
Contract assets	8	**138,710**	122,600
Derivative financial instruments	22	**-**	28,504
Trade receivables and other assets	7	**6,871,811**	6,058,398
Cash and cash equivalents	6	**951,157**	840,201
Total current assets		**8,142,184**	7,312,883
TOTAL ASSETS		**28,753,303**	28,135,461
LIABILITIES AND EQUITY			
Non-current liabilities			
Borrowings	16	**8,329,221**	2,233,558
Lease liabilities	18	**1,531,170**	1,302,316
Spectrum payable	21	**1,175,455**	931,407
Deferred income and contract liabilities	8	**328,319**	82,090
Employees' end of service benefits obligation	23	**147,626**	179,267
Total non-current liabilities		**11,511,791**	4,728,638
Current liabilities			
Trade and other payables	15	**5,264,904**	5,632,908
Dividend payable	20	**10**	2,500
Provisions	17	**48,968**	133,575
Provision for zakat	33	**88,864**	71,513
Deferred income and contract liabilities	8	**216,358**	224,154
Current portion of borrowings	16	**233,263**	5,965,202
Current portion of lease liabilities	18	**282,314**	186,680
Amounts due to related parties	19	**230,880**	483,454
Total current liabilities		**6,365,561**	12,699,986
Total liabilities		**17,877,352**	17,428,624
EQUITY			
Share capital	25	**8,987,292**	8,987,292
Hedging reserve	22	**-**	28,504
Other reserve	23	**51,882**	14,072
Non-controlling interest	41	**5,642**	-
Retained earnings		**1,831,135**	1,676,969
Total equity		**10,875,951**	10,706,837
TOTAL LIABILITIES AND EQUITY		**28,753,303**	28,135,461

Mehdi Khalfaoui Chief Financial Officer	**Eng. Saad Abdulrahman Alsadhan** Chief Executive Officer	**Eng. Abdullah Fahad Alfaris** Chairman

The accompany notes (1) to (45) form an integral part of these consolidated financial statements

MOBILE TELECOMMUNICATIONS COMPANY SAUDI ARABIA
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts in ⃁ thousands unless otherwise stated)

	Note	**2025**	2024
Revenue	26	**10,983,264**	10,365,461
Cost of revenue	27	**(4,409,757)**	(3,894,395)
		6,573,507	6,471,066
Distribution and marketing expenses	28,43	**(2,193,529)**	(2,172,243)
General and administrative expenses	29,43	**(529,172)**	(547,403)
Depreciation and amortization	11,12,14	**(2,160,661)**	(2,123,721)
Expected credit loss (ECL)	7,8	**(377,354)**	(428,593)
Operating profit		**1,312,791**	1,199,106
Finance income		**14,756**	32,292
Finance cost	32	**(679,827)**	(734,929)
Gain on tower sale transaction	30	**-**	21,238
Government grant income	38	**-**	52,257
Other income / (expense)	31	**3,991**	(14,716)
Share of loss investment in an associate and joint venture	10	**(601)**	(766)
Profit before zakat		**651,110**	554,482
Zakat	33	**(47,237)**	41,887
Profit for the year		**603,873**	596,369
Profit for the year attributable to:			
Equity holders of the Parent Company		**603,531**	596,369
Non-controlling interests		**342**	-
		603,873	596,369
Other comprehensive income / (loss)			
Item that will not be reclassified subsequently to profit or loss:			
Remeasurement of employees' end of service benefits obligation	23	**37,810**	15,543
Item that may be reclassified subsequently to profit or loss:			
Fair value change in hedging instruments entered into for cash flow hedges	22	**(28,504)**	(47,130)
Total other comprehensive income / (loss)		**9,306**	(31,587)
Total other comprehensive income / (loss) attributable to:			
Equity holders of the Parent Company		**9,306**	(31,587)
Non-controlling interests		**-**	-
		9,306	(31,587)
Total comprehensive income for the year		**613,179**	564,782
Earnings per share (in ⃁)			
Basic and diluted	34	**0.67**	0.66

Mehdi Khalfaoui Chief Financial Officer	**Eng. Saad Abdulrahman Alsadhan** Chief Executive Officer	**Eng. Abdullah Fahad Alfaris** Chairman

The accompany notes (1) to (45) form an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts in ⃁ thousands unless otherwise stated)

	Share capital	Hedging reserve	Other reserve	Statutory reserve	Retained earnings	Non-controlling interest	Total
Balance as at 1 January 2025	**8,987,292**	**28,504**	**14,072**	**-**	**1,676,969**	**-**	**10,706,837**
Effect of acquisition of new subsidiaries (note 41)	-	-	-	-	-	**5,300**	**5,300**
Profit for the year	-	-	-	-	**603,531**	**342**	**603,873**
Other comprehensive (loss) / income	-	**(28,504)**	**37,810**	-	-	-	**9,306**
Total comprehensive (loss) / income for the year	-	**(28,504)**	**37,810**	-	**603,531**	**342**	**613,179**
Dividends (note 20)	-	-	-	-	**(449,365)**	-	**(449,365)**
Balance as at 31 December 2025	**8,987,292**	**-**	**51,882**	**-**	**1,831,135**	**5,642**	**10,875,951**
Balance as at 1 January 2024	8,987,292	75,634	(1,471)	203,099	1,326,866	-	10,591,420
Profit for the year	-	-	-	-	596,369	-	596,369
Other comprehensive (loss) / income	-	(47,130)	15,543	-	-	-	(31,587)
Total comprehensive (loss) / income for the year	-	(47,130)	15,543	-	596,369	-	564,782
Transfer from statutory reserve	-	-	-	(203,099)	203,099	-	-
Dividends (note 20)	-	-	-	-	(449,365)	-	(449,365)
Balance as at 31 December 2024	8,987,292	28,504	14,072	-	1,676,969	-	10,706,837

Mehdi Khalfaoui
Chief Financial Officer

Eng. Saad Abdulrahman Alsadhan
Chief Executive Officer

Eng. Abdullah Fahad Alfaris
Chairman

MOBILE TELECOMMUNICATIONS COMPANY SAUDI ARABIA
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts in ⃁ thousands unless otherwise stated)

	Note	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before zakat		**651,110**	554,482
Adjustment for:			
Expected credit loss	7,8	**377,354**	428,593
Depreciation and amortization	11,12,14	**2,160,661**	2,123,721
Withholding tax provision reversal	39	**-**	(156,546)
Other income		**(19,452)**	(69,834)
Charge / (reversal) of write down to net realizable value	9	**2,032**	(3,219)
Finance costs	32	**679,827**	734,929
Gain on tower sale transaction	30	**-**	(21,238)
Foreign currency loss / (gain)	31	**705**	(60)
Share of loss in an associate for the year	10	**601**	766
Employees' end-of-service benefits obligation	23	**27,368**	33,544
		3,880,206	3,625,138
Changes in working capital			
Trade receivables and other assets		**(1,177,113)**	(638,547)
Inventories		**80,642**	(102,169)
Contract assets		**(22,738)**	45,989
Trade and other payables		**(925,054)**	(708,466)
Contract liabilities		**(7,796)**	(131,192)
Cash flows generated from operations		**1,828,147**	2,090,753
Zakat paid	33	**(29,886)**	(30,832)
Employees' end of service benefits obligation paid	23	**(22,362)**	(15,458)
Net cash generated from operating activities		**1,775,899**	2,044,463
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment - net of cash received	38	**(248,257)**	(427,374)
Proceed from disposal of property and equipment		**12,184**	74,625
Acquisition of subsidiaries - net of cash acquired		**(21,482)**	-
Finance income received		**14,746**	32,292
Investment in associate and joint ventures		**(2,700)**	-
Purchase of intangible assets		**(244,103)**	(193,089)
Net cash used in investing activities		**(489,612)**	(513,546)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		**(7,504,871)**	(1,186,697)
Proceeds from borrowings		**7,604,071**	870,000
Dividend paid	20	**(451,855)**	(448,115)
Payment of principal portion of lease liabilities	18	**(248,579)**	(224,003)
Finance cost paid		**(572,866)**	(648,003)
Net cash used in financing activities		**(1,174,100)**	(1,636,818)
Net change in cash and cash equivalents		**112,187**	(105,901)
Effect of movements in exchange rates on cash and cash equivalents		**(705)**	60
Cash and cash equivalents at beginning of the year		**839,133**	944,974
Cash and cash equivalents at end of the year	6	**950,615**	839,133

The accompany notes (1) to (45) form an integral part of these consolidated financial statements

MOBILE TELECOMMUNICATIONS COMPANY SAUDI ARABIA
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts in ⃁ thousands unless otherwise stated)

	2025	2024
Non-Cash Transactions:		
Adjustment to property and equipment corresponding to trade payables, capital advances and government grant	**319,406**	298,823
Adjustment to intangible assets with corresponding to trade payables	**263,935**	296,065
Changes in fair value of derivative financial instruments	**(28,504)**	(47,130)
Adjustment to property and equipment with corresponding to loan	**264,756**	747,454
Changes in remeasurement of end of service benefit liability	**37,810**	15,543
Addition to right of use assets with corresponding impact in lease liability	**582,939**	385,503
Termination adjustment in right of use asset (ROU)	**(12,117)**	(60,641)
Termination adjustment in lease liability (LL)	**(10,600)**	(68,679)
Net impact of modification in ROU with corresponding impact in LL	**(5,858)**	1,197

Mehdi Khalfaoui Chief Financial Officer	**Eng. Saad Abdulrahman Alsadhan** Chief Executive Officer	**Eng. Abdullah Fahad Alfaris** Chairman

1 ORGANIZATION AND ACTIVITIES

1.1 *General Information*

The Company is a "Saudi Joint Stock Company" established pursuant to the Ministerial Resolutions No. 176 dated 25 Jumada I' 1428H (corresponding to 11 June 2007) and No. 357 dated 28 Dhu Al-Hijjah 1428H (corresponding to 7 January 2008), Royal Decree No. 48/M dated 26 Jumada I' 1428H (corresponding to 12 June 2007), the Commercial Registration No. 1010246192 issued in Riyadh, Kingdom of Saudi Arabia (KSA) on 4 Rabi I' 1429H (corresponding to 12 March 2008) to operate as the 3rd GSM public mobile cellular and the Company obtained technology neutral license in the Kingdom of Saudi Arabia for twenty five (25) years which was subsequently extended for an additional fifteen (15) years in 2016 (refer note 14).

Mobile Telecommunications Company Saudi Arabia (the "Company") along with its subsidiaries (together the "Group"), provides mobile telecommunication services in the Kingdom of Saudi Arabia in which it operates, purchases, sells, distributes, delivers, installs, manages and maintains mobile telephone services and equipment. As well, the Group provides consulting services; constructs and repair telecom towers; provides fintech services and provide technical drones services along with selling and repairing; services of logistics and transportation and providing brokerage and agency services to the insurance providers, as mentioned in note 1.2.

The registered address of the Company is P.O. Box 295814, Riyadh 11351, Kingdom of Saudi Arabia.

The Company is a subsidiary of Mobile Telecommunications Company K.S.C.P. Kuwait ("Zain Group"). Zain Group's ultimate parent company is Oman Telecommunications Company SAOG, Oman.

1.2 *Subsidiaries*

The Company established the following fully owned subsidiaries in KSA:

a. Zain Sales Company Limited is engaged in distributing, selling telecom equipment and handsets; and providing consulting services. The share capital of the Company is ⃁ 10,000. The company was incorporated on 22 Safar 1440H (corresponding to 31 October 2018) and started its operation in the first quarter of 2019.
b. Tamam Finance Company is engaged in providing fintech services. The company was incorporated on 10 Shaban 1440H (corresponding to 15 April 2019) and started its operation during the fourth quarter of 2019. The company has increased the share capital from ⃁ 248 million to ⃁ 348 million on 27 Dhul Qadah 1446H (corresponding to 25 May 2025).
c. Zain Drones Company Limited - a limited liability company engaged in providing professional, scientific and technical drones services along with selling and repairing drones. The share capital of the Company is ⃁ 10,000. The company was incorporated on 22 Shawwal 1440H (corresponding to 25 June 2019) and started its operation during the fourth quarter of 2019.
d. Data Reach – a limited liability company has been formed with a share capital of ⃁ 5,000 to engage in activities of data sciences and analysis, data processing, establishing web hosting infrastructure and cloud computing. The company was incorporated on 3 Ramadan 1444H (corresponding to 25 March 2023) but has not commenced operation as at reporting date.
e. Saira Group Company – SMC has been formed on 12 Rajab 1445H (corresponding to 24 January 2024) with a share capital of ⃁ 50,000 to engage in activities of investment and management of subsidiaries.
f. Tam International Logistics Company ("Tam2Go") – Tam2Go was acquired on 20 Jumada Al Awwal 1447H (corresponding to 11 Nov 2025) having a share capital of ⃁ 4 million and share premium of ⃁ 23.4 million. Tam2Go is engaged in providing services of logistics and transportation.

1 ORGANIZATION AND ACTIVITIES (CONTINUED)

1.2 *Subsidiaries (continued)*

g. Green Shield Insurance Brokerage Company Limited ("Green Shield") – Saira Group Company acquired Green Shield on 15 Rabi‘ Al Akhar 1447H (corresponding to 7 Oct 2025) having a share capital of ⃁ 3 million. Green Shield is engaged in providing brokerage and agency services to the insurance providers.

2 BASIS OF PREPARATION

These consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia (“IFRS”) and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”). The Group has prepared the consolidated financial statements on the basis that it will continue to operate as a going concern.

Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis, except for derivative financial instruments and employees’ end of service benefits obligation. The Group has used same accounting policies which were used for the year ended 31 December 2024, unless mentioned otherwise.

Functional and presentation currency

These consolidated financial statements are presented in ⃁ which is the functional currency of the Company. All the amounts have been rounded off to the nearest thousand unless otherwise stated.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved when the Company:

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

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

These consolidated financial statements comprising the consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements of the Group, including assets, liabilities and the results of the operations of the Group, as set out in (note 1.2). Subsidiaries are consolidated from the date on which ownership commences until the date its ceases. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group’s accounting policies. The Group and its fully owned subsidiaries have the same reporting periods. All intergroup assets and liabilities, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

3 STANDARDS, INTERPRETATIONS AND AMENDMENTS

a) New standards, interpretations and amendments effective in current year

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2025 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Standards, interpretations, amendments	Description	Effective date
Lack of exchangeability – Amendments to IAS 21	The amendments aim to specify how an entity should assess a currency is exchangeable and to determine a spot exchange rate when exchangeability is lacking and disclose 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.	Annual periods beginning on or after 1 January 2025

The Group has assessed that these amendments have no significant impact on the consolidated financial statements.

b) New standards, interpretations and amendments not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective. The Group is currently working to identify all impacts the new standards, interpretations, amendments will have on the primary consolidated financial statements and notes to the consolidated financial statements.

i) IFRS 18 – presentation and disclosure in financial statements

Standards, interpretations, amendments	Effective date
IFRS 18 – presentation and disclosure in financial statements	1 January 2027

IFRS 18 will replace IAS 1 presentation of financial statements. The new accounting standard introduces the following key new requirements:

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. The net profit will not change.
- Management defined performance measures are disclosed in a single note in the consolidated financial statements.

ii) Other accounting standards

Standards, interpretations, amendments	Effective date
Classification and measurement of financial instruments - amendments to IFRS 9 and IFRS 7	1 January 2026
Annual improvements to IFRS accounting standards – volume 11	1 January 2026
Contracts referencing nature-dependent electricity – amendments to IFRS 9 and IFRS 7	1 January 2026
IFRS 19 - subsidiaries without public accountability: disclosures	1 January 2027
Translation to a hyperinflationary presentation Currency – amendments to IAS 21	1 January 2027

4 MATERIAL ACCOUNTING POLICIES

Current versus non-current classification

The Group presents assets and liabilities in the consolidated 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.

The Group classifies 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 not subject to the right at the reporting date to defer its settlement for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Property and equipment

Property and equipment are stated at cost including borrowing costs and relevant staffs' salaries less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognized on the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation methods are reviewed at the end of annual reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

The Group applies the following annual rates of depreciation for its property and equipment:

Leasehold Improvements	20% or shorter of lease term
Telecom equipment	5% to 33.3%
IT systems and servers	20% to 33.3%
Furniture and office equipment	20% to 33.3%
Transportation equipment	20%

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in consolidated statements of profit or loss and other comprehensive income. If significant parts of an item of property and equipment have different useful lives, then they are accounted for as a separate items (major components) of a property and equipment.

4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Property and equipment *(continued)*

Land and assets under construction are stated at cost, net of accumulated impairment losses, if any. Depreciation on assets under construction commences when the assets are ready for their intended use. When assets under construction are ready for their intended use, they are transferred to property and equipment or intangible assets. Finance costs on borrowings to finance the construction of qualified assets are capitalized during the period that is required to complete and prepare the asset for its intended use.

Capital advances

Capital advances are paid to suppliers of property and equipment. The amount continues to be disclosed as capital advances till such time the asset is delivered. Once the equipment is supplied, the capital advances are either transferred to telecom equipment or assets under construction.

The Group reviews supplier's credit history and background information before advancing payment. If the financial condition of its suppliers were to deteriorate, resulting in an uncertainty of their ability to deliver goods or provide services, the Group would recognize expense in the period as and when the uncertainty arises. The recovery is then adjusted against the expenses when the advance is recovered, or goods are delivered or services are provided.

Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses, if any. They are assessed for impairment whenever there is an indication that the intangible asset may be impaired. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization methods are reviewed at the end of annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

The Group applies the following annual rates of amortization to its intangible assets:

License fee	2.5%
Computer software licenses	4% to 50%
Indefeasible Rights of Use ("IRU")	5% to 10%
Spectrum	6.67%

Brands have an indefinite useful life and are assessed for impairment at annual reporting date.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognized in consolidated statement of profit or loss and other comprehensive income when the asset is derecognized.

Impairment of non-financial assets

Except for assets with indefinite lives, the Group reviews the carrying amounts of its property & equipment and intangible assets to determine when there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. 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.

4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets *(continued)*

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 recognized immediately in consolidated statement of profit or loss and other comprehensive income.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a 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 recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in consolidated statement of profit or loss and other comprehensive income.

Assets with indefinite lives are annually tested for impairment.

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined on a weighted average basis. Net realizable value represents the estimated selling price for inventories less all estimated costs necessary to make the sale. The Group writes down inventories to their net realizable value for items which cost exceeds the same. Net realizable value is determined based on the management estimate regarding future usability of the inventory and any such write down or reversal of such is provided in the cost of revenue in the consolidated statement of profit or loss and other comprehensive income.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits held with banks whose original maturities do not exceed three months and are available for use by the Group unless otherwise stated. The deposits are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

Borrowing costs

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

Government grants

Government grants are not recognized 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 related to the property and equipment are recorded as a deduction from the cost of the assets in arriving at the respective carrying amount. Any advance amount received is recorded as deferred grant and adjusted against recorded capital expenditure on assets. An excess realized is recorded as other income.

Provisions

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

4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Employee benefits

End of service benefits

The end-of-service indemnity provision is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. Re-measurements, comprising actuarial gains and losses, are reflected immediately in the statement of changes in equity as a remeasurement reserve with a charge or credit recognized in other comprehensive income in the period in which they occur. Re-measurements recognized in other comprehensive income will not be reclassified to consolidated statement of profit or loss and other comprehensive income in subsequent periods.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in consolidated statement of profit or loss and other comprehensive income as past service costs. Interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- interest expense; and
- Re-measurements

The Group presents the first two components of defined benefit costs in consolidated statement of profit or loss and other comprehensive income in the line item “General and administrative expenses”.

Retirement benefits

The Group pays retirement contributions for its Saudi Arabian employees to the General Organization for Social Insurance. The payments made are expensed as incurred.

Short-term employee benefits

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave, sick leave and air tickets in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Foreign currencies

Transactions in currencies other than the Group’s functional currency (foreign currencies), which is ⃁, are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognized in consolidated statement of profit or loss and other comprehensive income in the period in which they arise.

Share capital

Financial instruments issued by the Group are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Group's ordinary shares are classified as equity instruments.

Dividends

The Company’s dividends policy is approved by the General Assembly and the Company recognizes a liability to pay a dividend when the distribution is authorized. A corresponding amount is recognized directly in equity.

4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Zakat and taxes

Zakat is calculated and provided for by the Group in accordance with Saudi Arabian fiscal regulations and is charged to consolidated statement of profit or loss and other comprehensive income. It is calculated using zakat rates that have been enacted or substantively enacted by the end of the reporting period.

The Group is subject to VAT as per the regulations of ZATCA. The net VAT amount recoverable from and/ due to the ZATCA is included in the consolidated statement of financial position.
Adjustments resulting from final assessments, if any, are recorded during the period in which these assessments are approved.

Contingencies

Contingent assets are not recognized as an asset until realization becomes virtually certain. Contingent liabilities, other than those arising on acquisition of subsidiaries, are not recognized 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 recognized if their fair value can be measured reliably.

Leases

The Group as a lessee

The Group assesses whether contract is or contains a lease, at inception of the Contract. The Group recognizes a right of use asset and a corresponding lease liability on the date on which the lessor makes the asset available for use by the Group (the commencement date).

On that date, the Group measures the right of use assets at cost, which comprises of:

- the amount of the initial measurement of the lease liability.
- any lease payments made at or before the commencement date, less any lease incentives received
- any initial direct costs, and

an estimate of costs to be incurred to restoring the underlying asset to the condition required by the terms and conditions of the lease as a consequence of having used the underlying asset during a particular period; this is recognized as part of the cost of the right of use asset when the Group incurs the obligation for those costs, which may be at the commencement date or as a consequence of having used the asset during a particular period. At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. On that date, the lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

Lease payments included in measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Payments associated with leases of short-term leases and low-value assets are recognized on a straight-line basis as an expense in consolidated statement of profit or loss and other comprehensive income.

4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

The Group as a lessee *(continued)*

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37 – "Provisions contingent liabilities and contingent assets". To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Subsequent Measurement

After the commencement date, the Group measures the right-of-use asset at cost less accumulated depreciation and impairment losses. Depreciation is calculated on a straight line basis over the shorter of the asset's useful life and the lease term. The Group determines whether a right of use asset is impaired and recognizes any impairment loss identified in the consolidated statement of profit or loss and other comprehensive income. The depreciation starts at the commencement date of the lease.

The Group applies IAS 36 - "Impairment of Assets" to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss.

After the commencement date, the Group measures lease liability by increasing the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payment made.

The Group re-measures 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 significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is re-measured 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 an unchanged 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 re-measured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Each lease payment is allocated between the liability and the finance cost. The finance cost is charged to the consolidated statement of profit or loss and other comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The constant periodic rate of interest is the discount rate used at the initial measurement of lease liability.

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.

4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Revenue

The Group recognizes revenue from contracts with customers based on a five-step model as set out in IFRS 15 – "Revenue from Contracts with Customers". Revenue is recognized based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognizes revenue when it transfers control over a product or services to a customer.

The timing of revenue recognition is either at a point in time or over time depending upon the satisfaction of the performance obligation by transferring control of goods or services to the customer.

The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding value added taxes (VAT) charged as per the regulations of ZATCA.

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.

Telecommunication services

Revenue from mobile telecommunication services provided to postpaid and prepaid customers is recognized as services are transferred. When the customer performs first, for example, by prepaying its promised consideration, the 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 recognized as contract liability. It is recognized as revenue when the customer uses the services or when it is expired.

Bundled packages

The Group provides subsidized handsets to its customers along with mobile telecommunication services. IFRS 15 requires entities to allocate a contract's transaction price to each performance obligation based on their relative stand-alone selling price which are determined based on observable prices. This resulted in allocation of revenue among trading revenue and service revenue. The trading revenue is recognized upfront on signing of the customer contract and delivery of the handset and correspondingly a creation of contract asset. Contract asset represents receivable from customers which are not yet billed.

Handsets

Revenue from device sales is recognized 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 recognized as the services are rendered during the period of the contract. The sale of handsets and devices are recognized at point in time.

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.

4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

***Revenue** (continued)*

Principal vs. agent

Significant judgement is required in determining whether the Group is acting as principal, reporting revenue on a gross basis, or acting as an agent, reporting revenue on a net basis. The Group evaluates if it controls the performance obligation of each service.

The Group assesses different categories of revenue, however, before concluding on whether it is acting as a principal or an agent, the Group exercises judgement considering the nature of the product and solution offering, complexity involved in delivering the product and solution, level of control available to the Group in the process of delivering the product and solution.

Sales of product and services in which the Group acts as a principal are presented on a gross basis.

Sales of product and services where there is no involvement of the Group for fulfilling the performance obligation is presented on a net basis. These generally includes the sale of certain third- party services, post contract support, software, third-party hosted Cloud arrangements and other related services.

Amounts collected by the group on behalf of a third party are accounted for as a payable in the statement of consolidated financial position until they are settled and do not gross up revenue and expenses. Similarly, amounts prepaid by the group to a third party on behalf of customers are recognized as a receivable until they are recovered and do not gross up revenues and expenses.

Revenue from value added services (VAS) sharing arrangements depend on the analysis of the facts and circumstances surrounding these transactions. Revenue from VAS is recognized 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 recognized either at the gross amount billed to the customer or the net amount receivable by the Group as commission for facilitating the service.

Variable consideration

In determining the transaction price, the Group considers the effects of variable consideration. If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the products and services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Commissions and other contract costs

Under IFRS 15, certain incremental costs incurred in acquiring a contract with a customer is deferred on the consolidated statement of financial position and amortized as revenue is recognized 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.

4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

***Revenue** (continued)*

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 activation services

Revenue from sale of SIM is recognized at the point in time upon activation when end customer takes control of the SIM. The Group provides installation services that are bundled together with the sale of devices to a customer. Contracts for bundled sales of devices and installation services are comprised of one performance obligations because the promises to transfer devices and provide installation services are not capable of being distinct. Accordingly, the Group recognizes revenue of services from bundled sales of devices and installation services over time, using an input method to measure progress towards complete satisfaction of the service because the customer simultaneously receives and consumes the benefits provided by the Group.

Contract balances

Contract assets

A contract asset is the Group's right to consideration in exchange for goods and services transferred by the Group to the customer. If the Group transfers goods or services to a customer before the customer pays any consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Contract assets are subject to impairment assessment. Refer to accounting policies on impairment of financial assets.

Contract liabilities

A contract liability is recognized if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognized as revenue when the Group performs under the contract (i.e. transfers control of the related goods or services to the customer).

Business combinations and goodwill

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 recognized in profit or loss as incurred. At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value at the acquisition date with certain exception.
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.
Non-controlling interests are entitled to a proportionate share of the acquiree's identifiable net assets.

4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments

Classification, recognition, and presentation

Financial instruments are recognized in the consolidated statement of financial position when and only when the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial instruments at initial recognition.

The Group classifies its financial assets within the following categories:
a) at fair value [either through other comprehensive income (OCI), or through profit or loss]; and
b) at amortized cost.

The classification depends on the entity's business model for managing the financial assets (for debt instruments) and the contractual terms of the cash flows.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Derivatives embedded in host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not measured at fair value with changes in fair value recognized in the consolidated statement of the consolidated statement of profit or loss and other comprehensive income.

Measurement

Initial measurement

Financial assets and financial liabilities are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of financial assets and issue of financial liabilities or, where appropriate, deducted from them. (Except for financial assets and financial liabilities classified at fair value where transaction costs directly attributable to the acquisition of financial assets or financial liabilities are recognized directly in the consolidated statement of profit or loss and other comprehensive income). Purchases or sales of financial assets that require delivery of assets within a timeframe established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Measurement *(continued)*

Subsequent measurement of financial assets

The subsequent measurement of the non-derivative financial assets depends on their classification as follows:

a) Financial assets measured at amortized cost:

Assets that are held to collect contractual cash flows are measured at amortized cost using the effective interest rate ('EIR') method where those cash flows represent solely payments of principal and interest. Interest income from these financial assets is included in finance income. The financial assets at amortized cost consist of trade receivables, term deposits, cash and cash equivalents, and other receivables.

b) Financial assets measured at fair value through profit or loss:

Financial assets measured at fair value through profit or loss ("FVTPL") are measured at each reporting date at fair value without the deduction of transaction costs that the Group may incur on sale or disposal of the financial asset in the future.

c) Financial assets measured at fair value through other comprehensive income:

Financial assets measured at fair value through other comprehensive income ("FVOCI") are measured at each reporting date at fair value without the deduction of transaction costs that the Group may incur on sale or disposal of the financial asset in the future.

When a financial asset is derecognized, the accumulated gain or loss recognized previously in the consolidated statement of comprehensive income is reclassified to the consolidated statement of profit and loss. However, there is no subsequent reclassification of fair value gains and losses to the consolidated statement of profit and loss in the case of equity instruments.

The recognition and presentation of gains and losses for each measurement category are as follows:

a) Financial assets measured at amortized cost:

The following items are recognized in the consolidated statement of profit or loss and other comprehensive income:
- finance income using the effective interest method;
- expected credit losses (or reversals of such losses); and
- foreign exchange gains and losses.

When the financial asset is derecognized, the gain or loss is recognized in the consolidated statement of profit or loss and other comprehensive income.

b) Financial assets measured at fair value through profit or loss:

Gains and losses, both on subsequent measurement and derecognition, are recognized in consolidated statement of profit or loss and other comprehensive income.

4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Measurement *(continued)*

Subsequent measurement of financial assets *(continued)*

b) Financial assets measured at fair value through profit or loss: (continued)

Gains and losses are recognized in the consolidated statement of comprehensive income, except for the following items, which are recognized in consolidated statement of profit or loss and other comprehensive income in the same manner as for financial assets measured at amortized cost:

- finance income using the effective interest method;
- expected credit losses (or reversals of such losses); and
- foreign exchange gains and losses.

Impairment of financial assets

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes an allowance base on lifetime ECLs at each reporting date.

The Group established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. For government, related parties and key private customers, the Group estimates the loss allowance based on the internal assessment to evaluate the collectability of the balances and such assessment is done based on the available information and negotiations underway. An estimate of the collectible amount is made when collection of the amount is no longer probable. For certain customer categories, this estimate is performed on an individual basis while other customer categories are assessed collectively and an allowance is applied according to the length of time past due.

The Group assumes that the credit risk on a financial asset has increased significantly if it is past due. The Group considers a financial asset to be in default when the borrower is unlikely to pay.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Measurement *(continued)*

Subsequent measurement of financial assets *(continued)*

b) Financial assets measured at fair value through profit or loss: (continued)

Impairment of financial assets *(continued)*

Presentation of impairment
Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Impairment loss allowance related to trade receivables and other assets, including contract assets, are presented separately in consolidated statement of profit or loss and other comprehensive income.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. Any subsequent recovery of previously written-off amount is recorded as an income and is netted off against bad debt expenses of the year it is recovered.

Subsequent measurement of financial liabilities

a) Financial liabilities measured at amortized cost:

The Group should classify all financial liabilities at amortized cost and remeasure subsequently as such, except for:
- financial liabilities at FVTPL;
- financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or is accounted for using the continuing involvement approach;
- commitments to provide a loan at a below-market interest rate and not measured at fair value though profit or loss; and
- financial guarantee contracts.

Financial liabilities classified at amortized cost are measured using the effective interest rate method. When the financial liabilities are derecognized, the gain or loss is recognized in consolidated statement of profit or loss and other comprehensive income.

b) Financial liabilities at fair value through profit or loss:

Financial liabilities falling under this category include:
- liabilities held for trading;
- derivative liabilities not designated as hedging instruments; and
- those designated as at FVTPL.

After initial recognition, the Group measures financial liabilities at fair value with changes recognized in the consolidated statement of profit or loss and other comprehensive income.

Gains or losses on a financial liability designated as at FVTPL are generally split and presented as follows:

- the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that financial liability is presented in the consolidated statement of comprehensive income.
- the remaining amount of change in the fair value of the financial liability is presented in the consolidated statement of profit or loss and other comprehensive income.

4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Measurement *(continued)*

Subsequent measurement of financial liabilities *(continued)*

c) Financial guarantees

A financial guarantee is a contract that requires the Group 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 guarantees are measured initially at their fair values and, if not designated as FVTPL and do not arise from a transfer of an asset, are measured subsequently at the higher of:

- the amount of ECL determined in accordance with IFRS 9 – "Financial instruments"; and
- the amount recognized initially less, where appropriate, cumulative amortization recognized in accordance with the revenue recognition policy described in the accounting policies.

De-recognition

De-recognition of financial assets:

The Group derecognizes 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 recognizes 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 recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

De-recognition of financial liabilities:

When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of profit or loss and other comprehensive income.

Offsetting of financial instruments

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

Modifications of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized and a new financial asset is recognized at fair value. If the cash flows of the modified asset carried at amortized cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset and recognizes the amount arising from adjusting the gross carrying amount as a modification gain or loss in the consolidated statement of income. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as financing income.

4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Modifications of financial assets and financial liabilities *(continued)*

Financial liabilities

The Group derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in consolidated statement of income.

Derivatives and hedging activities

For hedge accounting, the Group designates derivatives as either hedges of the fair value of recognized assets or liabilities or a firm commitment (fair value hedge); or hedges of a particular risk associated with a recognized 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.

The Group designates the full change in the fair value of a forward contract (i.e. including the forward elements) as the hedging instrument for all of its hedging relationships involving forward contracts.

The Group designates only the intrinsic value of option contracts as a hedged item, i.e. excluding the time value of the option. The changes in the fair value of the aligned time value of the option are recognized in other comprehensive income and accumulated in the cost of hedging reserve. If the hedged item is transaction-related, the time value is reclassified to the consolidated statement of profit or loss and other comprehensive income when the hedged item affects profit or loss. If the hedged item is time-period related, then the amount accumulated in the cost of hedging reserve is reclassified to the consolidated statement of profit or loss and other comprehensive income on a rational basis – the Group applies straight-line amortization. Those reclassified amounts are recognized in the consolidated statement of profit or loss and other comprehensive income in the same line as the hedged item. If the hedged item is a non-financial item, then the amount accumulated in the cost of hedging reserve is removed directly from equity and included in the initial carrying amount of the recognized non-financial item. Furthermore, if the Group expects that some or all of the loss accumulated in cost of hedging reserve will not be recovered in the future, that amount is immediately reclassified to the consolidated statement of profit or loss and other comprehensive income.

4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Derivatives and hedging activities *(continued)*

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 recognized 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 recognized immediately in the consolidated statement of profit or loss and other comprehensive income and is included in the 'other income and expenses' line item.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to the consolidated statement of profit or loss and other comprehensive income in the periods when the hedged item affects the consolidated statement of profit or loss and other comprehensive income, in the same line as the recognized 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 recognized 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 the consolidated statement of profit or loss and other comprehensive income.

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 recognized in other comprehensive income and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to the consolidated statement of profit or loss and other comprehensive income 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 the consolidated statement of profit or loss and other comprehensive income.

Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

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

The Group's investment in its associate and joint venture are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate or joint venture since the acquisition date. The statement of the consolidated statement of profit or loss and other comprehensive income reflects the Group's share of the results of operations of the associate or joint venture.

4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

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

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognizes the loss within 'Share of profit of an associate and a joint venture' in the consolidated statement of profit or loss and other comprehensive income.

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

5 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of consolidated financial statements in accordance with IFRSs that are endorsed in the Kingdom of Saudi Arabia requires the use of certain critical estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Significant accounting judgements, estimates and assumptions in applying accounting policies

Gross versus net presentation – significant accounting judgment

When the Group sells goods or services as a principal, revenue and payments to suppliers are reported on a gross basis in revenue and operating costs. If the Group sells goods or services as an agent, revenue and payments to suppliers are recorded in revenue on a net basis, representing the margin earned.

Whether the Group is considered to be the principal or an agent in the transaction depends on analysis by management of both the legal form and substance of the agreement between the Group and its business partners; such judgements impact the amount of reported revenue and operating expenses but do not impact reported assets, liabilities or cash flows.

Impairment of non-financial assets – significant accounting estimates and assumptions

An impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow (DCF) model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

5 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Significant accounting judgements, estimates and assumptions in applying accounting policies *(continued)*

Impairment of Trade receivable and Contract assets – significant accounting estimates and assumptions

The Group uses a provision matrix to calculate expected credit loss on trade receivables and contract assets. The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical loss experience with forward looking information. At the end of each reporting date, the Group updates its historical default rates and reflects that in future estimates.

For government, related parties and key private customers, the Group estimates the loss allowance based on the internal assessment to evaluate the collectability of the balances and such assessment is done based on the available information and negotiations underway. An estimate of the collectible amount is made when collection of the amount is no longer probable. For certain customer categories, this estimate is performed on an individual basis while other customer categories are assessed collectively and an allowance is applied according to the length of time past due.

Arrangements with multiple performance obligation – significant accounting judgment

In revenue arrangements where more than one good or service is provided to the customer, customer consideration is allocated between the goods and services using relative fair value principles. The Group generally determines the fair value of individual elements based on prices at which the deliverable is regularly sold on a stand-alone basis. Revision to the estimates of these fair values may significantly affect the allocation of total arrangement consideration among the individual elements.

Useful lives and residual values of property and equipment and intangible assets – significant accounting estimates and assumptions

An estimate of the useful lives and residual values of property and equipment and intangible assets, which comprise a significant portion of the Group's total assets, is made for the purposes of calculating depreciation and amortization respectively. These estimates are made based on expected usage for useful lives. Residual value is determined based on experience and observable data where available.

Employees' end of service benefits obligation – significant accounting estimates and assumptions

The Group makes various estimates in determining the provision for employees' end of service benefits. These estimates are disclosed in note 23.

Zakat assessments – significant accounting estimates and assumptions

Provision for zakat and withholding taxes is determined by the Group in accordance with the requirements of the Zakat, Tax, and Customs Authority ("ZATCA") and is subject to change based on final assessments received from the ZATCA. The Group recognizes liabilities for any anticipated zakat and withholding tax based on management's best estimates of whether additional zakat/taxes will be due. The final outcome of any additional amount assessed by the ZATCA is dependent on the eventual outcome of the appeal process which the Group is entitled to. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences could impact the consolidated statement of profit or loss and other comprehensive income in the period in which such final determination is made.

Fair value measurement of financial instruments – significant accounting estimates and assumptions

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments. See note 35 for further disclosures.

5 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Significant accounting judgements, estimates and assumptions in applying accounting policies *(continued)*

Determining the lease term of contracts with renewal and termination options – Group as lessee – significant accounting judgment

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in the circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate the contract.

Leases - Estimating the incremental borrowing rate – significant accounting estimates and assumptions

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group ‘would have to pay’, which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

Provisions – significant accounting estimates and assumptions

In respect of provisions, including provisions related to facilities usage, the Group provides for anticipated outflows of resources considered probable. Estimates are used in assessing the likely amount of the settlement. The ultimate liability may vary from the amounts provided and would be dependent on the eventual outcome. Provisions are recorded on the value of settlement as and when arise.

6 CASH AND CASH EQUIVALENTS

	2025	2024
Cash in hand	**2,199**	2,103
Cash at banks	**798,958**	538,098
Short term deposits	**150,000**	300,000
Cash and cash equivalents	**951,157**	840,201
Cash at bank under lien*	**(542)**	(1,068)
	950,615	839,133

The Group invests part of the surplus cash in time deposits with maturity period of three month or less with local commercial banks. The annual commission average rates on these deposits during 2025 were ⃁ 4.2% (2024: 4.9%). The total commission earned by the Group during 2025 was ⃁ 14.7 million (2024: ⃁ 32.3 million).

** Cash at bank under lien represents the guarantees provided by the Group against cash margin on the balance kept in bank.*

7 TRADE RECEIVABLES AND OTHER ASSETS

	2025	2024
Trade receivables	**5,103,232**	4,084,352
Islamic financing receivables *	**1,009,765**	933,710
Less: Expected credit losses	**(1,370,367)**	(1,095,283)
Net trade receivables	**4,742,630**	3,922,779
Other operators' receivable	**753,592**	724,247
Other current assets	**655,753**	758,938
Advances to suppliers and others	**227,659**	312,598
Prepayments	**245,011**	165,004
Advances for transmission lines and fiber links	**6,718**	6,916
Other receivables	**240,448**	167,916
	6,871,811	6,058,398

* These represents receivables of Tamam Finance Company for providing Shariah compliant financing facilities to their customers.

The breakdown of the trade receivables is in note 35. The carrying amounts of the Group's trade receivables and other assets are denominated in the following currencies:

	2025	2024
⃁	**6,564,718**	5,890,103
US Dollars (presented in ⃁)	**307,093**	168,295
	6,871,811	6,058,398

The average credit period on sales of goods and services is 30 days. No interest is charged on trade receivables.

The Group performs credit-vetting procedures before granting credit to new customers. These procedures are reviewed and updated on an ongoing basis.

Two of the Group's debtors comprise 13% of the total trade receivables balance (2024: 17%). There are no other customers who comprise more than 10% of the total trade receivables balance.

7 TRADE RECEIVABLES AND OTHER ASSETS (CONTINUED)

Stage wise movement in Islamic financing receivables - gross carrying amount

	2025			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
As at 1 January 2025	**563,351**	**254,983**	**115,376**	**933,710**
Transfer to 12-months	**86,407**	**(55,500)**	**(30,907)**	**-**
Transfer to lifetime not credit-impaired	**(221,580)**	**225,943**	**(4,363)**	**-**
Transfer to lifetime credit-impaired	**(13,867)**	**(109,705)**	**123,572**	**-**
New originated	**768,060**	**-**	**-**	**768,060**
Net other movements*	**(547,622)**	**(36,585)**	**66,631**	**(517,576)**
Write-offs	**-**	**-**	**(174,429)**	**(174,429)**
As at 31 December 2025	**634,749**	**279,136**	**95,880**	**1,009,765**

	2024			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
At 1 January 2024	362,723	158,599	134,571	655,893
Transfer to 12-months	11,593	(8,024)	(3,569)	-
Transfer to lifetime not credit-impaired	(226,956)	230,078	(3,122)	-
Transfer to lifetime credit-impaired	(7,628)	(53,799)	61,427	-
New originated	624,786	-	-	624,786
Net other movements*	(201,167)	(71,871)	13,272	(259,766)
Write-offs	-	-	(87,203)	(87,203)
As at 31 December 2024	563,351	254,983	115,376	933,710

* Net other movements include financial assets settled and other measurements.

Stage wise movement in Islamic financing receivables - credit loss allowance

	2025			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
As at 1 January 2025	**6,159**	**8,880**	**49,470**	**64,509**
Transfer to 12-months	**17,134**	**(3,302)**	**(13,832)**	**-**
Transfer to lifetime not credit-impaired	**(3,936)**	**4,856**	**(920)**	**-**
Transfer to lifetime credit-impaired	**(169)**	**(3,691)**	**3,860**	**-**
New originated	**15,930**	**-**	**-**	**15,930**
Net other movements*	**(28,137)**	**2,243**	**178,314**	**152,420**
Write-offs	**-**	**-**	**(174,429)**	**(174,429)**
As at 31 December 2025	**6,981**	**8,986**	**42,463**	**58,430**

	2024			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
At 1 January 2024	682	11,587	46,519	58,788
Transfer to 12-months	1,788	(539)	(1,249)	-
Transfer to lifetime not credit-impaired	(4,951)	6,024	(1,073)	-
Transfer to lifetime credit-impaired	(378)	(4,617)	4,995	-
New originated	10,607	-	-	10,607
Net other movements*	(1,589)	(3,575)	87,481	82,317
Write-offs	-	-	(87,203)	(87,203)
As at 31 December 2024	6,159	8,880	49,470	64,509

* Net other movements include financial assets settled and net re-measurement of loss allowance.

7 TRADE RECEIVABLES AND OTHER ASSETS (CONTINUED)

Movement in the allowance for expected credit losses

	2025	2024
Opening balance	**1,095,283**	1,217,201
Charge for the year	**449,475**	470,618
Effect of acquisition of new subsidiaries	**50**	-
Amount written off during the year	**(174,441)**	(592,536)
Closing balance	**1,370,367**	1,095,283

Total amount charged to the consolidated statement of profit or loss and other comprehensive income.

	2025	2024
Expected credit loss charged during the year	**449,475**	470,618
Reversal during the year	**(72,486)**	(41,435)
Closing balance	**376,989**	429,183

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

8 CONTRACT BALANCES

Contract assets

	2025	2024
Unbilled revenue	**417,355**	394,252
Less: Allowance for expected credit loss	**(676)**	(311)
	416,679	393,941
Current	**138,710**	122,600
Non-current	**277,969**	271,341
	416,679	393,941

Movement on the expected credit loss allowance on contract assets

	2025	2024
Opening balance	**311**	901
Amounts charged / (reversed) during the year	**365**	(590)
Closing balance	**676**	311

Deferred income and contract liabilities	2025	2024
Contract liabilities – prepaid customers	**216,358**	224,154
Deferred income – government grant (refer note 38)	**328,319**	82,090
	544,677	306,244
Current	**216,358**	224,154
Non-current	**328,319**	82,090
	544,677	306,244

9 INVENTORIES

	2025	2024
Handsets and accessories	**183,662**	261,285
Sim cards	**5,231**	9,560
Prepaid recharge cards	**92**	91
Others	**13,751**	12,442
	202,736	283,378
Less: Write down of inventories to NRV	**(22,230)**	(20,198)
	180,506	263,180
Cost of inventories recognized as an expense	**1,315,203**	1,060,209

<u>Movement of the write down of inventory to NRV</u>

	2025	2024
Opening balance	**20,198**	23,417
Amounts charged / (reversed) during the year	**2,032**	(3,219)
Closing balance	**22,230**	20,198

Closing balance of inventories represents inventories costing ⃁ 91.63 million (2024: ⃁ 125.73 million) which has been written down to its net realizable value amounting to ⃁ 69.40 million (2024: ⃁ 105.53 million).

10 INVESTMENT IN AN ASSOCIATE AND JOINT VENTURES

	2025	2024
Digital Application Trading Company LLC (refer note 10-1)	**6,251**	2,152
Integrated Data Company for Information Technology LLC (refer note 10-2)	**6,821**	6,821
	13,072	8,973

10-1 Digital Application Trading Company L.L.C

On 9 July 2022, the Group and Zain Ventures Holding Company W.L.L (Zain Ventures) signed a Shareholders' agreement with Digital Application Trading Company L.L.C "PHT" registered under the laws of KSA, by virtue of which all parties of the agreement agreed and recorded terms and conditions relating to the shareholding, funding, management and support requirements of Entertainment Content Trading Company (Single Owner) L.L.C "ECT" already formed and registered under the laws of KSA, currently owned by PHT.

The Group, Zain Ventures, PHT and ECT on 8 September 2022 entered into a Subscription Agreement, by virtue of which the Group and Zain Ventures Holding Company W.L.L agrees to subscribe to 30% shareholding in ECT with an amount of ⃁ 9.38 million each, in two phases. The first phase of investment has been completed and the company subscribed with ⃁ 2 million capital increase as at 31 March 2023, providing 15% of ownership in ECT. The remaining ⃁ 2.687 million was paid in April 2023. The Group has significant influence over ECT with 15% shareholding and 33% representation on the Board of ECT, hence, classified as investment in an associate.

The Group, Zain Ventures, PHT and ECT on 1 October 2025 entered into an agreement to buy out PHT shares in ECT without any further consideration but by waiving all liabilities against and in favor of ECT and by injecting an amount of ⃁ 4.7 million being the remaining amount of second phase, resulting in an increase of the shareholding of Group and Zain Ventures to 50%, each, which was executed accordingly during the year.

10 INVESTMENT IN AN ASSOCIATE AND JOINT VENTURES (CONTINUED)

10-1 Digital Application Trading Company L.L.C (continued)

The movement in investment in associate during the period is as follows:

	2025	2024
At the beginning of the period	**2,152**	2,918
Investment in ECT	**4,700**	-
Share of loss of associate for the period	**(601)**	(766)
Closing balance	**6,251**	2,152

Below is the financial summary of the associate taken from the management prepared unaudited financial statements.

	2025	2024
Consolidated statement of financial position:		
Current assets	**1,793**	1,826
Non-current assets	**281**	281
Current liabilities	**6,920**	9,129
Equity	**(4,846)**	(7,022)
Consolidated statement of profit or loss and other comprehensive income:		
Revenue	**1,457**	1,906
Total comprehensive loss for the year	**(1,912)**	(5,104)
Total comprehensive loss for the period ended 30 September	**(1,014)**	(4,213)

10-2 Integrated Data Company for Information Technology L.L.C

On 9 July 2022, the Group and other Mobile Network Operators (MNOs) signed a term sheet to establish a Integrated Data Company for Information Technology L.L.C "IDC" to process insight provided by MNOs for enabling KSA governmental agencies to plan and achieve 2030 vision efficiently. Subsequently all parties signed Subscription and Shareholders' agreement, pursuant to which the Group acquired 31% shareholding with a representation of two directors on the Board of IDC. The Board of IDC will have eight directors. All three MNOs can appoint two directors, each and additionally, all three MNOs can appoint two independent directors, unanimously. Hence, classified as investment in a joint venture. The amount invested in IDC amounts to ⃁ 6.82 million and is payable as at the date of these consolidated financial statements. IDC has yet to commence its' operations, however has been incorporated on 21 Ramadan 1444H in KSA (corresponding to 12 April 2023).

11 RIGHT OF USE ASSETS

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

2025	**Land and building**	**Cellular and other equipment**	**Total**
Opening balance	**528,150**	**569,994**	**1,098,144**
Additions	**185,532**	**397,406**	**582,938**
Depreciation	**(148,515)**	**(160,099)**	**(308,614)**
Reassessment, modification and termination	**(16,958)**	**45,098**	**28,140**
Closing balance	**548,209**	**852,399**	**1,400,608**
2024			
Opening balance	341,820	500,905	842,725
Additions	333,668	143,306	476,974
Depreciation	(149,742)	(140,129)	(289,871)
Reassessment, modification and termination	2,404	65,912	68,316
Closing balance	528,150	569,994	1,098,144

The total amount recorded in consolidated statement of profit or loss and other comprehensive income for right of use assets includes ⃁ nil (2024: reversal of ⃁ 30 million) with respect to site rent. Land and building comprise mainly of telecommunication sites on lease. 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 15 years but may have extension options. 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.

12 PROPERTY AND EQUIPMENT

	Land	Leasehold improvements	Telecom equipment	IT systems and servers	Furniture and office equipment	Transportation equipment	Assets under construction	Total
Cost								
At 1 January 2025	6,549	340,393	15,528,944	1,198,140	159,596	3,851	872,895	18,110,368
Additions	-	4,705	341,237	122,819	3,160	-	381,080	853,001
Effect of acquisition of new subsidiaries	-	267	-	439	1,555	542	-	2,803
Transfers to property and equipment	-	-	507,266	12,341	877	-	(520,484)	-
Transfer to intangible assets	-	-	-	-	-	-	(16,941)	(16,941)
Disposals	-	-	(240,032)	(5)	-	-	-	(240,037)
At 31 December 2025	6,549	345,365	16,137,415	1,333,734	165,188	4,393	716,550	18,709,194
Depreciation								
At 1 January 2025	-	324,855	11,798,124	854,861	151,309	3,851	-	13,133,000
Effect of acquisition of new subsidiaries	-	186	-	348	1,096	513	-	2,143
Charge for the year	-	5,756	899,386	123,814	3,099	4	-	1,032,059
Disposals	-	-	(227,764)	(5)	-	-	-	(227,769)
At 31 December 2025	-	330,797	12,469,746	979,018	155,504	4,368	-	13,939,433
Net book value	6,549	14,568	3,667,669	354,716	9,684	25	716,550	4,769,761

12 PROPERTY AND EQUIPMENT (CONTINUED)

	Land	Leasehold improvements	Telecom equipment	IT systems and servers	Furniture and office equipment	Transportation equipment	Assets under construction	Total
Cost								
At 1 January 2024	6,549	331,511	14,766,045	1,053,343	154,998	3,851	550,121	16,866,418
Additions	-	8,882	421,894	82,733	4,598	-	861,065	1,379,172
Transfers to property and equipment	-	-	470,172	62,158	-	-	(532,330)	-
Transfer to intangible assets	-	-	-	-	-	-	(5,166)	(5,166)
Disposals	-	-	(129,167)	(94)	-	-	(795)	(130,056)
At 31 December 2024	6,549	340,393	15,528,944	1,198,140	159,596	3,851	872,895	18,110,368
Depreciation								
At 1 January 2024	-	319,923	10,912,445	745,449	148,395	3,851	-	12,130,063
Charge for the year	-	4,932	957,378	109,506	2,914	-	-	1,074,730
Disposals	-	-	(71,699)	(94)	-	-	-	(71,793)
At 31 December 2024	-	324,855	11,798,124	854,861	151,309	3,851	-	13,133,000
Net book value	6,549	15,538	3,730,820	343,279	8,287	-	872,895	4,977,368

The Group has capitalized, internal technical salaries, during the year ended 31 December 2025 amounting to ⃁ 56 million (2024: ⃁ 51 million). During the year, the net additions in property and equipment amounted to ⃁ 596 million (2024: ⃁ 1,244 million). Assets under construction mainly pertains to telecom equipment and IT systems and servers.

13 CAPITAL ADVANCES

	2025	2024
Capital advances	**840,269**	901,595

The capital advances relate to the payment to supplier in advance and before completion of the project for telecom equipment. Upon completion, the amounts recognized as capital advances are reclassified to property and equipment**.** Provision of ⃁ 3.06 million (2024: ⃁ 3.06 million) has been accrued on such advances.

14 INTANGIBLE ASSETS

Cost	License fee*	Computer software licenses	IRU**	Brand****	Spectrum***	Goodwill*****	Total
At 1 January 2025	**23,364,250**	**590,388**	**1,767,018**	**-**	**1,885,489**	**-**	**27,607,145**
Additions	**-**	**20,769**	**61,033**	**-**	**409,048**	**-**	**490,850**
Effect of acquisition of new subsidiaries	**-**	**221**	**-**	**-**	**-**	**25,865**	**26,086**
Transfers from property and equipment	**-**	**8,475**	**8,466**	**-**	**-**	**-**	**16,941**
At 31 December 2025	**23,364,250**	**619,853**	**1,836,517**	**-**	**2,294,537**	**25,865**	**28,141,022**
Amortization							
At 1 January 2025	**11,961,801**	**502,865**	**825,056**	**-**	**760,743**	**-**	**14,050,465**
Effect of acquisition of new subsidiaries	**-**	**206**	**-**	**-**	**-**	**-**	**206**
Charge for the year	**517,138**	**29,926**	**119,955**	**-**	**152,969**	**-**	**819,988**
At 31 December 2025	**12,478,939**	**532,997**	**945,011**	**-**	**913,712**	**-**	**14,870,659**
Net book value	**10,885,311**	**86,856**	**891,506**	**-**	**1,380,825**	**25,865**	**13,270,363**

Cost	License fee*	Computer software licenses	IRU**	Brand****	Spectrum***	Goodwill*****	Total
At 1 January 2024	23,364,250	572,993	1,676,095	7,500	1,885,489	-	27,506,327
Additions	-	12,229	90,923	-	-	-	103,152
Transfers from property and equipment	-	5,166	-	-	-	-	5,166
Impairment	-	-	-	(7,500)	-	-	(7,500)
At 31 December 2024	23,364,250	590,388	1,767,018	-	1,885,489	-	27,607,145
Amortization							
At 1 January 2024	11,444,663	471,367	710,327	-	635,044	-	13,261,401
Charge for the year	517,138	31,498	114,729	-	125,699	-	789,064
At 31 December 2024	11,961,801	502,865	825,056	-	760,743	-	14,050,465
Net book value	11,402,449	87,523	941,962	-	1,124,746	-	13,556,680

14 INTANGIBLE ASSETS (CONTINUED)

The net book value and expiry dates of the most significant intangible assets are as follows:

	End of amortization period	**2025**	2024
License fee	Jan 2047	**10,885,311**	11,402,449
Right of Use (multiple items)	Between Nov 2025 & Dec 2037	**891,506**	941,962
Spectrum 2x10Mhz of 1800MHz	Dec 2032	**329,601**	376,682
Spectrum 2x10 of 800 MHz	Dec 2033	**304,947**	343,066
Spectrum 2600 & 3500 MHz	Dec 2034	**364,498**	404,998
Spectrum 2x15Mhz of 600Mhz	Dec 2039	**381,779**	-
		13,157,642	13,469,157

***License fee**

Pursuant to the Ministerial Resolutions No. 176 dated 25 Jumada I 1428H (corresponding to 11 June 2007) and No. 357 dated 28 Dhu Al-Hijjah 1428H (corresponding to 7 January 2008) and Royal Decree No. 48/M dated 26 Jumada I 1428H (corresponding to 12 June 2007), the 3rd license to provide mobile telecommunication services within the Kingdom of Saudi Arabia over 25 years was granted to the Group for an amount of ⃁ 22.915 billion. The license fee also comprises an amount equal to ⃁ 449.18 million relating to financing costs which were capitalized as part of the license cost.

Based on the High Order dated 30 Dhu Al-Hijjah 1437H (corresponding to 1 October 2016), which was announced by the Capital Market Authority on 1 Muharram 1438H (corresponding to 2 October 2016), directed the Communications, Space & Technology Commission (CST) to coordinate with Mobile Telecommunication Company Saudi Arabia to extend its license for an additional 15 years' period. This extended the remaining period to 32 years ending on 21 Rabi Al Awwal 1469H (corresponding to 18 January 2047).

****Indefeasible Rights of Use ("IRU")***

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

*****Spectrum***

Spectrum corresponds to the radio frequency allocated to the mobile acquired through a bid from CST. Spectrum is recognized at discount using the interest effective method and amortized on a straight-line basis over contractual payment term. The liability amount related to the Spectrum capitalized under intangible assets is recorded under long term portion of spectrum.

******Brand***

Brand corresponds to the brand "Alo" that the Group acquired, in 2015 for an indefinite useful life, with all its benefits. The brand is not subject to amortization as its life is indefinite. The Group, as a part of annual impairment testing of the brand evaluated that the actual cash inflows from the brand was immaterial, significantly lower than the budgeted cash flows, indicating a potential impairment of brand. Accordingly, the Group has impaired the entire carrying amount.

14 INTANGIBLE ASSETS (CONTINUED)

******Goodwill***

a) Goodwill resulted from the Group's acquisition of Tam2Go amounting to ⃁ 22.27 million (2024: nil) (refer note 41).

b) Goodwill resulted from the Saira Group Company's acquisition of Green Shield amounting to ⃁ 3.60 million (2024: nil) (refer note 41).

15 TRADE AND OTHER PAYABLES

	2025	2024
Accruals	**1,846,496**	2,400,079
Trade payables	**2,691,358**	2,203,427
Accrued government charges	**168,164**	401,900
Notes payable	**234,932**	376,877
Employee related accruals	**65,624**	55,901
Accrued financial charges	**21,755**	38,429
M.O.F accrued finance cost (refer note 16-2)	**-**	11,384
Other payables	**236,575**	144,911
	5,264,904	5,632,908

Accrued government charges and other payables contain certain regulatory and other legal charges with an amount of ⃁ 354 million (2024: ⃁ 528 million).

No interest is charged on trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

16 BORROWINGS

	2025	2024
Syndicate Murabaha facility (refer to note 16.1)	**-**	4,658,888
New syndicate Murabaha facility (refer to note 16.5)	**5,463,224**	-
Working capital Murabaha facility (refer to note 16.1)	**-**	370,000
New working capital Murabaha facility (refer to note 16.4)	**170,000**	-
Murabaha facility agreement (refer to note 16.2)	**1,925,836**	1,934,071
CAPEX vendor financing facility agreement (refer to note 16.3)	**1,003,424**	735,801
Account receivable factoring (refer to note 16.3)	**-**	500,000
Total borrowings*	**8,562,484**	8,198,760

The current and non-current amounts are as follows:

	2025	2024
Current borrowings	**233,263**	5,965,202
Non-current borrowings	**8,329,221**	2,233,558
Total borrowings	**8,562,484**	8,198,760

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

	2025	2024
⃁	**8,562,484**	7,260,334
US Dollar (presented in ⃁)	**-**	938,426
	8,562,484	8,198,760

16 BORROWINGS (CONTINUED)

* Accrued financial cost on these borrowings amounts to ⃁ 21.76 million (2024: ⃁ 38.43 million) are classified in trade and other payables.

The facility agreements below contain financial (leverage ratio) and non-financial covenants. The Group has complied with all the covenants of borrowings in the current year.

16-1 Syndicated Murabaha facility

On 27 September 2020, the Group refinanced and extended the maturity date of its existing five years syndicated Murabaha facility (MFA) obtained from the commercial banks for a total amount available up to ⃁ 6,000 million with two years grace period, at three or six months SIBOR plus margin and three or six months SOFR plus margin (2024: three or six months SIBOR plus margin, three or six months LIBOR plus margin and three or six months SOFR plus margin). Moreover, the agreement includes a working capital facility of ⃁ 1,000 million bringing the total facility amounting to ⃁ 7,000 million.

Financing charges, as specified under the "Murabaha financing agreement" are payable in quarterly or half yearly installments over five years. MFA is secured partially by a guarantee from Mobile Telecommunications Company K.S.C.P and a pledge of shares of the Group owned by some of the founding shareholders and assignment of certain contracts and receivables and fixed assets up to the outstanding balance at the date of reporting as mentioned above.

As at 30 September 2025, the Group closed and paid the long-term facility amounting to ⃁ 4,700.8 million in full and total unused working capital facility against MFA amounting to ⃁ 1,000 million has been cancelled. (2024: unused portion was ⃁ 630 million).

16-2 Murabaha facility agreement with MOF

During 2013, the Group signed an agreement with the Ministry of Finance (MOF), Kingdom of Saudi Arabia to defer payments of its dues to the Government for the next seven years ending May 2020. These deferred payments under agreement contain commercial commission payable annually, while the amount is repayable in seven years starting from June 2021 as per original terms, which was then revised in 31 October 2021. Based on revised scheduling the first repayment has been settled in November 2021.

On 20 February 2023, the Group has signed a revised agreement with MOF in which the existing deferral of payment to MOF along with commercial commission payable is converted into a Murabaha facility with MOF and Al Rajhi Banking & Investment Corporation has been appointed as the Murabaha Facility Agent. The facility matures on June 2027 with yearly scheduled repayment on 1 June every year till maturity, starting from June 2024. Finance charges are payable in either quarterly or yearly frequency, to be decided at each repayment term by the Group. The accrued interest related to the MOF payable is recorded under trade and other payables. The facility does not have any security assigned to it.

On 16 February 2025, the Group has repaid the facility with MOF in full and obtained a new Islamic Shariah compliant facility amounting to ⃁ 1,934 million from Al Rajhi bank repayable in a single bullet payment upon its maturity on 14 Shawwal 1451H corresponding to 17 February 2030. The facility obtained is on commercial term, where the profit is payable on quarterly basis based on fixed margin and three months SIBOR.

16 BORROWINGS (CONTINUED)

16-3 CAPEX vendor financing facility agreement and account receivable factoring

On 13 May 2024, the Group signed with Al Rajhi bank for ⃁ 1,625 million facility including transaction cost amounting to ⃁ 11.25 million to fund for the capital expenditure payment against several projects up to ⃁ 1,125 million and receivables discounting banking facility up to ⃁ 500 million. The Group has availed ⃁ 1,012.21 million out of CAPEX facility as at the reporting period (2024: ⃁ 747.45 million). The interest amounting to ⃁ 59.31 million has been capitalized by the Group during year ended 31 December 2025 based on effective interest rate of the loan (2024: ⃁ 21.27 million). CAPEX loan is repayable biannually, after two year grace period in accordance with the terms of the agreement and is maturing on 4 Safar 1456H corresponding to 23 April 2034 and the profit is payable on biannual basis based on fixed margin and six months SIBOR.

During the year, the Group has fully paid the receivables discounting banking facility amounting to ⃁ 500 million.

16-4 New working capital Murabaha facility

On 30 April 2025, Tamam Finance Company (Tamam) signed with Al Rajhi bank for ⃁ 200 million working capital Murabaha facility to fund for the short term expenditure and be repayable within twelve months. As at the reporting date, Tamam has withdrawn ⃁ 170 million out of this facility.

The facility obtained is on commercial term, where the profit is payable on quarterly basis based on fixed margin and three months SIBOR.

16-5 New syndicate Murabaha facility

On 30 September 2025, the Group signed ⃁ 5,500 million syndicated Murabaha facility with commercial banks at three months SIBOR plus margin. The proceeds of tranche 1 of the loan amounting to ⃁ 5,200 million have been used to pay existing Murabaha facility and receivables discounting banking facility, both matured on 30 September 2025, amounting to ⃁ 4,700.80 million and ⃁ 500 million, respectively (Refer note 16.1 and 16.3).

The proceeds of tranche 2 of the loan amounting to ⃁ 300 million is drawn to fund for the CAPEX expenditure payment against several projects in line with the Group's capital expenditure needs. Both the tranches are repayable after one year grace period and in accordance with the terms of the agreement and is maturing on 2 Jumada Al-Akhirah 1452H corresponding to 30 September 2030.

The facility obtained is on commercial term, where the profit is payable on quarterly basis based on fixed margin and three months SIBOR.

16-6 Murabaha facility agreement with commercial bank

On 27 August 2025, the Group signed with a commercial bank a working capital Murabaha facility agreement amounting to ⃁ 750 million to fund for the short term expenditure and is repayable within twelve months. As at the reporting date, the Group has not withdrawn any amount out of this facility.

The facility obtained is on commercial term, where the profit is payable on quarterly or bi-annually basis based on three or six months SIBOR, as determined by that commercial bank.

17 PROVISIONS

	2025	2024
Provisions for usage of facilities (refer note 17-1)	**44,761**	116,749
Provisions against legal cases (refer note 17-2)	**4,207**	5,325
Other provisions (refer note 17-3)	**-**	11,501
	48,968	133,575

17-1 Provisions for usage of facilities

	2025	2024
Balance as at 1 January	**116,749**	194,143
Reversal during the year	**-**	(31,172)
Payments / settlement during the year	**(71,988)**	(46,222)
Balance as at 31 December	**44,761**	116,749

17-2 Provisions against legal cases

	2025	2024
Balance as at 1 January	**5,325**	29,667
Charged during the year	**11,771**	15,778
Reversal during the year	**-**	(27,048)
Payments / settlement during the year	**(12,889)**	(13,072)
Balance as at 31 December	**4,207**	5,325

The Group is considered a party to a number of legal and regulatory claims. The Group, after taking legal advice, has established provisions after considering the facts for each case.

17-3 Other provisions

	2025	2024
Balance as at 1 January	**11,501**	11,501
Payments / settlement during the year	**(11,501)**	-
Balance as at 31 December	**-**	11,501

18 LEASE LIABILITIES

	2025	2024
Opening balance	**1,488,996**	1,233,030
Additions	**582,938**	485,431
Finance cost	**107,002**	89,077
Reassessment, modification and termination	**35,804**	74,827
Payments	**(248,579)**	(224,003)
Transfer to trade and other payables on due date	**(152,677)**	(169,366)
Closing balance	**1,813,484**	1,488,996
Current	**282,314**	186,680
Non-current	**1,531,170**	1,302,316
	1,813,484	1,488,996

19 AMOUNTS DUE TO RELATED PARTIES

	2025	2024
Mobile Telecommunications Company K.S.C.P (refer to note 19-1)	**170,000**	405,968
Mobile Telecommunications Company K.S.C.P (refer to note 19-2)	**-**	7,095
Founding shareholders (refer to note 19-3)	**60,409**	60,409
Other related parties	**471**	9,982
	230,880	483,454

19-1 Mobile Telecommunications Company K.S.C.P

This amount relates to accrued management fees and is payable to the Group's largest shareholder. The amount is unsecured, interest free and is payable on demand.

19-2 Mobile Telecommunications Company K.S.C.P

These amounts represent the other inter-Company balance and does not bear any interest.

19-3 Founding shareholders

This amount relates to accrued finance charges and is payable to the Group's founding shareholders. The amount is unsecured and is payable on demand.

20 DIVIDEND AND DIVIDEND PAYABLE

Out of dividend declared, ⃁ 0.5 per share, for the years 2024, 2023 and 2022, amount of ⃁ 0.01 million was returned to the Company due to dormant accounts or missing information of beneficiaries, which is represented as dividend payable as at reporting date (2024: out of dividend declared for 2023 and 2022: ⃁ 2.5 million).

21 SPECTRUM PAYABLE

	2025	2024
Non-current portion of spectrum payable (refer note 14)	**1,175,455**	931,407

During the year, the Group has obtained a spectrum amounting to ⃁ 624 million for a period of 15 years. The amount is to be paid in 13 equal installments.

22 DERIVATIVE FINANCIAL INSTRUMENTS

The Group entered into profit rate swaps, which matured in September 2025. The maturity of the profit rate swap was extended till the extended maturity of the refinanced loan which is paid in full in the current year. (refer note 16-1). Accordingly, the profit rate swaps are also expired during the current year, and hedge accounting was discontinued from the date of expiry.

The outstanding notional amount of the contract as at 31 December 2024 was ⃁ 1.92 billion and the fair value was a positive amount of ⃁ 29 million as at 31 December 2024. The average contracted fixed interest rate ranges from 2% to 3.5%. A loss of ⃁ 47 million was recognized in other comprehensive income for the year ended 31 December 2024 as a result of fair value movements relating to this hedge. The fair value of interest rate swaps at the end of the reporting period was determined by discounting the future cash flows using the curves at the end of the reporting period and the credit risk inherent in the contract.

23 EMPLOYEES' END OF SERVICE BENEFITS OBLIGATION

The Group provides end of service benefits to its employees. The entitlement is based upon the employees' final salary and length of service, subject to the completion of a minimum service year, calculated under the provisions of the labor Law and is payable upon resignation or termination of the employee. The expected costs of these benefits are accrued over the year of employment.

The Group's plan is exposed to actuarial risks such as: discount rate and salary risk.

- Discount risk: A decrease in the discount rate will increase plan liability.
- Salary risk: The present value of the end of service benefit plan liability is calculated by reference to the estimated future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

	2025	2024
Opening balance	**179,267**	176,724
Effect of acquisition of new subsidiaries	**1,163**	-
Current service cost	**17,832**	24,451
Interest cost	**9,536**	9,093
Payments	**(22,362)**	(15,458)
Total actuarial gain	**(37,810)**	(15,543)
Closing balance	**147,626**	179,267

The most recent actuarial valuation was performed by Lux Actuaries & Consultants and was performed using the projected unit credit method.

The principal assumptions used for the purposes of the actuarial valuation were as follows:

	2025	2024
Salary increases	**2.00%**	4.00%
Discount rate	**5.75%**	5.60%

All movements in the end of service benefits liability are recognized in consolidated statement of profit or loss and other comprehensive income except for the actuarial gain which is recognized in other comprehensive income.

	2025	2024
Base Scenario	**147,626**	179,267
Discount Rate: Increase by 1%	**136,065**	162,562
Discount Rate: Decrease by 1%	**162,181**	198,979
Salary Escalation Rate: Increase by 1%	**162,587**	199,102
Salary Escalation Rate: Decrease by 1%	**135,539**	162,174
Withdrawal Rate: Increase by 20%	**153,197**	179,999
Withdrawal Rate: Decrease by 20%	**141,862**	177,837
Mortality Rate: Increase by 20%	**148,268**	179,315
Mortality Rate: Decrease by 20%	**148,009**	179,219

23 EMPLOYEES' END OF SERVICE BENEFITS OBLIGATION (CONTINUED)

Particulars	**2025**	2024
Change in Financial Assumption	**33,747**	11,295
Change in the Salary Escalation Rate Assumption	**31,776**	-
Change in the Discount Rate	**1,971**	11,295
Change in Demographic Assumption	**-**	-
Change in the Mortality Rate Assumption	**-**	-
Change in the Attrition Rate Assumption	**-**	-
Experience Adjustment	**4,063**	4,248
Total Actuarial gain	**37,810**	15,543
Average life of the plan	**9.8 years**	11.4 years
Other reserve		
Opening balance	**14,072**	(1,471)
Remeasurement	**37,810**	15,543
Closing balance	**51,882**	14,072

24 RETIREMENT BENEFIT CONTRIBUTIONS

The Group paid retirement contributions for its Saudi Arabian employees for the year ended 31 December 2025 to the General Organization for Social Insurance: ⃁ 28 million (2024: ⃁ 25 million).

25 SHARE CAPITAL

Authorized share capital of the Group comprises of 1.4 billion shares as at 31 December 2025 (2024: 1.4 billion) out of which 898,729,175 are subscribed shares (2024: 898,729,175) stated at ⃁ 10 per share owned.

26 REVENUE

26-1 Disaggregated revenue information

The total revenue disaggregated by major service lines is:

	2025	2024
Usage charges	**6,271,929**	6,226,194
Subscription	**2,212,458**	1,977,486
Wholesale and infrastructure	**520,257**	564,683
Sale of goods	**1,538,732**	1,229,096
Income from Islamic financing*	**435,315**	367,671
Other revenue	**4,573**	331
	10,983,264	10,365,461

Revenue recognized during the year from the contract liabilities as at the beginning of the year amounts to ⃁ 1,471 million (2024: ⃁ 1,403 million).

* Expenses related to issuance of financing is amounted to ⃁ 9.69 million (2024: ⃁ 8.60 million).

26 REVENUE (CONTINUED)

26-2 Timing of revenue recognition

	2025	2024
PO satisfied over period of time – airtime and data	**9,444,532**	9,136,365
PO satisfied a point in time – trading income	**1,538,732**	1,229,096
	10,983,264	10,365,461

The group’s revenue has been recognized from their operation within KSA except for the international roaming and interconnect which account 14.97% (2024: 15.54%).

No single customers contributed 10% or more to the Group's revenues.

27 COST OF REVENUE

	2025	2024
Access charges	**2,123,192**	1,973,956
Cost of devices	**1,315,203**	1,060,209
Government charges	**648,960**	582,919
Other	**322,402**	277,311
	4,409,757	3,894,395

28 DISTRIBUTION AND MARKETING EXPENSES

	2025	2024
Repairs and maintenance	**1,052,752**	955,361
Employees’ salaries and related charges	**350,623**	432,043
Advertising	**142,424**	168,175
Service rendered and branding fees (note 19-1)	**170,000**	170,000
License and subscription	**4,119**	15,141
Microwave frequency	**122,108**	121,685
Utilities	**85,245**	66,308
Leased lines	**56,667**	61,971
Rent expenses	**13,241**	7,206
Biometric expense	**22,044**	24,945
Consulting	**3,929**	3,151
Other	**170,377**	146,257
	2,193,529	2,172,243

29 GENERAL AND ADMINISTRATIVE EXPENSES

	2025	2024
Employees' salaries and related charges	**300,072**	300,794
Repairs and maintenance	**107,239**	165,161
Legal and professional	**11,586**	(6,019)
Rent expenses	**313**	436
License and subscription	**14,641**	10,532
Consulting (refer note 29.1)	**35,891**	20,696
Utilities	**11,480**	16,085
Other	**47,950**	39,718
	529,172	547,403

29-1 Auditor's remuneration

This includes remuneration to the auditors for following:

	2025	2024
Fees for annual audit of the Company	**4,246**	4,575
Fees for annual audit of subsidiaries	**980**	820
Other *	**1,751**	894
	6,977	6,289

* Other includes fees for NTR certification, special purpose financial statements, report on Article 71 and Article 134.

30 GAIN ON TOWER SALE TRANSACTION

	2025	2024
Gain on sale of assets to Golden Lattice Investment Company (GLI)	**-**	19,043
Gain on termination on leased sites sold to GLI	**-**	2,195
	-	21,238

31 OTHER INCOME / (EXPENSE)

	2025	2024
Withholding tax refund	**7,361**	-
Foreign exchange (loss) / gain	**(705)**	60
Impairment of brand (refer note 14)	**-**	(7,500)
Loss on leases	**(2,867)**	(8,155)
Other gain	**202**	879
	3,991	(14,716)

32 FINANCE COST

	2025	2024
Finance cost on bank loans	**463,861**	393,199
Finance cost on Ministry of Finance loan	**16,949**	158,913
Finance cost on leases liability	**107,002**	89,077
Finance cost on CST's deferred payment	**2,903**	11,665
Finance cost on spectrum	**85,198**	65,482
Others	**3,914**	16,593
	679,827	734,929

33 PROVISION FOR ZAKAT

Components of zakat base

The significant components of the Group's approximate zakat base, for the year ended 31 December 2025, which are subject to certain adjustments under zakat and income tax regulations, principally comprise the following:

The principal elements of the Group's Zakat base for the year ended 31 December are as follows:

	2025	2024
Share capital	**8,987,292**	8,987,292
Retained earnings	**1,831,135**	1,676,969
Adjusted net profit for the year	**603,873**	631,728
Net book value of non-current assets	**20,611,119**	20,822,578

Components of adjusted net profit

	2025	2024
Profit for the year	**603,873**	596,369
Certain disallowed expenses	**-**	35,359
Adjusted net profit for the year	**603,873**	631,728

Provision for zakat	**2025**	2024
Balance at beginning of the year	**71,513**	144,232
Charge for the year	**47,237**	33,890
Reversed during the year	**-**	(75,777)
Payment	**(29,886)**	(30,832)
Balance at end of the year	**88,864**	71,513

Total zakat expense charge in consolidated statement of profit or loss and other comprehensive income.

	2025	2024
Zakat charge / (reversal) for the year	**47,237**	(41,887)

33 PROVISION FOR ZAKAT (CONTINUED)

Status of assessments

The Group had finalized its zakat status up to 2008 and obtained the related certificate.

The Group, except for Tamam Finance Company, Green Shield and Tam2Go, had submitted its consolidated financial statements along with group zakat returns for the years from 2009 to 2024 and paid zakat according to the filed returns. From 2021 onwards, Tamam Finance Company is submitting, paying and obtaining zakat certificate form ZATCA separately, from 2021 till 2024 excluding Tamam Finance Company.

Zakat was assessed by ZATCA and agreed with no additional claim for the years ended 2012 and 2013. The Group received additional assessment of ⃁ 20.3 million for zakat for the years from 2014 to 2018 which the Group has appealed against these additional claims to the relevant committees. The Group believes this will not result in any material additional provisions. Zakat was assessed by ZATCA and agreed with no additional claim for the years ended 2012 and 2013. The Group has not received zakat assessment for years 2019 to 2024.

On 12 Ramadan 1445H (corresponding to 22 March 2024), the Zakat, Tax and Customs Authority (ZATCA) announced the issuance of a new Zakat Implementing Regulation, through the Ministerial Resolution (MR) No.1007 dated 19 Shaban 1445H (corresponding to 29 February 2024), which was electronically published in the Official Gazette on 11 Ramadan 1445H (corresponding to 21 March 2024). The new Zakat regulation is replacing the current regulation issued through MR No. 2216 dated 14 Rajab 1440H (corresponding to 14 March 2019). In the lights of new regulations, the Group has reassessed its' zakat provision and consequently has reversed additional provision charged in prior periods amounting to ⃁ 75.77 million during the year ended 31 December 2024.

Additionally, the Group has calculated zakat expense during the year ended 31 December 2025 which is in line with the new regulation which amounts to ⃁ 47.24 million.

There is no financial impact as the Group has sufficient provisions to cover these amounts.

34 EARNINGS PER SHARE

Profit attributable to ordinary shareholders

Both the basic and diluted earnings per share have been calculated using the profit attributable to shareholders of the Group as the numerator, i.e. no adjustments to profit were necessary in 2025 or 2024. Profit attributable to the shareholders use in calculating EPS is ⃁ 604 million for the year 2025 (2024: ⃁ 596 million).

Weighted average number of ordinary shares

The weighted average number of shares in the calculation of basic earnings per share is as follows:

	2025	2024
Outstanding during the year	**898,729**	898,729
Basic earnings per share (⃁)	**0.67**	0.66

Basic earnings per share is calculated by dividing the profit after zakat attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. There is no dilutive effect on the earnings per share of the Group.

35 FINANCIAL INSTRUMENTS

The Group's use of financial instruments exposes it to a variety of financial risks. The Group continuously reviews its risk exposures and takes measures to limit it to acceptable levels. The Board of Directors has the overall responsibility for the establishment and oversight of the Group's risk management framework and 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 analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions 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 Group is exposed through its operations to the following financial risks:

- Market risk
- Foreign exchange risk
- Credit risk
- Interest rate risk, and;
- Liquidity risk.

These risks are discussed below:

Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Group is exposed to foreign currency risk and interest rate risk only. The Group uses derivatives to manage market risk.

Foreign currency risk management

The Group deals with certain vendors in foreign currency transactions, including United States Dollars, Euro, Pound Sterling etc. and the risk pertains to fluctuation of exchange rate which may expose the Group to pay more in functional currency in comparison to the time of recording transaction.

⃁ is considered as the functional currency of the Group which is pegged against the United States Dollar. Therefore, the Group is only exposed to exchange rate fluctuations from transactions denominated in foreign currencies other than United States Dollar.

The Group undertakes transactions denominated in foreign currencies which float against the ⃁ and consequently, exposures to exchange rate fluctuations arise. These amounts are not hedged as the exposures are not considered to be material to the Group.

35 FINANCIAL INSTRUMENTS (CONTINUED)

The carrying amounts of the Group's foreign currency denominated monetary liabilities at the end of the reporting year were as follows:

Foreign currency risk management

Details	Year	Foreign currency	Foreign currency amount	Exchange rate	Amount in ⃁
Trade and other payables	**2025**	**Euro**	**3,744**	**4.17**	**15,611**
Trade and other payables	2024	Euro	3,197	4.13	13,211

The carrying amounts of the Group's foreign currency denominated monetary assets at the end of the reporting year were as follows:

2025 **Details**	**Foreign currency**	**Foreign currency amount**	**Exchange rate**	**Amount in ⃁**
Cash and cash equivalents	**Euro**	**511**	**4.40**	**2,248**
Cash and cash equivalents	**GBP**	**56**	**5.04**	**281**
				2,529

2024 Details	Foreign currency	Foreign currency amount	Exchange rate	Amount in ⃁
Cash and cash equivalents	Euro	58	4.02	235
Cash and cash equivalents	GBP	64	4.82	308
				543

Foreign currency sensitivity analysis

The Group is mainly exposed to the currency of Europe (Euro) and the Pound Sterling (GBP).

The following table details the sensitivity to a 5% increase and decrease in the ⃁ against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the yearend for a 5% change in foreign currency rates. A positive number below indicates a decrease in profit where the ⃁ strengthens 5% against the relevant currency. For a 5% weakening of the ⃁ against the relevant currency, there would be a comparable impact on profit and the balances below would be negative.

35 FINANCIAL INSTRUMENTS (CONTINUED)

2025 Currency	**Impact on profit**
Euro	**112**
GBP	**14**

2024 Currency	Impact on profit
Euro	12
GBP	15

Interest and liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. There has been no change to this strategy from the previous year.

The Group is exposed to interest rate risk because entities in the Group borrow funds at floating interest rates. The risk is managed by the Group by the use of interest rate swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied.

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for all unhedged instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's profit for the year ended 31 December 2025 would decrease or increase by ⃁ 2.41 million (2024: ⃁ 2.14 million). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Potential concentrations of credit risk consist principally of trade receivables, amounts due from a related party and short-term cash investments. Details of how credit risk relating to trade receivables is managed is disclosed in note 7. The amounts due from a related party are monitored and provision is made, where necessary, for any irrecoverable amounts. Short-term cash investments are only placed with banks with a high credit ratings ranging A2 and above or its debt instruments.

35 FINANCIAL INSTRUMENTS (CONTINUED)

Significant increase in credit risk

Trade receivables generally exposed to significant credit risk, therefore, the Company has established a number of procedures to manage credit risk exposure including limiting transactions with specific counter-parties, evaluation of the customers' credit worthiness, formal credit approvals. The Company follows a credit classification mechanism, primarily driven by the day's delinquency as a tool to manage the quality of credit risk of trade receivables. When determining whether the risk of default has increased significantly since initial recognition, 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.

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.

35 FINANCIAL INSTRUMENTS (CONTINUED)

Expected credit loss (ECL) measurement

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

	2025				
	Stage 1	Stage 2	Stage 3	Simplified approach	
	12-months	Lifetime	Lifetime	Lifetime	Total
Customers	**-**	**-**	**-**	**4,195,754**	**4,195,754**
Distributors	**-**	**-**	**-**	**154,025**	**154,025**
Islamic financing receivables	**634,749**	**279,136**	**95,880**	**-**	**1,009,765**
Contract assets	**-**	**-**	**-**	**417,355**	**417,355**
Less: ECL	**(6,981)**	**(8,986)**	**(42,463)**	**(1,307,214)**	**(1,365,644)**
	627,768	**270,150**	**53,417**	**3,459,920**	**4,411,255**
Roaming partners	**-**	**-**	**-**	**233,035**	**233,035**
Other operators (interconnect)	**-**	**-**	**-**	**509,905**	**509,905**
Less: ECL	**-**	**-**	**-**	**(5,399)**	**(5,399)**
	-	**-**	**-**	**737,541**	**737,541**
Other receivables	**-**	**-**	**-**	**10,513**	**10,513**
Less: ECL	**-**	**-**	**-**	**-**	**-**
	-	**-**	**-**	**10,513**	**10,513**
Total net receivable and contract assets	**627,768**	**270,150**	**53,417**	**4,207,974**	**5,159,309**

	2024				
	Stage 1	Stage 2	Stage 3	Simplified approach	
	12-months	Lifetime	Lifetime	Lifetime	Total
Customers	-	-	-	3,252,906	3,252,906
Distributors	-	-	-	178,217	178,217
Islamic financing receivables	563,351	254,983	115,376	-	933,710
Contract assets	-	-	-	394,252	394,252
Less: ECL	(6,981)	(8,986)	(42,463)	(1,032,156)	(1,090,586)
	556,370	245,997	72,913	2,793,219	3,668,499
Roaming partners	-	-	-	140,860	140,860
Other operators (interconnect)	-	-	-	507,881	507,881
Less: ECL	-	-	-	(5,008)	(5,008)
	-	-	-	643,733	643,733
Other receivables	-	-	-	4,488	4,488
Less: ECL	-	-	-	-	-
	-	-	-	4,488	4,488
Total net receivable and contract assets	556,370	245,997	72,913	3,441,440	4,316,720

35 FINANCIAL INSTRUMENTS (CONTINUED)

Expected credit loss (ECL) measurement *(continued)*

ECL allowance of receivables and other assets are assessed as follows:

	2025	2024
Collectively assessed	**1,365,644**	1,090,586
Individually assessed	**5,399**	5,008
	1,371,043	1,095,594

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

	Collectively assessed	**Individually assessed**	**Total**
1 January 2025	**1,090,586**	**5008**	**1,095,594**
Effect of acquisition of new subsidiaries	**50**	**-**	**50**
Net increase in loss allowance	**449,449**	**391**	**449,840**
Amount written off during the year	**(174,441)**	**-**	**(174,441)**
31 December 2025	**1,365,644**	**5,399**	**1,371,043**

For expected credit losses assessed collectively on trade receivables, 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.

	2025			2024		
Aging brackets of postpaid trade receivables	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
Not due /< 30 days	**1,836,859**	**0.42%**	**7,751**	1,571,275	0.11%	1,760
31 – 60 days	**291,962**	**1.68%**	**4,917**	296,856	2.51%	7,456
61 – 90 days	**284,325**	**1.45%**	**4,124**	229,834	4.25%	9,777
91 – 180 days	**483,567**	**4.25%**	**20,556**	390,023	4.86%	18,954
> 181 days	**629,426**	**9.24%**	**58,132**	573,019	9.27%	53,106
> 361 days	**2,250,760**	**56.43%**	**1,270,164**	1,698,078	58.86%	999,533
	5,776,899		**1,365,644**	4,759,085		1,090,586

Credit quality of roaming, interconnect and other balances:

	2025	2024
Credit quality – performing	**748,637**	648,521
Impaired	**4,816**	4,708
ECL	**(5,399)**	(5,008)
	748,054	648,221

35 FINANCIAL INSTRUMENTS (CONTINUED)

Offsetting of financial assets and financial liabilities

The Group has various netting agreements in place with counterparties. These netting agreements generally enable the counterparties to set-off liabilities against available assets received in the ordinary course of business and/or in the event of the counterparty's default. The offsetting right is a legal right to settle, or otherwise eliminate, all or a portion of an amount due by applying an amount receivable from the same counterparty against it. However, the offsetting criteria under IAS 32 are not met in all cases.

The following table summarize the financial assets and liabilities subject to offsetting, enforceable master netting and similar agreements:

Financial assets and Financial liabilities subject to offsetting, netting arrangements

31 December 2025	**Gross amounts**	**Amounts set off**	**Net amounts**
Trade receivables and other assets	**829,295**	**(349,554)**	**479,741**
Trade and other payable	**(362,067)**	**349,554**	**(12,513)**

31 December 2024	Gross amounts	Amounts set off	Net amounts
Trade receivables and other assets	859,347	(358,410)	500,937
Trade and other payable	(373,956)	358,410	(15,546)

Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. The Group has accumulated deficit as of that date. These conditions indicate that the Group's ability to meet its obligations as they become due and to continue as a going concern are dependent upon the Group's ability to arrange adequate funds in a timely manner. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are made available to meet any future commitments. The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity and/or undrawn committed credit facilities at all times to meet its obligations. As 31 December 2025 the Group have the undrawn working capital facility of ⃁ 780 million. The directors have a reasonable expectation that the Group has adequate resources along with the undrawn credit facilities to continue in operational existence for the foreseeable future. The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

At 31 December 2025	**Less than one year**	**1 to 2 years**	**2 to 5 years**	**More than 5 years**	**Total contractual cash flows**	**Carrying amount**
Borrowings	**726,372**	**875,800**	**8,660,069**	**497,155**	**10,759,396**	**8,562,484**
Trade and notes payable	**2,926,167**	**-**	**-**	**-**	**2,926,167**	**2,926,167**
Due to related parties	**230,880**	**-**	**-**	**-**	**230,880**	**230,880**
Lease liabilities	**381,727**	**353,342**	**755,682**	**810,498**	**2,301,249**	**1,813,484**
Spectrum payable	**236,698**	**236,698**	**591,898**	**782,400**	**1,847,694**	**1,412,153**
	4,501,844	**1,465,840**	**10,007,649**	**2,090,053**	**18,065,386**	**14,945,168**

35 FINANCIAL INSTRUMENTS (CONTINUED)

	Less than one year	1 to 2 years	2 to 5 years	More than 5 years	Total contractual cash flows	Carrying amount
At 31 December 2024						
Borrowings	6,359,353	859,646	1,428,059	254,582	8,901,640	8,198,760
Trade and notes payable	2,536,517	-	-	-	2,536,517	2,536,517
Due to related parties	483,454	-	-	-	483,454	483,454
Lease liabilities	289,222	241,339	556,134	891,780	1,978,475	1,488,996
Spectrum payable	188,698	188,698	506,996	528,000	1,412,392	1,120,105
	9,857,244	1,289,683	2,491,189	1,674,362	15,312,478	13,827,832

35.1 Fair value of financial instruments

Assets and liabilities measured at fair value in the consolidated statement of financial position are grouped into three levels of fair value hierarchy. This Grouping is determined based on the lowest level of significant inputs used in fair value measurement, as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

All the financial assets and liabilities of the Group are carried at amortized cost except for derivative financial instruments. Therefore, the fair value hierarchy disclosure which requires a three-level category of fair value is not disclosed.

35.2 Carrying amount vs fair value

The group considers that the carrying amount of the following financial assets and financial liabilities are a reasonable approximation of their fair value:
- Cash and cash equivalents
- Trade receivables and other assets
- Trade and other payables
- Borrowings
- Non-current portion of spectrum payable

35 FINANCIAL INSTRUMENTS (CONTINUED)

	Fair value measurement hierarchy	31 December 2025		31 December 2024	
		Carrying value	**Fair value**	Carrying value	Fair value
Derivative financial instruments (asset)	Level 2	**-**	**-**	28,504	28,504

35.3 Valuation techniques

These derivatives are valued using widely recognized valuation models. The Group relies on the counterparty for the valuation of these derivatives. The valuation techniques applied by the counterparties include the use of forward pricing standard models using present value calculations and mid-market valuations. Where applicable, these models project future cash flows and discount the future amounts to a present value using market-based observable inputs including interest rate curves, credit spreads, foreign exchange rates, and forward and spot prices.

	2025	2024
Financial Assets		
Financial assets at amortized cost:		
Cash and cash equivalents	**951,157**	840,201
Contract assets	**416,679**	393,941
Trade receivables and other assets	**4,742,630**	3,922,779
Total financial assets at amortized cost	**6,110,466**	5,156,921
Financial assets at fair value:		
Derivative financial instruments	**-**	28,504
Total financial assets at fair value	**-**	28,504
Total financial assets	**6,110,466**	5,185,425
FINANCIAL LIABILITIES		
Financial liabilities at amortized cost:		
Trade payables and notes payable	**2,926,167**	2,536,517
Amount due to related parties	**230,880**	483,454
Spectrum payable	**1,412,153**	1,120,105
Lease liabilities	**1,813,484**	1,488,996
Borrowings	**8,562,484**	8,198,760
Total Financial liabilities at amortized cost:	**14,945,168**	13,827,832
Total financial liabilities	**14,945,168**	13,827,832

36 RELATED PARTY INFORMATION

During the year, the Group transacted with following related parties

Party	**Relationship**
Oman Telecommunications Company SAOG	Parent Company of Mobile Telecommunications Company K.S.C.P (ultimate parent)
Mobile Telecommunications Company K.S.C.P (Zain Group)	Founding shareholder / Parent Group
Zain Bahrain B.S.C (“MTCB”)	Entity under common control
Sudanese Mobile Telephone (Zain) Company Limited (“Zain Sudan”)	Entity under common control
Mobile Telecommunications Company Lebanon (“MTCL”)	Entity under common control
Zain Iraq/Atheer Telecom Iraq Limited ‘Atheer’	Entity under common control
Zain Global Communications Co. SPC	Entity under common control
Zain Omantel International – ZOI	Entity under common control
Zain Tech Solutions FZ- LLC	Entity under common control
FOO (Holding) SAL	Entity under common control
Digital Application Trading Company L.L.C	Associate
Integrated Data Company for Information Technology L.L.C	Joint venture

During the year, the Group entered into the following trading transactions having normal business terms, with related parties:

	2025	2024
Revenue from entities owned by a founding shareholder	**58,241**	42,507
Purchases from entities owned by a founding shareholder	**(122,621)**	(90,342)
Revenue from other related party*	**-**	7,232
Fees charged by a founding shareholder (note 28)	**(170,000)**	(170,000)

* the related party relationship has been extinguished during the year ended 31 December 2025.

The following balances were outstanding at the reporting date:

	2025	2024
Amounts due to a founding shareholder	**230,409**	473,472
Amounts due to entities under common control	**471**	9,982
Amounts due from other related parties	**14,385**	20,448

Other amounts due to related parties are disclosed in note 19.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received by related parties other than those disclosed in note 19. No amounts have been expensed in the current year for expected credit loss in respect of amounts owed by related parties.

Compensations and benefits to key management personal comprising remunerations to Board of Directors and other senior management members

	2025	2024
Short-term benefits	**33,634**	47,605
Long-term benefits	**1,585**	3,426
	35,219	51,031

Short term benefits include remuneration for the Board amounting to ⃁ 5 million (2024: ⃁ 3.3 million).

37 CAPITAL COMMITMENTS

The Group had capital commitments totaling ⃁ 1.85 billion (2024: ⃁ 2.46 billion).

Capital management

The Group manages its capital to ensure it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged from the previous year. The capital structure of the Group consists of debt and equity comprising share capital, the hedging reserve, the accumulated deficit, long-term borrowings and amounts due to related parties.

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 including lease liabilities less cash and cash equivalents. Total capital is calculated as equity, as shown in the consolidated statement of financial position, plus net debt. The Group's Net debt to equity ratio at the end of the year is as follows:

	2025	2024
Net debt	**9,424,811**	8,847,555
Total equity and debt	**20,300,762**	19,554,392
Net debt to equity ratio	**46%**	45%

38 GOVERNMENT GRANTS

	2025	2024
Opening balance	**82,090**	52,257
Amount received during the year	**555,607**	82,090
Charged to statement of profit or loss and other comprehensive income	**-**	(52,257)
Capitalized during the year	**(309,378)**	-
Closing balance	**328,319**	82,090

39 CONTINGENT LIABILITIES

The Group had the below contingent liabilities in the form of letters of guarantee and letters of credit:

	2025	2024
Letter of Guarantee	**46,078**	55,358
Letter of Credit	**196,250**	218,750
	242,328	274,108

The Group in the normal course of business is subject to and also pursuing lawsuits, proceedings, penalties and fines imposed by the regulator, municipalities and other claims from suppliers and telecommunication providers. The Group, after having consulted with its internal and external legal counsel and technical advisors, believes that these matters are not expected to have a significant impact on the financial position or the results of operations of the Group.

The CST's violation committee has issued several penalty resolutions against the Group, which the Group has objected to. The reasons of issuing these resolutions vary between linking ID for the issued prepaid SIM Cards and providing promotions that have not been approved by CST and/or other reasons. As of 31 December 2025, the amount of lawsuits and violations amounts to ⃁ 4.2 million which has been provided for in full (2024: ⃁ 5.3 million).

39 CONTINGENT LIABILITIES (CONTINUED)

WITH HOLDING TAX (WHT)

On 7 July 2015 (18 Ramadan 1436H), The Group received withholding tax assessments from Zakat, Tax and Customs Authority (ZATCA) for the years from 2009 to 2011 whereby ZATCA asked to pay an additional amount of ⃁ 267 million as withholding tax subject to delays penalty payable from the due date up to the settlement date equals to 1% for every 30 days. The Group appealed this claim on 27 August 2015 which resulted in the reduction of withholding tax claim by ⃁ 219 million to ⃁ 48 million, subject to delays penalty.

To appeal before the High Appeal Committee (HAC), the Group completed the required conditions in the Articles of the Saudi Tax Law, by paying the invoices issued by ZATCA amounting ⃁ 48 million on 16 November 2017 related to Withholding Tax (WHT) and issued a bank guarantee for the amount of ⃁ 43 million related to the penalty generated from the delay in paying the WHT.

On 3 June 2021, the HAC issued its decision on the final claim which was reduced to ⃁ 8.4 million. The Group has appealed against this decision to the Appeal Committee for Tax Violations and Disputes and the case is pending as at 31 December 2025.

The Group received additional assessment with an amount of ⃁ 100 million for certain withholding tax items for the years from 2015 to 2021. The Group has appealed those assessments against the relevant committees. The Group believes that the outcome of those appeals will be in the Group's favor with no material financial impact on the Group's consolidated financial statements.

The Group was also subjected to WHT, for the years from 2012 to 2021, on International Interconnect traffic from ZATCA for payments made to International Operators. For any assessments received from ZATCA, the Group has rejected these claims and appealed at various judiciary bodies against these assessments. In the process of appealing against these claims, the Group had paid an amount of ⃁ 8.37 million and created a provision of ⃁ 148.18 million.

During 2022, the government decree number 484 on November 2022 clarified that there will be no WHT on International traffic prospectively. Considering the decree aligned the position of tax prospectively from 2022, the previous years were continued to be assessed by ZATCA and the Group continued to dispute and appeal against these assessments.

During the year 2024, the Group received communication from ZATCA that the dues for WHT on International traffic will be borne by the Government. Accordingly, the Group has reversed a provision of ⃁ 148.18 million. The amount paid of ⃁ 8.37 million will be settled by the Group with dues payable to ZATCA for other ongoing assessments.

40 SEGMENT REPORTING

Information regarding the Group's operating segments is set out below in accordance with IFRS (8) "Operating Segments". IFRS (8) requires operating segments to be identified on the basis of internal reports that are regularly reviewed by the Group's Chief Operating Decision Maker ("CODM") and used to allocate resources to the segments and to assess their performance based on profit after tax.

The Group is engaged mainly in providing telecommunication services and related products. Majority of the Group's revenues, income and assets relate to its operations within the Kingdom. Revenue is distributed to an operating segment based on the entity of the Group reporting the revenue. Sales between segments are calculated at normal business transaction prices.

Below are examples of revenues included in each sector:

Consumer Revenue:

The consumer revenue segment includes products and services such as voice calls, mobile internet, fixed internet, VAS, sale of devices & SIM and related roaming revenues. Financial services from Tamam Finance Company are also included in this stream.

Business Revenue:

The business revenue segment includes services such as voice calls, mobile internet, fixed internet, fixed connectivity and customized solutions including cloud and data center services, related roaming revenues.

Wholesale revenue:

The wholesale segment includes products sold in bulk quantity and services such as FTTH revenue, site sharing revenue, transition, MVNO and roaming services between operator.

40 SEGMENT REPORTING (CONTINUED)

The following is an analysis of the Group's revenues and results based on a segmental basis:

For the year 31 December 2025

Revenues	**Zain KSA**	**Tamam**	**Others**	**Total**
Consumer revenue	**6,471,666**	**435,315**	**4,574**	**6,911,555**
Business revenue	**1,804,454**	**-**	**-**	**1,804,454**
Wholesale revenue	**3,129,827**	**-**	**-**	**3,129,827**
Eliminations / adjustments	**(862,572)**	**-**	**-**	**(862,572)**
Total revenues	**10,543,375**	**435,315**	**4,574**	**10,983,264**
Cost of operations	**(7,798,324)**	**(184,437)**	**(5,652)**	**(7,988,413)**
Depreciation and amortization	**(2,153,794)**	**(6,577)**	**(290)**	**(2,160,661)**
Expected credit loss (ECL)	**(234,713)**	**(142,641)**	**-**	**(377,354)**
Finance income	**14,746**	**-**	**10**	**14,756**
Other expense	**3,963**	**(1)**	**29**	**3,991**
Share of loss of associate	**(601)**	**-**	**-**	**(601)**
Finance cost	**(668,612)**	**(11,211)**	**(4)**	**(679,827)**
Zakat	**(37,908)**	**(9,326)**	**(3)**	**(47,237)**
Elimination	**855,955**	**-**	**-**	**855,955**
Profit for the year	**524,087**	**81,122**	**(1,336)**	**603,873**

For the year 31 December 2024

Revenues	**Zain KSA**	**Tamam**	**Others**	**Total**
Consumer revenue	6,146,068	367,671	-	6,513,739
Business revenue	1,762,242	-	332	1,762,574
Wholesale revenue	2,969,732	-	-	2,969,732
Eliminations / adjustments	(880,584)	-	-	(880,584)
Total revenues	9,997,458	367,671	332	10,365,461
Cost of operations	(7,341,067)	(148,224)	(1,851)	(7,491,142)
Depreciation and amortization	(2,117,018)	(6,392)	(311)	(2,123,721)
Expected credit loss (ECL)	(335,669)	(92,924)	-	(428,593)
Finance income	32,292	-	-	32,292
Gain on tower sale transaction	21,238	-	-	21,238
Government grant income	52,257	-	-	52,257
Other expense	(14,369)	(347)	-	(14,716)
Share of loss of associate	(766)	-	-	(766)
Finance cost	(731,245)	(3,684)	-	(734,929)
Zakat	52,785	(10,898)	-	41,887
Elimination	877,101	-	-	877,101
Profit for the year	492,997	105,202	(1,830)	596,369

40 SEGMENT REPORTING (CONTINUED)

The following is an analysis of the Group's assets and liabilities based on a segmental basis:

Assets	**2025**	2024
Mobile Telecommunications Company	**57,603,795**	54,625,908
Tamam Finance Company	**1,030,079**	904,255
Others	**40,409**	4,462
Eliminations / adjustments	**(29,920,980)**	(27,399,164)
Total assets	**28,753,303**	28,135,461
Liabilities		
Mobile Telecommunications Company	**46,972,936**	44,085,309
Tamam Finance Company	**440,844**	396,487
Others	**38,382**	10,974
Eliminations / adjustments	**(29,574,810)**	(27,064,146)
Total liabilities	**17,877,352**	17,428,624

41 ACQUISITION OF SUBSIDIARIES

The tables below shows details of non-wholly owned subsidiaries of the Group that has material non-controlling interests as at:

Percentage of holding in non-wholly owned subsidiaries of the Group:

	2025	2024
Tam International Logistics Company*	**40%**	0%
Green Shield Insurance Brokerage Company Limited	**60%**	0%

** Control is established through majority representation on the Board of Directors.*

Computation of goodwill at the date of acquisition:

	Tam2Go	**Green Shield**
Consideration paid	**25,000**	**5,400**
Total net assets	**6,830**	**3,004**
Net assets acquired	**2,732**	**1,803**
Goodwill	**22,268**	**3,597**
Non-controlling interest	**4,098**	**1,202**

Financial summary of the subsidiaries taken from the financial statements at the date of acquisition:

	Tam2Go	**Green Shield**
Non-current assets	**531**	**144**
Current assets	**20,942**	**8,476**
Non-current liabilities	**1,006**	**-**
Current liabilities	**13,637**	**5,616**
Equity	**6,830**	**3,004**
Cash and cash equivalent	**8,723**	**195**

41 ACQUISITION OF SUBSIDIARIES (CONTINUED)

Non-controlling interest as at the reporting period:

2025

	NCI at acquisition	Profit for the year	NCI at reporting period
Tam2Go	**4,098**	**150**	**4,248**
Green Shield	**1,202**	**192**	**1,394**
	5,300	**342**	**5,642**

42 SUBSEQUENT EVENTS

On 22 Shaban 1447H corresponding to 10 February 2026, the Board of Directors' recommendation to distribute cash dividends of ⃁ 0.5 per share to shareholders for the fiscal year 2025, the distribution date is yet to be determined after approval of General Assembly.

In the opinion of the management, here have been no other significant subsequent events since the year-end that require disclosure or adjustment in these consolidated financial statements.

43 RECLASSIFICATION OF PRIOR YEAR PRESENTATION

During the year ended 31 December 2025, the Group has reclassified or rearranged certain corresponding figures, where necessary, for the purpose of better presentation. No significant reclassifications or rearrangements, other than those disclosed below, were made in these consolidated financial statements during the current year. These reclassifications have no impact on previously reported net income, retained earnings or cash positions:

Consolidated statement of profit or loss as at 31 December 2024	Previously reported	Amount of Reclassification	Reclassified amount
Distribution and marketing expenses	**2,221,398**	**(49,155)**	**2,172,243**
General and administrative expenses	**498,248**	**49,155**	**547,403**
Total reclassification	**2,719,646**	**-**	**2,719,646**

44 STATUTORY RESERVE

On 24 Dhul Hijjah 1445H corresponding to 30 June 2024, the Group's General Assembly approved amending the Group's by-laws to comply with the New Companies' Law issued on 29 Jumada Al-Akhirah 1444H (corresponding to 19 January 2023), based on the recommendation of the Board of Directors. The Company's General Assembly, in its meeting held on 24 Dhul Hijjah 1445H corresponding to 30 June 2024, agreed to transfer the balance of the statutory reserve amounting to ⃁ 203 million as in the consolidated financial statements for the year ended 31 December 2023 to the retained earnings balance.

45 APPROVED CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved by the Board of Directors on 22 Shaban 1447H (corresponding to 10 February 2026).