Mobile Telecommunications Company K.S.C.P
Kuwait

Condensed Consolidated Interim Financial Information (Unaudited)
30 June 2025

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Independent auditor's report on review of condensed consolidated interim financial information

The Board of Directors
Mobile Telecommunications Company K.S.C.P.
State of Kuwait

Introduction

We have reviewed the accompanying 30 June 2025 condensed consolidated interim financial information of Mobile Telecommunications Company K.S.C.P. (the "Company") and its subsidiaries (together, the "Group"), which comprises the condensed consolidated interim statement of financial position as at 30 June 2025, the condensed consolidated interim statement of profit or loss and the condensed consolidated interim statement of other comprehensive income for three month and six month periods then ended, the condensed consolidated interim statement of changes in equity and the condensed consolidated interim statement of cash flows for the six month period then ended, and notes to the condensed consolidated interim financial information. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity.* A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As disclosed in note 2.3 to the condensed consolidated interim financial information, the Group holds investments in subsidiaries situated in the Republic of Sudan, which has been identified as a hyperinflationary economy in accordance with the criteria of IAS 29 *Financial Reporting in Hyperinflationary Economies*. The Group did not perform an assessment of the impact of hyperinflation on these subsidiaries in the condensed consolidated interim financial information, in accordance with IAS 29. In the absence of such an assessment, it was impracticable for us to determine whether any adjustments might have been necessary in respect of elements making up the condensed consolidated interim statement of financial position as at 30 June 2025, 31 December 2024 and 30 June 2024, the condensed consolidated interim statement of profit or loss and the condensed consolidated interim statement of other comprehensive income for the three month and six month periods ended 30 June 2025 and 30 June 2024, and the condensed consolidated interim statement of changes in equity and the condensed consolidated interim statement of cash flows for the six month periods ended 30 June 2025 and 30 June 2024.

Qualified Conclusion

Based on our review, except for the possible effects of the matter described in the *Basis for Qualified Conclusion* paragraph above, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

Emphasis of matter – Political uncertainty in Republic of Sudan

We draw attention to note 2.4 of the condensed consolidated interim financial information, which describes the management's assessment of the ongoing impact of the political uncertainty in the Republic of Sudan on the Group's operations and financial performance and related uncertainties. Our review conclusion is not modified in respect of this matter.

Report on review of other legal and regulatory requirements

Furthermore, based on our review, except for the possible effect of the matters described in the *Basis for Qualified Conclusion* paragraph above, the condensed consolidated interim financial information is in agreement with the books of account of the Company. We further report that, nothing has come to our attention that causes us to believe that there were any other violations of the provisions of the Companies Law No. 1 of 2016, as amended, and its Executive Regulations, as amended, or of the Company's Memorandum of Incorporation and Articles of Association, as amended, during the six month period ended 30 June 2025 that might have had material effect on the business of the Company or on its financial position.

We further report that, based on our review, except for the possible effect of the matters described in the *Basis for Qualified Conclusion* paragraph above, nothing has come to our attention that causes us to believe that there were any other violations of the provisions of the Law No. 7 of 2010, as amended, concerning the Capital Markets Authority, and its related regulations, during the six month period ended 30 June 2025 that might have had material effect on the business of the Company or on its financial position.

Dr. Rasheed M. Al-Qenae
License No 130
of KPMG Al-Qenae & Partners
Member firm of KPMG International

Kuwait: 12 August 2025

Mobile Telecommunications Company K.S.C.P
Kuwait

Condensed Consolidated Interim Statement of Financial Position as at 30 June 2025 (Unaudited)

		Unaudited	Audited	Unaudited
		30 June 2025	31 December 2024	30 June 2024
ASSETS	**Notes**	**KD '000**	**KD '000**	**KD '000**
Current assets				
Bank and cash balances	3	217,116	195,930	216,461
Bank balances held in customers' account	4	19,146	15,928	15,860
Trade and other receivables		1,111,465	1,028,891	974,872
Contract assets		92,473	86,076	79,370
Inventories		57,810	78,322	62,187
Investment securities at FVTPL		75,122	51,504	37,271
		1,573,132	1,456,651	1,386,021
Assets classified as held for sale	5	107,337	95,604	4,033
		1,680,469	1,552,255	1,390,054
Non-current assets				
Contract assets		79,722	69,870	55,951
Investment securities at FVOCI		14,340	13,748	11,663
Investments in associates and joint venture	6	227,060	207,818	207,280
Other non-current assets		126,548	112,225	112,192
Right of use of assets		206,516	172,979	147,910
Property and equipment	7	1,143,407	1,176,529	1,016,599
Intangible assets and goodwill	8	1,936,917	1,958,685	1,993,105
		3,734,510	3,711,854	3,544,700
Total Assets		5,414,979	5,264,109	4,934,754
LIABILITIES AND EQUITY				
Current liabilities				
Trade and other payables		1,163,513	1,163,209	1,072,520
Contract liabilities		63,225	60,893	55,281
Income tax payables		20,940	18,329	14,463
Bank borrowings	9	642,845	644,610	184,394
Lease liabilities		35,518	28,230	29,184
		1,926,041	1,915,271	1,355,842
Liabilities directly associated with assets classified as held for sale	5	36,100	32,944	909
		1,962,141	1,948,215	1,356,751
Non-current liabilities				
Bank borrowings	9	1,090,031	845,742	1,241,366
Lease liabilities		204,323	184,086	160,784
Other non-current liabilities	10	223,606	324,175	324,088
		1,517,960	1,354,003	1,726,238
Equity				
Attributable to owners of the Company				
Share capital	11.1	432,706	432,706	432,706
Share premium		1,707,164	1,707,164	1,707,164
Reserves	11.2	(911,438)	(912,183)	(991,148)
		1,228,432	1,227,687	1,148,722
Non-controlling interests		706,446	734,204	703,043
Total equity		1,934,878	1,961,891	1,851,765
Total Liabilities and Equity		5,414,979	5,264,109	4,934,754

The accompanying notes are an integral part of this condensed consolidated interim financial information.

This condensed consolidated interim financial information was approved and authorized for issue by the Board of Directors on 12 August 2025.

Osamah Othman Alfuraih
Chairman

Bader Nasser Al Kharafi
Vice Chairman & Chief Executive Officer

Condensed Consolidated Interim Statement of Profit or Loss – 30 June 2025 (Unaudited)

		Three months ended 30 June		Six months ended 30 June	
		2025	**2024**	**2025**	**2024**
	Note	**KD'000**	**KD'000**	**KD'000**	**KD'000**
Revenue		541,479	478,708	1,077,701	944,847
Cost of sales*		(181,757)	(156,999)	(369,838)	(311,248)
Operating and administrative expenses		(161,897)	(132,892)	(332,269)	(289,709)
Expected credit loss on financial assets (ECL)		(12,117)	(11,128)	(19,246)	(18,459)
Depreciation, amortization and impairment		(84,780)	(92,101)	(171,921)	(175,992)
Interest income		1,727	2,096	2,996	5,056
Investment income / (loss)	12	6,144	(453)	22,229	2,572
Share of results of associates and joint venture		18,115	1,210	19,251	812
Other (expenses) / income		(1,293)	5,182	(12,558)	3,891
Finance costs	13	(31,900)	(32,573)	(62,794)	(64,280)
Foreign exchange (loss) / gain		(1,015)	5,892	(383)	10,539
Net monetary gain	20	682	1,381	4,222	1,381
Profit before taxation and Board of Directors' remuneration		93,388	68,323	157,390	109,410
Taxation	14	(10,275)	(7,348)	(17,826)	(13,882)
Board of Directors' remuneration		(135)	(119)	(270)	(239)
Profit for the period		82,978	60,856	139,294	95,289
Attributable to:					
Owners of the Company		72,719	52,196	121,189	81,420
Non-controlling interests		10,259	8,660	18,105	13,869
		82,978	60,856	139,294	95,289
Earnings per share (EPS)	15				
Basic and diluted – Fils		17	12	28	19

*Cost of sales comprises of access charges, trading cost, dealer commission and regulatory revenue sharing.

The accompanying notes are an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Interim Statement of Other Comprehensive Income – 30 June 2025 (Unaudited)

	Three months ended 30 June		Six months ended 30 June	
	2025	**2024**	**2025**	**2024**
	KD'000	**KD'000**	**KD'000**	**KD'000**
Profit for the period	82,978	60,856	139,294	95,289
Other comprehensive loss				
Items that are or may be reclassified subsequently to profit or loss:				
Foreign exchange differences on translating foreign operations	(19,783)	(38,992)	(20,165)	(69,476)
Other reserves	(783)	(817)	(1,437)	(697)
	(20,566)	(39,809)	(21,602)	(70,173)
Items that will not be reclassified subsequently to profit or loss:				
Fair value gain / (loss) on investments in equity instruments designated as at FVOCI	3	(2,020)	293	(1,951)
Other reserves	-	699	-	699
	3	(1,321)	293	(1,252)
Other comprehensive loss for the period	(20,563)	(41,130)	(21,309)	(71,425)
Total comprehensive income for the period	62,415	19,726	117,985	23,864
Total comprehensive income attributable to:				
Owners of the Company	59,731	12,993	107,263	10,798
Non-controlling interests	2,684	6,733	10,722	13,066
	62,415	19,726	117,985	23,864

The accompanying notes are an integral part of this condensed consolidated interim financial information.

Mobile Telecommunications Company K.S.C.P
Kuwait

Condensed Consolidated Interim Statement of Changes in Equity – Six months ended 30 June 2025 (Unaudited)

	Equity attributable to owners of the Company				
	Share capital	**Share premium**	**Reserves (note 11.2)**	**Non -controlling interests**	**Total**
	KD '000	**KD '000**	**KD '000**	**KD '000**	**KD '000**
Balance at 1 January 2025	432,706	1,707,164	(912,183)	734,204	1,961,891
Profit for the period	-	-	121,189	18,105	139,294
Other comprehensive loss for the period	-	-	(13,926)	(7,383)	(21,309)
Total comprehensive income for the period	-	-	107,263	10,722	117,985
Transactions with shareholders of the Company, recognized directly in equity:					
Cash dividends (2024) (note 11.3)	-	-	(108,176)	-	(108,176)
Cash dividends to non-controlling interest of subsidiaries (2024)	-	-	-	(38,480)	(38,480)
Impact of application of IAS 29 (note 20)	-	-	1,658	-	1,658
Balance at 30 June 2025	432,706	1,707,164	(911,438)	706,446	1,934,878
Balance at 1 January 2024	432,706	1,707,164	(893,919)	714,284	1,960,235
Profit for the period	-	-	81,420	13,869	95,289
Other comprehensive loss for the period	-	-	(70,622)	(803)	(71,425)
Total comprehensive income for the period	-	-	10,798	13,066	23,864
Transactions with shareholders of the Company, recognized directly in equity:					
Non-controlling interest arising on the acquisition	-	-	-	310	310
Cash dividends (2023) (note 11.3)	-	-	(108,176)	-	(108,176)
Cash dividends to non-controlling interest of subsidiaries (2023)	-	-	-	(24,617)	(24,617)
Impact of application of IAS 29 (note 20)	-	-	149	-	149
Balance at 30 June 2024	432,706	1,707,164	(991,148)	703,043	1,851,765

The accompanying notes are an integral part of this condensed consolidated interim financial information.

Mobile Telecommunications Company K.S.C.P
Kuwait

Condensed Consolidated Interim Statement of Cash Flows – Six months ended 30 June 2025 (Unaudited)

	Note	Six months ended 30 June 2025 KD'000	Six months ended 30 June 2024 KD'000
Cash flows from operating activities			
Profit before taxation and Board of Directors' remuneration		157,390	109,410
Adjustments for:			
Depreciation, amortization and impairment		171,921	175,992
ECL on financial assets		19,246	18,459
Interest income		(2,996)	(5,056)
Investment income	12	(22,229)	(2,572)
Share of results of associates and joint venture		(19,251)	(812)
Finance costs	13	62,794	64,280
Foreign currency loss / (gain)		383	(10,539)
Net monetary gain	20	(4,222)	(1,381)
Gain on sale of property and equipment		(558)	(2)
Operating cash flow before working capital changes		362,478	347,779
Increase bank balances held in customers' account		(4,681)	(2,912)
Increase in trade and other receivables and contract assets		(143,692)	(147,174)
Decrease / (increase) in inventories		19,844	(6,502)
Increase in trade and other payables		71,303	47,192
Cash generated from operations		305,252	238,383
Income tax paid		(8,352)	(8,614)
KFAS paid		(2,152)	(2,232)
NLST and Zakat paid		(6,226)	(11,353)
Net cash from operating activities		288,522	216,184
Cash flows from investing activities			
Deposits maturing after three months, cash at banks under lien and government certificates of deposits	3	1,055	(5,366)
Investments in securities		(2,509)	(2,422)
Proceeds from sale of investment securities		103	761
Acquisition of subsidiaries, net of cash acquired		-	(3,095)
Acquisition of property and equipment (net)		(100,444)	(127,373)
Acquisition of intangible assets (net)		(27,254)	(25,757)
Interest received		1,853	1,632
Dividend received		117	108
Net cash used in investing activities		(127,079)	(161,512)
Cash flows from financing activities			
Proceeds from bank borrowings	9	279,093	218,818
Repayment of bank borrowings	9	(43,533)	(107,658)
Repayment of payable to Ministry of Finance – KSA		(159,155)	(45,119)
Repayment of lease liabilities		(19,087)	(21,451)
Dividend paid to Company's shareholders		(107,984)	(108,335)
Dividend paid to minority shareholders of subsidiaries		(34,520)	(933)
Finance costs paid		(50,479)	(58,847)
Net cash used in financing activities		(135,665)	(123,525)
Net increase / (decrease) in cash and cash equivalents		25,778	(68,853)
Effect of foreign currency translation		(3,537)	(33,599)
Cash and cash equivalents at beginning of period		193,639	312,449
Cash and cash equivalents at end of period	3	215,880	209,997

The accompanying notes are an integral part of this condensed consolidated interim financial information.

1. Incorporation and activities

Mobile Telecommunications Company K.S.C.P (the "Company") is a Kuwaiti shareholding company incorporated in 1983. Its shares are traded on the Kuwait Stock Exchange. The registered office of the Company is at P. O. Box 22244, 13083 Safat, State of Kuwait.

The Company and its subsidiaries (the "Group") along with associates provide mobile telecommunication services in Kuwait and 7 other countries (31 December 2024 - Kuwait and 7 other countries; 30 June 2024 - Kuwait and 7 other countries) under licenses from the Governments of the countries in which they operate; purchase, deliver, install, manage and maintain mobile telephone and paging systems; and invest surplus funds in investment securities.

The Company is a subsidiary of Oman Telecommunications Company SAOG, Oman (the "Parent Company").

2. Basis of preparation

The condensed consolidated interim financial information for six months ended 30 June 2025 has been prepared in accordance with IAS 34: Interim Financial Reporting and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2024 ("last annual financial statements"). This does not include all of the information required for a complete set of financial statements prepared in accordance with IFRS Accounting Standards. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

The Group has prepared the condensed consolidated interim financial information on the basis that it will continue to operate as a going concern. The Directors consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

The condensed consolidated interim financial information does not contain all of the information and disclosures required for complete financial statements prepared in accordance with International Financial Reporting Standards. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Results for the interim period are not necessarily indicative of the results that may be expected for the year ending 31 December 2025, including the impact of the matter stated in note 2.3 regarding application of IAS 29. For further information, refer to the audited consolidated financial statements and notes thereto for the year ended 31 December 2024.

2.1 Changes in accounting policy and disclosures

The accounting policies adopted in the preparation of the condensed consolidated interim financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of new standards effective as of 1 January 2025. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments apply for the first time in 2025, but do not have a significant impact on the condensed consolidated interim financial information of the Group as follows;

Lack of exchangeability - Amendments to IAS 21

The amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments are effective for annual reporting periods beginning on or after 1 January 2025. When applying the amendments, an entity cannot restate comparative information.

These amendments had no significant impact on the Group's condensed consolidated interim financial information.

2.2 Significant judgments and estimates

The preparation of the condensed consolidated interim financial information requires management to make judgments, estimates and assumptions that affects the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group’s annual consolidated financial statements for the year ended 31 December 2024.

2.3 Reporting on Hyperinflationary economies

Republic of South Sudan (“South Sudan”)

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

Republic of Sudan (“Sudan”)

In 2015, the Group noted that the economy of Sudan, where the Group has subsidiaries, may be hyperinflationary from the beginning of 2015. This was based on the general price index showing the cumulative three-year rate of inflation exceeding 100% at that time. However, International Accounting Standard, IAS 29: Financial Reporting in Hyperinflationary Economies, does not establish an absolute rate at which hyperinflation is deemed to arise and states that it is a matter of judgment when restatement of financial statements in accordance with this Standard becomes necessary. In addition, the Group noted that in the 2014 International Monetary Fund (IMF) Sudan country report, the cumulative projected three-year inflation rate outlook for Sudan in 2016 to be around 57% and thus, applying IAS 29 in 2015, could have entailed going in and out of hyperinflation within a short period which was confirmed when Sudan went out of hyperinflation in 2016. Sudan has been again declared as hyperinflationary in 2018. Based on the above matters, Group believes that there is no definitive basis to apply IAS 29 at this stage. However, Group will review it on an ongoing basis, accordingly it has not quantified the impact of applying IAS 29 as of 30 June 2025, 31 December 2024 or 30 June 2024.

2.4 Political uncertainty in Sudan

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

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

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

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

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

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

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

If a worst-case scenario unfolds with widespread hostilities across Sudan, it can be anticipated that the Zain Sudan's operations may encounter disruptions for an indeterminate duration. This represents an uncertainty that is beyond the control of Zain Sudan. After evaluating the revised forecasts, management of Zain Sudan has examined the Zain Sudan's capability to operate as a going concern at the time of releasing this condensed consolidated interim financial information. As a result, it has determined that there are no significant uncertainties that could impede the Zain Sudan's infrastructure and operations, thereby casting significant doubt on its ability to continue as a going concern. Consequently, the Zain Sudan is expected to be able to realize its assets and fulfill its obligations in the ordinary course of business.

3. Bank and cash balances

Bank and cash balances include the following:

	Unaudited	**Audited**	**Unaudited**
	30 June 2025	**31 December 2024**	**30 June 2024**
	KD '000	**KD '000**	**KD '000**
Cash on hand and at banks	180,882	178,931	202,546
Short-term deposits with banks	47,313	41,444	40,642
Government certificates of deposits held by subsidiaries	2	2	3
	228,197	220,377	243,191
Expected credit loss	(11,081)	(24,447)	(26,730)
Bank and cash balances as per condensed consolidated interim statement of financial position	217,116	195,930	216,461
Deposits with original maturity over 3 months and cash at bank under lien	(1,234)	(2,289)	(6,461)
Government certificates of deposits with maturities exceeding three months held by subsidiaries	(2)	(2)	(3)
Cash and cash equivalent in the condensed consolidated interim statements of cash flows	215,880	193,639	209,997

4. Bank balances held in customers' account

Bank balances held in customers' account as part of electronic payment services provided by the Group are presented separately from bank and cash balances in the condensed consolidated interim statement of financial position of the Group. The regulations in respective locations require that these balances with banks are held in a manner to ensure that these balances are not combined with the Group's bank and cash balances.

5. Assets and liabilities of disposal group classified as held for sale and discontinued operations

5.1 Assets and liabilities of disposal group classified as held for sale

Kuwait

Following the acquisition of IHS Netherlands GCC B.V. ("IHS") (note 5.2), the Group ceased to classify the assets and liabilities related to the remaining telecom towers as held for sale in Kuwait, as the criteria for such classification are no longer met.

Iraq

The Group has classified certain network equipment amounting to US$ 45 million (KD 13.767 million) as held for sale during the period ended 30 June 2025, on the basis that management is committed to a plan to sell these network equipment and the transaction is expected to be completed within one year. As of 30 June 2025, network equipment worth US$ 17 million (KD 5.190 million) was transferred to the vendor.

5.2 Discontinued operations – IHS

In December 2024, the Group acquired residual 70% equity interest of IHS, to complement its already existing 30% stake and thereby owning a 100% stake in IHS, for a purchase consideration of US$ 139.800 million (KD 42.891 million). IHS is engaged in the business of tower infrastructure services in Kuwait.

	Unaudited 30 June 2025 KD '000	Audited 31 December 2024 KD '000
Fair value less cost to sell	62,660	62,660
Total liabilities of IHS	36,100	32,944
Total assets of IHS	98,760	95,604

The Group intends to dispose of IHS within one year and is actively in discussion with potential buyers, which is expected to conclude within one year, hence classified it as discontinuing operations.

6. Investments in associates and joint venture

6.1 Investments in associates

	Unaudited		Audited		Unaudited	
	30 June 2025		31 December 2024		30 June 2024	
	%	KD '000	%	KD '000	%	KD '000
IHS	-	-	-	-	30	1,349
TASC Towers Holding Limited ("TASC")	92.87	117,192	92.87	116,370	92.87	116,445
Entertainment Content Trading Company WLL ("Playhera MENA")	30	396	30	399	30	554
Others		563		568		557
		118,151		117,337		118,905

The carrying value of the associates and their results for the period are determined by Group management using the equity method based on management information provided by the associates.

IHS

During December 2024, the Group acquired 70% equity interest of IHS (note 5.2).

TASC

The Group determines that it does not have the control over TASC on the basis that the Group does not have the ability for a majority representation in the Board under the terms agreed in the agreement between TASC shareholders.

In December 2023, the Group signed definitive agreements with Ooredoo Group Q.P.S.C ("Ooredoo") for a merger transaction to combine both company's passive infrastructures (towers) via a cash and share deal. The Group and Ooredoo will contribute assets and cash to the newly formed tower company to retain a 49.3% stake each in the newly formed tower company. The transaction (initial market closings) is in progress and is expected to be completed during 2025.

6.2 Investments in joint venture

	Unaudited		Audited		Unaudited	
	30 June 2025		31 December 2024		30 June 2024	
	%	KD '000	%	KD '000	%	KD '000
Zain Al Ajial S.A. ("Zain Ajial")	50	108,909	50	90,481	50	88,375
		108,909		90,481		88,375

This represents Group's interest in the joint venture, Zain Al Ajial S.A. that owns 31% of the equity shares and voting rights of Wana Corporate (a Moroccan joint stock company that is specialized in the telecom sector in that country). The carrying value of this joint venture and its results for the period are determined by Group management using equity method estimated based on the latest management information provided by Wana Corporate. Share of results for the period includes one-time gain of US$ 50 million (KD 15.300 million) on settlement of legal dispute in Morocco.

7. Property and equipment

	Unaudited	Audited	Unaudited
	30 June 2025	31 December 2024	30 June 2024
	KD '000	KD '000	KD '000
Net fixed assets	898,323	894,044	872,827
Capital work in progress	245,084	282,485	143,772
	1,143,407	1,176,529	1,016,599

During the six-months period ended 30 June 2025, the Group acquired property and equipment amounting to KD 72.744 million (30 June 2024: KD 34.948 million). Depreciation charged for the period amounted to KD 92.660 million (30 June 2024: KD 96.552 million). The Group did not recognize any impairment loss for the six-months period ended 30 June 2025 (30 June 2024 - KD 5.990 million).

8. Intangible assets and goodwill

	Unaudited	Audited	Unaudited
	30 June 2025	31 December 2024	30 June 2024
	KD '000	KD '000	KD '000
Intangible assets	1,391,151	1,410,484	1,448,165
Goodwill	530,954	535,995	534,930
Capital work in progress	14,812	12,206	10,010
	1,936,917	1,958,685	1,993,105

During the six-months period ended 30 June 2025, the Group acquired intangible assets amounting to KD 49.453 million (30 June 2024: KD 13.843 million). Amortization charged for the period amounted to KD 56.401 million (30 June 2024: KD 53.949 million).

During 2024, the Group, through ZainTech Solutions FZ-LLC ("Zain Tech"), acquired 100% equity interest of Specialized Technical Services Company BVI ("STS"). During the period, the Group finalized the Purchase Price Allocation ("PPA") exercise of STS. The cumulative impact of these PPA related adjustments was passed in Q1 2025 as the impact was not material for the condensed consolidated interim financial information.

9. Bank borrowings

	Unaudited 30 June 2025 KD '000	Audited 31 December 2024 KD '000	Unaudited 30 June 2024 KD '000
Company			
Short term loans	39,689	40,040	-
Long term loans	731,654	661,771	642,439
	771,343	701,811	642,439
Mobile Telecommunications Company Saudi Arabia ("SMTC")			
Short term loans	54,545	41,080	-
Long term loans	613,300	473,626	500,961
	667,845	514,706	500,961
Pella Investment Company ("Pella")			
Short term loans	11,581	6,516	-
Long term loans	79,377	80,077	79,745
	90,958	86,593	79,745
Atheer Telecom Iraq Limited ("Atheer")			
Bank overdrafts	441	-	-
Long term loans	198,843	185,108	200,889
	199,284	185,108	200,889
Others			
Short term loans	538	155	872
Long term loans	2,908	1,979	854
	3,446	2,134	1,726
	1,732,876	1,490,352	1,425,760

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

	Unaudited 30 June 2025 KD '000	Audited 31 December 2024 KD '000	Unaudited 30 June 2024 KD '000
Opening balance	1,490,352	1,311,538	1,311,538
Proceeds from bank borrowings	279,093	437,431	218,818
Repayment of bank borrowings	(43,533)	(328,936)	(107,658)
Increase in bank borrowings due to vendor financing arrangement (non-cash item)	15,204	60,205	-
On acquisition of a subsidiary	-	2,314	2,314
Effect of change in foreign exchange rates	(8,240)	7,800	748
	1,732,876	1,490,352	1,425,760

The current and non-current amounts are as follows:

	Unaudited 30 June 2025 KD '000	Audited 31 December 2024 KD '000	Unaudited 30 June 2024 KD '000
Current liabilities	642,845	644,610	184,394
Non-current liabilities	1,090,031	845,742	1,241,366
	1,732,876	1,490,352	1,425,760

The carrying amounts of the Group's bank borrowings are denominated in the following currencies equivalent to Kuwaiti Dinar:

	Unaudited 30 June 2025 KD '000	Audited 31 December 2024 KD '000	Unaudited 30 June 2024 KD '000
US dollar	451,502	456,915	462,992
Kuwaiti dinar	660,447	587,337	542,109
Saudi riyals	596,648	437,605	420,659
Jordanian dinar	15,027	8,495	-
Iraqi dinar	9,252	-	-
	1,732,876	1,490,352	1,425,760

The average effective interest rate as at 30 June 2025 was 5.76% (31 December 2024 – 6.56%; 30 June 2024 – 6.80%) per annum.

The Group is compliant with the principal covenant ratios, which include:

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

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

Company

During the period, the Company has:

1) drawn down loans amounting to KD 73 million from the loan facilities (31 December 2024 - KD 351.280 million, 30 June 2024: KD 145 million). This includes:
   - KD 20 million of a revolving credit facility amounting to KD 100 million.
   - KD 20 million of a revolving credit facility amounting to KD 345 million.
   - KD 18 million of a long-term facility amounting to KD 93 million.
   - KD 15 million of a long-term facility amounting to KD 55 million.

2) repaid loans amounting to KD 2.675 million (31 December 2024 – KD 237.161 million, 30 June 2024: KD 89.625 million).

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

SMTC

Term loans include:

1) SAR 4,687 million (KD 381.569 million) (31 December 2024: SAR 5,029 million equivalent to KD 413.183 million, 30 June 2024: SAR 5,323 million equivalent to KD 435.233 million) syndicated murabaha facility availed from a consortium of banks.

   In September 2020, SMTC signed an Amendment Agreement (the Agreement) with the consortium of lenders to refinance the Murabaha facilities that existed as of that date and to secure additional funding for future capital investment.

   The Agreement:

   a. Includes a Total Term Murabaha Facility of SAR 6,000 million (KD 488.460 million), consisting of SAR 4,880 million (KD 397.281 million) and US$ portion of SAR 1,120 million (KD 91.179 million) for refinancing of the existing Term Murabaha Facility amounting to SAR 3,480 million (KD 283.307 million) and balance for future specified business purposes. SAR 2,560 million (KD 208.410 million) of the syndicated loan has been hedged through a profit rate swap contract.

   b. Includes a revolving working capital facility of SAR 1,000 million (KD 81.410 million) consisting of SAR 813.393 million (KD 66.218 million) and a US$ portion totaling to SAR 186.607 million (KD 15.192 million). As at 30 June 2025, this revolving working capital facility of SAR 1,000 million (KD 81.410 million) has been cancelled.

   The Murabaha Facility continues to be secured partially by a guarantee from the Company and a pledge of the Company's and some of the founding shareholders' shares in SMTC and assignment of certain contracts and receivables. Under the Murabaha Financing Agreement, SMTC can declare dividend or other distribution in cash or in kind to shareholders, provided SMTC is in compliance with all its obligations under the agreement.

2) During the period, SMTC obtained a new Islamic Shariah compliant facility amounting to SAR 1,934 million (KD 157.447 million) repayable in a single bullet payment upon its maturity on 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. This facility was utilized by SMTC to repay in full the amount payable to Ministry of Finance – KSA (note 10).

3) In 2024, SMTC availed facilities of SAR 1,125 million (KD 91.586 million) (31 December 2024: SAR 1,125 million equivalent to KD 92.430 million, 30 June 2024: SAR 1,125 million equivalent to KD 91.991 million) to fund for the CAPEX payment against several projects and SAR 500 million (KD 40.705 million) (31 December 2024: SAR 500 million equivalent to KD 41.080 million, 30 June 2024: SAR 500 million equivalent to KD 40.885 million) for receivables discounting.

   SMTC have availed SAR 934.200 million (KD 76.053 million) (31 December 2024: SAR 736 million equivalent to KD 60.470 million, 30 June 2024: SAR 565 million equivalent to KD 46.200 million) of the CAPEX facility and SAR 500 million (KD 40.705 million) (31 December 2024: SAR 500 million equivalent to KD 41.080 million, 30 June 2024: SAR 250 million equivalent to KD 20.443 million) of the account receivable factoring facility as at the reporting period.

   The interest amounting to SAR 27.400 million (KD 2.231 million) (31 December 2024: SAR 21.270 million equivalent to KD 1.748 million, 30 June 2024: SAR 2.700 million equivalent to KD 0.221 million) has been capitalized by SMTC during period, based on effective interest rate of the loan.

4) During the period, a subsidiary of SMTC availed working capital Murabaha facility of SAR 200 million (KD 16.282 million) to fund for the short-term expenditure and be repayable within twelve months. The subsidiary of SMTC have availed SAR 170 million (KD 13.840 million) from this facility as at the reporting period.

Pella

Long term loans include:

1) US$ 160 million (KD 48.848 million) (31 December 2024 – US$ 160 million equivalent to KD 49.280 million, 30 June 2024 – US$ 160 million equivalent to KD 49.072 million) term loan from a commercial bank which is repayable by 11 October 2025.

2) US$ 100 million (KD 30.530 million) (31 December 2024 – US$ 100 million equivalent to KD 30.800 million, 30 June 2024 – US$ 100 million equivalent to KD 30.760 million) term loan from a commercial bank which is repayable by 30 April 2027.

Atheer

Long term loans include:

1) US$ 105 million (KD 32.057 million) (31 December 2024 – US$ 105 million equivalent to KD 32.340 million, 30 June 2024 – US$ 105 million equivalent to KD 32.204 million) term loan from a commercial bank which is repayable by 30 June 2026.

2) US$ 131 million (KD 39.994 million) (31 December 2024 – US$ 71 million equivalent to KD 21.868 million, 30 June 2024 – US$ 125 million equivalent to KD 38.338 million) revolving credit facilities from a commercial bank which is repayable by 17 December 2027. This includes converted term loan amounting to US$ 50 million (KD 15.265 million).

3) US$ 100 million (KD 30.530 million) (31 December 2024 – US$ 100 million equivalent to KD 30.800 million,30 June 2024 – US$ 100 million equivalent to KD 30.670 million) term loan from a commercial bank which is repayable by 30 July 2026.

4) US$ 60 million (KD 18.318 million) (31 December 2024 – US$ 50 million equivalent to KD 15.400 million, 30 June 2024 – US$ 50 million equivalent to KD 15.335 million) term loan from a commercial bank, this was rescheduled to revolving credit facility which is repayable by 24 April 2027.

5) US$ 125 million (KD 38.163 million) (31 December 2024 – US$ 125 million equivalent to KD 38.500 million, 30 June 2024 – US$ 125 million equivalent to KD 38.338 million) term loan from a commercial bank which is repayable by 01 May 2029.

6) US$ 100 million (KD 30.530 million) (31 December 2024 – US$ 100 million equivalent to KD 30.800 million, 30 June 2024 – US$ 100 million equivalent to KD 30.670 million) term loan from a commercial bank which is repayable by 19 August 2027.

7) IQD 40 billion (KD 9.252 million) (31 December 2024 – Nil, 30 June 2024 – Nil) term loan from a commercial bank which is repayable by 08 April 2027. The facility is guaranteed by the immediate parent of Atheer and carry a fixed interest rate.

These facilities are guaranteed by the Company (except point no.7 as mentioned above) and carry a floating interest rate of a fixed margin over three-month SOFR.

10. Other non-current liabilities

	Unaudited 30 June 2025 KD '000	Audited 31 December 2024 KD '000	Unaudited 30 June 2024 KD '000
Payable to Ministry of Finance – KSA (refer below)	-	123,055	122,472
Due for acquisition of spectrum	162,868	143,654	141,509
Customer deposits	2,798	2,596	4,477
Post-employment benefits	57,931	54,870	54,666
Others	9	-	964
	223,606	324,175	324,088

During the period, SMTC fully settled its outstanding payable to Ministry of Finance, KSA.

11. Share capital and reserves

11.1 Share capital

The authorized, issued and fully paid up share capital of the Company (in cash and bonus shares) as of 30 June 2025 is 4,327,058,909 shares (31 December 2024 – 4,327,058,909; 30 June 2024 - 4,327,058,909) of 100 fils each.

11.2 Reserves

	Legal reserve	Foreign currency translation reserve	Investment fair valuation reserve	Other reserves	Retained earnings	Total reserves
	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000
Balance at 1 January 2025	216,354	(1,633,480)	(13,994)	2,050	516,887	(912,183)
Profit for the period	-	-	-	-	121,189	121,189
Other comprehensive (loss) / income for the period	-	(13,672)	293	(547)	-	(13,926)
Total comprehensive (loss) / income for the period	-	(13,672)	293	(547)	121,189	107,263
Transactions with shareholders of the Company, recognized directly in equity:						
Cash dividends (2024) (note 11.3)	-	-	-	-	(108,176)	(108,176)
Impact of application of IAS 29 (note 20)	-	-	-	-	1,658	1,658
Balance at 30 June 2025	216,354	(1,647,152)	(13,701)	1,503	531,558	(911,438)
Balance at 1 January 2024	216,354	(1,556,226)	(14,070)	2,998	457,025	(893,919)
Profit for the period	-	-	-	-	81,420	81,420
Other comprehensive loss for the period	-	(68,670)	(1,951)	(1)	-	(70,622)
Total comprehensive (loss) / income for the period	-	(68,670)	(1,951)	(1)	81,420	10,798
Transactions with shareholders of the Company, recognized directly in equity:						
Cash dividends (2023) (note 11.3)	-	-	-	-	(108,176)	(108,176)
Impact of application of IAS 29 (note 20)	-	-	-	-	149	149
Balance at 30 June 2024	216,354	(1,624,896)	(16,021)	2,997	430,418	(991,148)

Other reserves mainly include hedge reserves gain amounting to KD 0.832 million (30 June 2024 - KD 2.536 million).

11.3 Dividend

The annual general meeting of shareholders for the year ended 31 December 2024 held on 16 April 2025 approved distribution of a cash dividend of 25 fils per share to the registered shareholders, for the second half of the year 2024, after obtaining necessary regulatory approvals. This is in addition to the interim dividend of 10 fils distributed earlier in 2024 totaling 35 fils per share for the year 2024 (31 December 2023 – 35 fils per share).

Interim dividend

The Board of Directors in their meeting held on 12 August 2025, declared distribution of 10 fils per share as interim dividend in cash.

12. Investment income/ (loss)

	Three months ended June (Unaudited)		Six months ended June (Unaudited)	
	2025	**2024**	**2025**	**2024**
	KD'000	**KD'000**	**KD'000**	**KD'000**
Gain/ (loss) from investment securities mandatorily at FVTPL	279	(58)	485	80
Gain/ (loss) from investment securities designated at inception as FVTPL	5,748	(503)	21,627	2,384
Dividend income	117	108	117	108
	6,144	(453)	22,229	2,572

13. Finance cost

Finance cost consists of:

	Three months ended 30 June (Unaudited)		Six months ended 30 June (Unaudited)	
	2025	**2024**	**2025**	**2024**
	KD'000	**KD'000**	**KD'000**	**KD'000**
Interest on bank borrowings	24,020	21,949	45,767	43,253
Finance cost on lease liabilities	4,338	3,772	8,555	7,097
Interest relating to license and spectrum payable	2,705	2,369	5,415	4,750
Interest amount payable to Ministry of Finance (KSA)	-	3,446	1,394	7,081
Others	837	1,037	1,663	2,099
	31,900	32,573	62,794	64,280

14. Taxation

	Three months ended 30 June (Unaudited)		Six months ended 30 June (Unaudited)	
	2025	**2024**	**2025**	**2024**
	KD'000	**KD'000**	**KD'000**	**KD'000**
Contribution to Kuwait foundation for Advancement of Sciences (KFAS)	736	545	1,227	850
National Labour Support Tax (NLST)	-	1,163	-	1,782
Zakat*	1,435	1,364	3,008	3,043
Domestic minimum top-up tax (DMTT)	1,274	-	2,162	-
Taxation related to subsidiaries	6,830	4,276	11,429	8,207
	10,275	7,348	17,826	13,882

* Zakat for the current period represents Zakat expenses of overseas subsidiaries.

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

The Group operates in various jurisdictions, out of those, from the material jurisdictions, only Kuwait, Bahrain, UAE and Netherlands have enacted the Pillar II legislation. Further Netherlands has also adopted Income Inclusion Rule (IIR) and the Undertaxed Profits Rule (UTPR). Other jurisdictions are still in process of evaluating the implementation of the Pillar II legislation.

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

15. Earnings per share

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

	Three months ended 30 June (Unaudited)		Six months ended 30 June (Unaudited)	
	2025	**2024**	**2025**	**2024**
	KD'000	**KD'000**	**KD'000**	**KD'000**
Profit for the period attributable to shareholders of the Company	72,719	52,196	121,189	81,420
	Shares	**Shares**	**Shares**	**Shares**
Weighted average number of shares in issue outstanding during the period	4,327,058,909	4,327,058,909	4,327,058,909	4,327,058,909
	Fils	**Fils**	**Fils**	**Fils**
Earnings per share – basic and diluted	17	12	28	19

16. Segmental information

The Company and its subsidiaries operate in a single business segment, telecommunications and related services in Kuwait and other countries. This forms the basis of the geographical segments.

Based on the quantitative thresholds, the Group has identified telecom operations in Kuwait, Jordan, Sudan, Iraq, Bahrain and KSA as the basis for disclosing the segment information.

	30 June 2025							
	Kuwait	**Jordan**	**Sudan**	**Iraq**	**Bahrain**	**KSA**	**Others**	**Total**
	KD '000	**KD '000**	**KD '000**	**KD '000**	**KD '000**	**KD '000**	**KD '000**	**KD '000**
Segment revenues – airtime, data, subscriptions and other services (Point over time)	125,539	82,016	72,152	178,269	25,859	385,102	71,889	940,826
Segment revenues - trading income (Point in time)	61,668	6,748	1,597	5,922	7,770	53,158	12	136,875
Net profit before interest and tax	39,671	20,202	39,398	35,063	2,569	46,180	(729)	182,354
Interest income	2,145	100	490	326	124	628	254	4,067
Finance costs	(569)	(5,514)	(437)	(10,864)	(625)	(28,774)	(456)	(47,239)
Income tax expenses	(576)	(2,789)	(5,037)	(4,152)	-	-	(226)	(12,780)
	40,671	11,999	34,414	20,373	2,068	18,034	(1,157)	126,402
Unallocated items:								
Investment income								22,229
Share of results of associates and joint venture								19,093
Others (including unallocated interest income, income tax and finance costs net of eliminations)								(28,430)
Profit for the period								139,294
Segment assets including allocated goodwill	615,348	414,322	107,605	1,034,694	91,572	2,223,848	256,669	4,744,058
ROU assets	29,477	10,167	1,384	29,136	16,401	115,364	4,587	206,516
Unallocated items:								
Investment securities at FVTPL								75,122
Investment securities at FVOCI								13,469
Investment in associates and joint venture								226,322
Others (net of eliminations)								149,492
Consolidated assets								5,414,979
Segment liabilities	391,047	123,816	43,832	205,720	20,515	645,308	263,296	1,693,534
Lease liabilities (current and non-current)	26,315	12,543	1,330	37,086	16,841	141,408	4,318	239,841
Bank borrowings	-	90,958	-	199,284	-	667,845	3,446	961,533
	417,362	227,317	45,162	442,090	37,356	1,454,561	271,060	2,894,908
Unallocated items:								
Bank borrowings								771,343
Others (net of eliminations)								(186,150)
Consolidated liabilities								3,480,101
Net consolidated assets								1,934,878
Capital expenditure incurred during the period	34,647	4,684	10,432	9,640	1,909	48,260	12,135	121,707
Unallocated (net of eliminations)								490
Total capital expenditure								122,197
Depreciation of property and equipment and amortization of intangible assets	21,085	13,872	1,468	29,450	4,727	75,968	2,968	149,538
Amortization of ROU assets	4,473	733	300	2,076	1,902	12,963	394	22,841
Unallocated (net of elimination)								(458)
Total depreciation and amortization								171,921

	30 June 2024							
	Kuwait	Jordan	Sudan	Iraq	Bahrain	KSA	Others	Total
	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000
Segment revenues – airtime, data, subscriptions and other services (Point over time)	123,338	78,613	36,141	157,631	24,984	372,162	31,929	824,798
Segment revenues - trading income (Point in time)	62,649	4,207	1,210	925	6,355	44,648	55	120,049
Net profit before interest and tax	40,516	20,936	18,568	30,980	2,334	42,599	(5,723)	150,210
Interest income	1,612	161	780	428	130	1,618	96	4,825
Finance costs	(489)	(6,958)	(601)	(12,266)	(490)	(30,163)	(412)	(51,379)
Income tax expenses	-	(3,573)	(1,625)	(2,544)	-	-	(205)	(7,947)
	41,639	10,566	17,122	16,598	1,974	14,054	(6,244)	95,709
Unallocated items:								
Investment income								2,572
Share of results of associates and joint venture								458
Others (including unallocated interest income, income tax and finance costs net of eliminations)								(3,450)
Profit for the period								95,289
Segment assets including allocated goodwill	431,836	406,790	87,265	1,001,270	94,428	2,202,979	179,754	4,404,322
ROU assets	14,707	10,362	1,036	20,370	14,434	84,379	2,622	147,910
Unallocated items:								
Investment securities at FVTPL								37,271
Investment securities at FVOCI								10,769
Investment in associates and joint venture								205,134
Others (net of eliminations)								129,348
Consolidated assets								4,934,754
Segment liabilities	191,982	152,533	26,782	151,989	25,284	796,567	192,307	1,537,444
Lease liabilities (current and non-current)	19,790	12,671	894	28,451	14,647	111,186	2,329	189,968
Bank borrowings	-	79,745	-	200,889	-	500,961	1,726	783,321
	211,772	244,949	27,676	381,329	39,931	1,408,714	196,362	2,510,733
Unallocated items:								
Bank borrowings								642,439
Others (net of eliminations)								(70,183)
Consolidated liabilities								3,082,989
Net consolidated assets								1,851,765
Capital expenditure incurred during the period	15,737	583	8,278	8,554	982	9,100	4,996	48,230
Unallocated (net of eliminations)								561
Total capital expenditure								48,791
Depreciation and impairment of property and equipment and amortization of intangible assets	22,024	12,460	7,423	29,811	5,590	75,845	3,664	156,817
Amortization of ROU assets	3,746	693	210	1,678	1,823	11,108	243	19,501
Unallocated (net of elimination)								(326)
Total depreciation, amortization and impairment								175,992

17. Related party transactions

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

Transactions

	Three months ended 30 June (Unaudited)		Six months ended 30 June (Unaudited)	
	2025	**2024**	**2025**	**2024**
	KD'000	**KD'000**	**KD'000**	**KD'000**
Revenue from parent company	4,264	3,999	9,197	4,298
Cost of sales from parent company	14,409	2,832	29,072	4,149
Operating expenses from parent company	3,590	1,297	9,339	1,297

Key management compensation

	Three months ended 30 June (Unaudited)		Six months ended 30 June (Unaudited)	
	2025	**2024**	**2025**	**2024**
	KD'000	**KD'000**	**KD'000**	**KD'000**
Salaries and other short term employee benefits	768	791	1,539	1,500
Post-employment benefits	107	98	591	541

Balances

	Unaudited	**Audited**	**Unaudited**
	30 June 2025	**31 December 2024**	**30 June 2024**
	KD '000	**KD '000**	**KD '000**
Trade receivables (from parent company)	5,544	4,477	1,731
Trade payables (to parent company)	15,713	13,609	5,517

18. Commitments and contingencies

	Unaudited	**Audited**	**Unaudited**
	30 June 2025	**31 December 2024**	**30 June 2024**
	KD '000	**KD '000**	**KD '000**
Capital commitments	413,176	342,313	313,816
Uncalled share capital of investee companies	1,605	657	673
Letters of guarantee and credit	58,230	59,909	60,113

Atheer - Iraq

a. On 10 September 2023, the Communication and Media Commission of Iraq ("CMC") imposed a fine of US$ 75 million (KD 22.898 million) on Atheer for failing to meet 4G QoS ('Quality of Service') KPIs for the year 2022. Atheer believes that there is an error in the fine calculation regarding coverage obligation. On 9 October 2023, Atheer challenged the decision before the Appeals Board. On 13 June 2024, the Appeals Board issued a decision in favor of CMC. On 7th July 2024, Atheer submitted a petition to the Board of Commissioners (the legislative body of the CMC), articulating that the petition stems from a fundamental error, requesting them to cancel the fine. On 19 August 2024, the CMC rejected the petition and issued a demand to pay the fine amount. On 27 August 2024, the Atheer's attorneys filed another appeal, urging the Appeals Board to correct its decision on the grounds that it is fundamentally flawed as explained above.

In August 2024, a new fine amounting to US$ 1 million (KD 0.305 million) was imposed by CMC for failing to meet 4G QoS KPIs for the second half of the year 2023. This amount is significantly lower as compared to the fine levied for year 2022 and first half of year 2023. Furthermore, a new QoS regulation is expected to be issued, which may support Atheer's case in challenging the fine.

Subsequent to the reporting date, the Appeals Board issued final and binding decisions on US$ 66.8 million (KD 20.394 million) out of the total US$ 75 million (KD 22.898 million) fine, reducing that portion to US$ 2.310 million (KD 0.705 million). These final outcomes reflect both the correction of material calculation errors and the application of the updated regulatory criteria. The decisions issued by the CMC Appeals Board are definitive, irrevocable, and carry full legal force. The remaining fine of US$ 8.200 million (KD 2.504 million) is currently under review by the Appeal Court, following a similar process and based on the new QoS regulations. Atheer believes that this remaining fine amount is expected to be reduced to approximately US$ 1 million (KD 0.306 million).

b. Newroz Telecom, based in the Kurdistan region, has initiated a preliminary lawsuit in the first instance court against Atheer and Huawei. The claim is predicated on allegations that the unlicensed installation of 4G equipment has caused harm to Newroz Telecom's infrastructure requesting US$ 50 million (KD 15.265 million) from Atheer and Huawei jointly. Atheer operates under a national license issued by the CMC, the competent federal authority. The CMC is anticipated to issue a statement to the court affirming Atheer's lawful nationwide authorization to provide 4G services, as well as confirming that Huawei holds the necessary credentials as an authorized vendor for the equipment supplied. Atheer has submitted both formal and substantive defenses and is currently awaiting the plaintiff's responses. The court has notified the plaintiff to reply to Atheer's statements. Based on the Atheer's attorneys report, the Group believes that Atheer has strong legal grounds and compelling arguments to successfully challenge and revoke the opposing claim.

Pella - Jordan

Pella is a defendant in multiple lawsuits amounting to KD 7.533 million (31 December 2024 – KD 7.606 million). Based on the report of its attorneys, the Group is of the view that the outcome of these proceedings will be favorable for Pella.

SMTC

a. SMTC received withholding tax ("WHT") assessments from Zakat, Tax and Customs Authority ("ZATCA") for an additional amount of SAR 100 million (KD 8.141 million) for certain withholding tax items for the years from 2015 to 2021. SMTC has appealed these assessments against the relevant committees. SMTC believes that the outcome of those appeals will be in its favor with no material financial impact.

b. SMTC was also subjected to WHT, for the years from 2012 to 2021, on International Interconnect traffic from ZATCA for payments made to International Operators and SMTC has received WHT assessment from ZATCA with respect to this. For the assessments received from ZATCA, SMTC has rejected these claims and appealed at various judiciary bodies against these assessments. In the process of appealing against these claims, SMTC had paid an amount of SAR 8.37 million (KD 0.688 million) and created a provision of SAR 148.18 million (KD 12.174 million).

However, during the year ended 31 December 2024, SMTC received communication from ZATCA that the dues for WHT on International traffic will be borne by the Government. Accordingly, SMTC has reversed a provision of SAR 148.18 million (KD 12.174 million) during the previous year. The amount paid of SAR 8.37 million (KD 0.688 million) will be settled by SMTC with dues payable to ZATCA for other ongoing assessments. There is no change in the status during the period ended 30 June 2025.

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

19. Financial instruments

19.1 Categories of financial assets and liabilities

The carrying amounts of the Group's financial assets and liabilities as stated in the condensed consolidated interim statement of financial position are categorized as follows:

	Unaudited 30 June 2025 KD'000	Audited 31 December 2024 KD'000	Unaudited 30 June 2024 KD'000
Amortised costs:			
Bank and cash balances	217,116	195,930	216,461
Bank balances held in customers' account	19,146	15,928	15,860
Trade and other receivables	954,700	876,248	830,047
Other assets	11,798	11,570	17,652
Investment securities at FVTPL	75,122	51,504	37,271
Investment securities at FVOCI	14,340	13,748	11,663

All financial liabilities are categorized as 'other than at fair value through profit or loss'.

19.2 Fair value hierarchy for financial instruments measured at fair value

The following table presents the financial assets which are measured at fair value in the condensed consolidated interim statement of financial position in accordance with the fair value hierarchy.

This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

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); and

Level 3: Inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

30 June 2025

	Level 1 KD'000	Level 2 KD'000	Level 3 KD'000	Total KD'000
Financial assets at fair value:				
Investments at FVTPL	-	8,747	66,375	75,122
Investments at FVOCI	3,537	2,864	7,939	14,340
Total assets	3,537	11,611	74,314	89,462

31 December 2024

	Level 1 KD '000	Level 2 KD '000	Level 3 KD '000	Total KD '000
Financial assets at fair value:				
Investments at FVTPL	-	8,368	43,136	51,504
Investments at FVOCI	3,174	2,891	7,683	13,748
Total assets	3,174	11,259	50,819	65,252

30 June 2024

	Level 1	Level 2	Level 3	Total
	KD'000	KD'000	KD'000	KD'000
Financial assets at fair value:				
Investments at FVTPL	-	9,375	27,896	37,271
Investments at FVOCI	2,567	2,882	6,214	11,663
Total assets	2,567	12,257	34,110	48,934

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

Fair values of financial assets and liabilities are not materially different from their carrying values. For financial assets and financial liabilities that are liquid or having a short-term maturity (less than 12-months), it is assumed that the carrying amounts approximate to their fair value.

Measurement at fair value

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the year ended 31 December 2024 and 30 June 2024.

20. Hyperinflation – Zain South Sudan

Net monetary gain

The Republic of South Sudan economy had become hyperinflationary in 2016. Accordingly, the results, cash flows and financial position of the Group's subsidiary in South Sudan had been expressed in terms of the measuring unit current at the reporting date in accordance with IAS 29 Financial Reporting. The effect on the net monetary position is included in the interim condensed consolidated statement of profit or loss as 'net monetary gain'.

21. Derivative financial instruments

The table below shows the positive and negative fair values of derivative financial instruments, together with the notional amounts analysed by the term to maturity. The notional amount is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the period-end and are not indicative of either market or credit risk. All derivative contracts are fair valued based on observable market data and are classified as level 2 under fair value hierarchy.

At 30 June 2025	Notional amounts by term to maturity		
	Positive fair value	Negative fair value	Notional amount
	KD '000	KD '000	KD '000
Derivatives held for hedging:			
Cash flow hedges - Receive 3-month SIBOR, Pay fixed profit rate			
Profit rate swaps (maturing after one year)	894	-	156,307

At 31 December 2024	Notional amounts by term to maturity		
	Positive fair value	Negative fair value	Notional amount
	KD '000	KD '000	KD '000
Derivatives held for hedging:			
Cash flow hedges – Receive 3-month SIBOR, Pay fixed profit rate			
Profit rate swaps (maturing after one year)	2,342	-	157,747

At 30 June 2024	**Notional amounts by term to maturity**		
	Positive fair value	**Negative fair value**	**Notional amount**
	KD ‘000	**KD ‘000**	**KD ‘000**
Derivatives held for hedging:			
Cash flow hedges - Receive 3-month SIBOR, Pay fixed profit rate			
Profit rate swaps (maturing after one year)	5,489	-	209,331